

EVERGREEN STEEL CORP.

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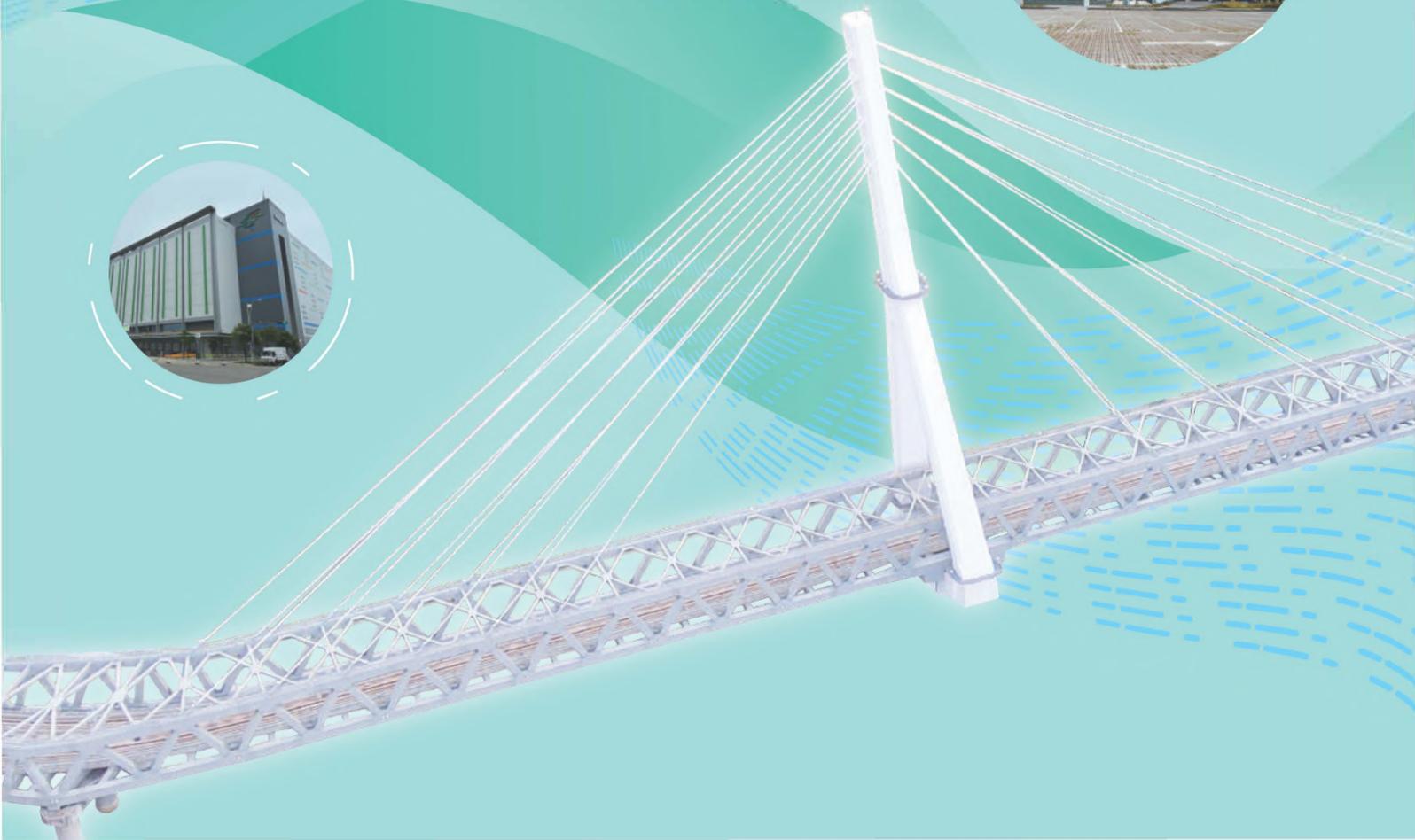
Taiwan Stock Exchange Market Observation Post System:
<https://mops.twse.com.tw/>

Evergreen Steel Corp.'s official website:
<https://www.evergreenet.com/>

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2022

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: <https://www.kgi.com.tw>

SPOKESPERSON

Name: Liu, Pang-En

Title: President

Phone: (886)2-2513-5701

E-mail: finacs@evergreenet.com

DEPUTY SPOKESPERSON

Name: Chuang, Ting-Ting

Title: Head of Finance Department

Phone: (886)2-2513-5701

E-mail: finacs@evergreenet.com

AUDITORS

Deloitte & Touche

Auditors: Chang, Ching-Hsia and Chao, Yung-Hsiang

Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City, Taiwan

Phone: (886)2-2725-9988

Website: <https://www2.deloitte.com>

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.evergreenet.com>

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I. Letter to Shareholders

1.1 Business Performance in 2022

1.1.1 Business Fulfilment in 2022

The Company's 2022 performance was impacted by the poor economy, characterized by inflation and rate spikes as well as declining demand for factory and high-rise construction. Conversely, the government's continuous demand for public construction has supported the market and the Company has fulfilled orders with high margins, helping the steel structure business yield satisfactory profit. Concerning the environmental protection business, Ever Ecove Corporation is in the test run phase with steady growth in profit. Following is an overview of the Company's business areas :

1. Steel Structure Business Division

In 2022, orders received amounted to 120,000 tons (public construction accounted for 16%, high-rise construction accounted for 52%, and factory construction accounted for 32%). This drop can be mainly attributed to a declining business cycle, which has decreased demand for high-rise construction. However, under the government's continuous requirement for public construction, orders for public construction accounted for a higher proportion than in 2021. Despite a drop in revenue in 2022 due to the business cycle and delays in construction schedules, which have affected order fulfilment, the Company still met its profit target thanks to effective cost management across all departments.

Steel structure products sold by the Company in 2022 reached about 130,000 tons, down 39.04% from 2021, while operating revenue reached NT\$8,857.31 million, down 22.64% from 2021.

2. Container Department

The operating revenue for 2022 was NT\$182.55 million, up 10.84% from 2021.

3. Environmental Protection Business

(1) Hsin Yung Enterprise Corporation : the company's 2022 operating revenue was NT\$1,190.35 million, a decrease of 3.88% from 2021, because of the reduced volume of waste it processed compared to 2021. This is due to the inevitable decrease of waste treatment capacity and efficiency after over 20 years of operation, shutdowns for unplanned inspections/repairs of the incinerators, and extended scheduled inspections, repairs and upgrades of the steam turbine generators.

(2) Super Max Engineering Enterprise Co., Ltd. : the company's 2022 operating revenue was NT\$705.85 million, a decrease of 6.6% from 2021, due to more

competition (more processing plants have been established) and more frequent shutdowns and load reduction of the facilities, which affected the company's waste treatment capacity. However, the company actively solicited more business of complicated treatment of high-priced waste and therefore only suffered a slight decrease of revenue.

- (3) Ever Ecove Corporation : the company's test run in 2022 generated an income of NT\$503.68 million and expects to officially begin commercial operations in 2023.

1.1.2 Business Targets and Performance Overview

The Group's forecasted consolidated revenue for 2022 was NT\$ 14,682.56 million; the actual revenue was NT\$11,439.15 million. The achievement rate was 77.91%. The forecasted EBT was NT\$ 2,605.59 million. Actual EBT was NT\$3,448.8 million. The achievement rate was 132.36%.

1.1.3 Financial Revenue and Profit Analysis

1. Revenue

The Group's consolidated revenue for 2022 was NT\$ 11,439.15 million, a year on year decrease by NT\$ 2,169.44 million, or 15.94%, mainly due to the decrease in the number of tons of steel structures recognized for revenue. The operating cost was NT\$ 8,486.39 million, a year on year decrease by NT\$ 2,766.29 million. Other net income was NT\$ 1,058.92 million, a year on year increase by NT\$ 858.23 million from 2021, mainly due to the increase in dividend income. EAT was NT\$ 3,089.16 million, a year on year increase of NT\$ 1,484.9 million.

2. Profit Analysis

The year 2022's return on assets was 9.34%; return on equity was 12.11%; net profit margin was 27.01%; and earnings per share was NT\$ 6.22.

1.1.4 Research and Development

1. Steel Structure Business

- (1) In 2022, the Company replaced and added a BOX steel plate parallel cutting machine, box station lifting crane with magnetic suction cup system, and renewed the dust collector for the plasma cutter. A number of cranes must be replaced, and it will be done in stages beginning in 2023.
- (2) The Company's collaboration from 2022 to 2025 with the National Center for Research on Earthquake Engineering allows both parties to work together to develop AI-assisted automated diaphragm welding. By incorporating AI, robotic arms, laser scanning/monitoring and welding machines, the two institutions are developing efficient AI-driven automated welding technology.
- (3) To better manage the component manufacturing process, the Company is actively promoting the scanning of stamped component numbers to keep track of inventory

items and improve efficiency.

- (4) The submerged arc welding machine for the box line at the Hsinying Factory has been renewed to improve efficiency and reduce labor costs.
- (5) To fulfill orders from bridge construction projects, the Hsinying Factory improved the drilling operation on the bridge production line and added an NC driller for steel bridge components, which improves precision and makes assembly easier later.
- (6) The Company improved the environment for the coating area and coating pollution prevention measures at the Hsinying Factory, which has enhanced the quality of the painting, improved the painting process, and reduced the impact of volatile organic compounds on the environment.

2. Environmental Protection Business

- (1) Hsin Yung Enterprise Corporation : Hsin Yung completed the trial and adjustment for its fly ash water-washing facility and post-wash wastewater treatment equipment in 2022. The Company will continue to increase the amount of treatment equipment and improve treatment techniques to strengthen its efficiency, lower operational costs and maintain its competitiveness.
- (2) Super Max Engineering Enterprise Co., Ltd. :
 - ① The company's Guanyin Factory began construction of another incinerator in August, 2022, which will add 43 tons of daily waste processing capacity. The new incinerator will effectively improve the efficiency of the factory's air pollution prevention facility and is expected to complete its trial and adjustments and gain acceptance in December, 2023. Once the new incinerator has completed its trial burns in June, 2024, it will officially begin operation after receiving an operational permit from the Industrial Development Bureau of the MOEA, increasing the plant's capacity and revenue.
 - ② In December, 2022, the company began the construction of a fly ash water-washing facility, which will begin operation after its trial and adjustments in April, 2023. With this new facility, fly ash, after being washed, can be recycled and the company will no longer need to hire a third party to solidify and dispose of fly ash in a landfill, which will lower the cost of fly ash treatment.

1.1.5 Corporate Sustainability Strategies

The Company embraces the Evergreen Group's business motto of "challenge, innovation and teamwork" and attaches importance to corporate sustainability and development.

1. Achieving and promoting corporate governance

- (1) The Company's 2021 "Sustainability Report" has been compiled and uploaded to the Market Observation Post System and the Company's official website.

- (2) To further our sustainability efforts, the Company has invited external consultants to participate in our 2022 ESG kick-off meeting alongside department heads and ESG staff.
- (3) In addition to supplier/contractor evaluations, the Company's main suppliers/contractors (totaling 143) have all signed supplier/contractor corporate sustainability commitments.

2. Environmental Sustainability Strategies

- (1) To ensure proper waste treatment and management, the Company has established a dedicated EHS task force, who will, along with EHS staff, convene an environmental protection meeting monthly. The Company has also hired professional environmental protection consultants whose responsibility includes improving the operational environment at various plants, conducting training and promoting environmental awareness.
- (2) Goals include improving waste separation and recycling, transforming more industrial waste into resources, boosting environmental facilities effectiveness, and enhancing waste disposal efficiency to meet legal requirements.
- (3) To achieve low-carbon manufacturing, the Company has gradually replaced energy-inefficient equipment (such as submerged arc welding machines, air compressors for steel processing machines, and duct collectors for CNC machines), and LED lighting has been installed in workspaces.
- (4) Company cars have been replaced with hybrid counterparts to decrease emissions associated with employee movements.
- (5) The Company has promoted green procurement for environmental protection and obtained a "Green Procurement Business Excellence Award" from the Tainan City Government in 2022.
- (6) In compliance with Financial Supervisory Commission requirements and to promote greenhouse gas management, the Company has established a "Greenhouse Gas Emission Task Force", which promotes greenhouse gas inventory tallies and verification and reports progress to the board of directors quarterly.

1.1.6 Charity works and social care projects

The Company believes in giving back to the community and continues to sponsor various charity and environmental initiatives. In 2022, the Company earmarked approximately NT\$3.25 million in funds that provided financial assistance to the disadvantaged and scholarships for students with outstanding skills from low-income households. Sponsored activities also included creek-cleaning and tree planting-events, Evergreen Symphony Orchestra concerts, the "Ocean Education Exhibition" campaign, and the campus tour of the Environment Protection Drama. The Company also donated

to Kaohsiung Municipal Nanzih Special Schools (for dropouts).

The Company has actively participated in charity activities and fulfilled its social responsibility through continued social care. It has effectively managed its endeavors for corporate governance, environmental protection, and charity work in order to enhance its corporate sustainability.

1.2 Operation Strategy for 2023

1.2.1 Operation Direction

1. Steel Structure Business

In 2023, the steel structure market will continue to suffer from the economic downturn and adverse government policies affecting the housing market. In regard to business development, while the Company will strengthen relations with its existing clients, it will continue to develop new clients and actively solicit business of public construction projects in order to maintain its business growth momentum. As inflation and interest rate hikes continue to push up prices of various raw materials, the Company will not only promptly reflect such changes in its quotations, but also constantly pay attention to the fluctuation of raw materials prices in the international steel market in order control its costs. It will focus on managing procurement and contracting schedules and budgets after receiving orders to achieve expected operational performance.

2. Environmental Protection Business

- (1) Hsin Yung Enterprise Corporation : As a resource recycling business that provides environmental protection services and produces green energy, the company's main business activity is disposal of household garbage and general business waste and selling the electricity generated by the heat produced in this process to Taipower. The Company's priority is to meet the requirements for annual disposal capacity under the Taoyuan City Government's contract, and if its capacity allows it to do so, treat general business waste, while reducing electricity use of its plant to maximize revenue from electricity sales.
- (2) Super Max Engineering Enterprise Co., Ltd. : In response to establishment of new factories by our competitors, the company will endeavor to enhance its waste treatment capabilities in order to maintain stable business relationships with its existing clients by helping them solve waste disposal problems, while soliciting business of complicated treatment of high-priced waste in order to maintain and create maximum profit.
- (3) Ever Ecove Corporation : The demand from Taoyuan City Government for waste treatment services increased in 2023 as a result of renovation and shutdown of

other incineration plants. This may reduce the Company's capacity for business waste treatment. The Company may increase its charge for waste treatment in order to maintain its profit.

1.2.2 Forecast of Business Performance

1. Steel Structure Business

In 2023, the construction of new factories, commercial buildings and residential buildings will slow due to the impact of the economic downturn and government policies affecting the housing market. Although the semiconductor industry and government will launch a number of new construction projects, generally speaking, the steel structure market is expected to decline this year. Our sales department will solicit more orders from public construction projects and steel bridge projects to fill the capacity gap caused by changes in the market. The Company will continue to complete delivery and hoisting of steel structures for existing clients' public construction projects as well as residential and commercial buildings, including the Taoyuan Airport office building, Boshan Steel Bridge, Taichung International Convention and Exhibition Center, Shuinan transit center in Taichung, commercial buildings of Fubon Life in northern Kaohsiung, and commercial building of Yuanlih Group at D3 block of Xinyi District. The Company will make timely adjustments to meet construction schedules of the clients and solicit new orders when needed in order to achieve the goal of operating at full capacity by increasing its capacity utilization rate.

2. Environmental Protection Business

(1) Hsin Yung Enterprise Corporation :

① The incineration plant can dispose of 1,350 tons of waste per day. The source of waste is stable, as most is domestic waste delivered by Taoyuan City Government and all the electricity it generates, except for electricity for self-use, is sold to Taipower. Therefore, the company has maintained stable revenue and profit since it initiated operation.

② The incineration plant has operated for nearly 22 years since formal commercial operation began on October 9, 2001. The Company will carry out systematic equipment repair, maintenance and upgrades in 2023 in order to increase treatment performance. To minimize the impact on revenue, the Company will undertake these improvements in stages and over multiple years, with work to begin on the first incinerator between October and December of 2023. Therefore, the amount of waste treated in 2023 is expected to decrease slightly.

(2) Super Max Engineering Enterprise Co., Ltd. : Due to entry of numerous new competitors to this market, government policy to promote the circular economy, and economic and market downturn, the unit prices of waste and the volume

processed may decrease. The company will endeavor to increase its profit by continuously soliciting business of complicated treatment of high-priced waste in order to create a market niche, maximizing its competitive edge in waste treatment.

- (3) Ever Ecove Corporation : It is expected that all equipment will be fully operational in 2023, disposing of 219,000 tons of waste annually through its heat-treatment facilities. As other incineration plants are undergoing renovation, the Company will use more capacity to dispose of waste and garbage delivered by the government, accept fewer orders from other clients, and charge the government for waste in excess of the contracted amount.

1.2.3 Key Business Strategies

1. Steel Structure Business

Although steel prices slightly decreased in the first quarter of 2023, short-term prices of domestic steel will continue to rise due to the increase of raw materials and scrap steel prices. As manpower costs are not expected to decrease in 2023 due to the labor shortage, reflecting reasonable prices in our quotes and enhancement of cost controls are key strategies to improving operational performance.

2. Environmental Protection Business

- (1) Hsin Yung Enterprise Corporation : The company remains the only large incineration plant for municipal garbage and has signed a long-term contract with the Taoyuan City Government, giving priority to treatment of general household garbage in the city. Due to the continued increase of the Taoyuan City population (according to data from the Directorate General of Budget, Accounting and Statistics) and prosperity of local industries and businesses, the supply of raw materials for operation (garbage and waste) still exceeds incineration capacity. Since the Company kicked off formal operations, it has assisted Taoyuan City with the disposal of nearly 8 million tons of household garbage and served its business clients with disposal of over 1.18 million tons of business waste. Although the Company will repair, maintain and upgrade its incinerator in 2023 over a period of 3 months, it will do its best to shorten the time for renovation work for effective fulfillment of contractual obligations of the 10+5-year agreement signed with the city government on November 11, 2022, and increase earnings from selling electricity for stable revenue.
- (2) Super Max Engineering Enterprise Co., Ltd. : In order to increase capacity, the company will build one rotary kiln incinerator with a capacity of 43 tons of waste per day, generating more profit and revenue. The plan has been approved by the Environmental Protection Administration and Industrial Development Bureau.
- (3) Ever Ecove Corporation : Although the company takes orders from private businesses for incineration and treatment of waste, its major clients are government

agencies and state-owned enterprises. It has signed a BOT contract with the Taoyuan City Government for disposal of waste it delivers on a priority basis and the electricity generated during the incineration process will be sold to Taipower at a wholesale price. The Company will give priority to meet the contractual obligation to maximize the amount of such waste within its capacity.

1.3 Future Development Strategies

1.3.1 Business Strategies

1. Steel Structure Business Division

- (1) The demand for steel structures in 2023 is expected to slow down due to factors such as a cooling housing market. In addition to maintaining existing customer relationships, we will strengthen our business development capabilities, continue to compete for large-scale redevelopment and urban renewal projects for residential and office development, and prioritize public works and steel bridge projects.
- (2) In regard to special construction projects, the Company has completed construction projects including Kaohsiung Exhibition Center, the Southern Branch of the National Palace Museum, and Tau Zhu Yin Yuan, plus the installation of steel structures for a large cable-stayed bridge for the Ankeng Light Rail Transit System. Currently, the Company is providing products for several ongoing projects, including Kaohsiung Train Station and Taichung International Convention and Exhibition Center, and will continue to seek business opportunities presented by other special construction projects, such large stadiums.
- (3) In the long term, we will continue to invest in public construction and development in collaboration with government policies, improve the quality of public works, and fulfill corporate social responsibilities.

2. Environmental Protection Business

- (1) Hsin Yung Enterprise Corporation: The company will cultivate technical know-how of its staff and arrange visits to domestic and foreign companies in the environmental protection industry for research on upgrading treatment facilities and improvement of its treatment methodology in order to maximize its performance and lower operational costs, ensure exploitation of the latest technology, and maintain its competitive edge.
- (2) Super Max Engineering Enterprise Co., Ltd. :
 - ① Maintain its capacity for waste treatment of important existing key clients and solicit more business of treatment of waste generated by other industrial processes such as scrapped products.
 - ② Continue to solicit the business of complicated treatment of high-priced waste.

③ Make timely adjustment to unit prices, depending on market supply and demand, to increase revenue.

④ Will build one rotary kiln incinerator with a capacity of 43 tons of waste per day and endeavor to start trial operation in June 2024, in order to increase the Company's revenue and profit.

(3) Ever Ecove Corporation : As a landmark BOT biomass energy center in Taiwan, unlike traditional waste incineration plants, it not only properly handles waste, but also meets official renewable energy standards by recovering heat energy for power generation. It is taking the lead to create an advanced, eco-friendly technology park characterized by low pollution, multiple treatment methods, and sustainable operations, setting an example for promotion and development of the circular economy by the Taoyuan City Government.

To support government efforts in promoting green energy, the company runs multiple research projects on solar energy, energy storage, and anaerobic power generation, in order to move ever closer to the goal of net-zero emissions.

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 enhance computerized operations to reduce errors and decrease costs incurred from additional modification.
3. Contact multiple domestic and foreign suppliers for quotes of steel materials in order to lower procurement cost of materials.

1.3.3 Corporate Sustainability Strategies

In order to achieve effective corporate governance and sustainable environmental management and safeguard the public interest, the Company has formulated sustainable development policies as the guiding principles for its operations. It has also established a corporate sustainability committee to take charge of formulation and execution of the aforementioned policies, which reports to the Company's board of directors on a regular basis. The Company will strive for sustainable operations in 2023 in the following ways:

1. Provide diverse education and training, cultivate professional talent, and increase competitiveness for sustainable operations.
2. Continue to carry out machinery rejuvenation to improve performance, carry out occupational safety management, and provide a healthy work environment for a safe, employee-friendly workplace.
3. Take concrete action to help the underprivileged with love and care and actively

participate in a variety of charity works.

4. Continue to inspect and improve all equipment in order to protect the environment and promote energy-saving and reduction of carbon emissions for the prevention of pollution and fulfillment of its social responsibility.
5. Continue to implement computerized operations to reduce unnecessary paper consumption and use environmentally-friendly products with green labels for environmental protection.
6. Effectively protect fundamental human rights of all employees and stakeholders, endorse and comply with the Universal Declaration of Human Rights of the United Nations, and introduce human rights guidelines based on the aforementioned standards to ensure protection of human rights, respect of labor rights, and protection of information security. The Company has progressively promoted such values to its major suppliers and contractors in business relationships.
7. Continue to promote waste, air pollution and wastewater discharge management and improve facilities to protect the environment.
8. Develop environmental protection and green energy business in order to follow global trends.

1.4 Effects of External Competitive Environment, Laws and Macroenvironment

1.4.1 External Competitive Environment

The steel structure industry market is affected by the downturn in the economy and the cooling of the real estate market. It is expected that the demand for large building and factory projects will slow, resulting in a market supply and demand problem and increased competition. Steel materials prices have increased due to fluctuations of raw materials prices and the labor shortage is still serious. Against this backdrop, the Company will give priority to realizing expected gross profit with cost controls through early agreements with contractors after receipt of orders.

The Company's environmental protection business includes general business waste and household garbage treatment services. The Company has maintained good business relationships with a variety of parties in need of waste disposal services in order to ensure stability of the source of waste. The Company has also forged business partnerships with peer companies in order to establish a backup mechanism.

1.4.2 Regulatory Requirements

1. The Company is required to comply with regulations governing environmental protection, the Air Pollution Control Act and Water Pollution Control Act, in its processing of steel structures in its factories. The Company formed a full-time team

specifically dedicated to promotion of environmental safety and health management in its Xinying Factory in April 2022, and will continue to enhance the aforementioned operations in its equipment and waste storage facilities in 2023.

2. The Company complies with the Occupational Safety and Health Act in its operations at its factories and construction sites and has set up an Occupational Safety & Health Department. Its safety and health auditors are in charge of occupational safety & health audits at its factories and construction sites and they continue to improve workplace safety and facilities.
3. The Company will make timely adjustments to its operations strategies and operational protocols as amendments of environment regulations are introduced in order to comply with the latest regulatory requirements.
4. The Company will carry out estimation of greenhouse gases emissions and designate specific personnel to undergo related training in order to develop a greenhouse gases reduction plan based on the estimated data according to government policy.

1.4.3 Macroenvironment

Thanks to the characteristics of rapid deployment, good seismic resistance, and recyclability as well as incentive measures for the use of steel structures in urban renewal projects due to environmental protection awareness, steel structures are now widely used in construction projects. On top of this, as the Company's steel structure production process has matured, it has managed to effectively lower its production costs and is expected to maintain a stable profit in the face of economic downturns and market competition.

Our environmental protection business is operated in a situation where almost all domestic incineration plants will have to be renovated sooner or later due to aging and decreased incineration capacity, while the population of Taoyuan City continues to grow every year. The amount of household waste has consistently increased and the amount of general waste to be disposed has continuously risen. As widespread vaccination against COVID-19 has led to gradual reopening and lifting of related restrictions, domestic and international tourism is expected to recover and the shortage of domestic labor and raw materials will ease. Therefore, the industry is expected to gradually bounce back, which will in turn increase the amount of waste generated by industrial activities.

In 2023, the Company will continue to implement existing quality management policies and endeavor to achieve its annual goals. It will safeguard shareholders' interests and maintain stable

profit, embrace Evergreen's business motto of "Challenge, innovation and teamwork," and continue to improve in order to achieve steady business operations and uphold the company's philosophy of premium services and sustainable operations.

Chairman Lin, Keng-Li

President Liu, Pang-En

April 22, 2023

II. Company Profile

2.1 Date of Incorporation

The Company was established on January 29, 1973.

2.2 Company History

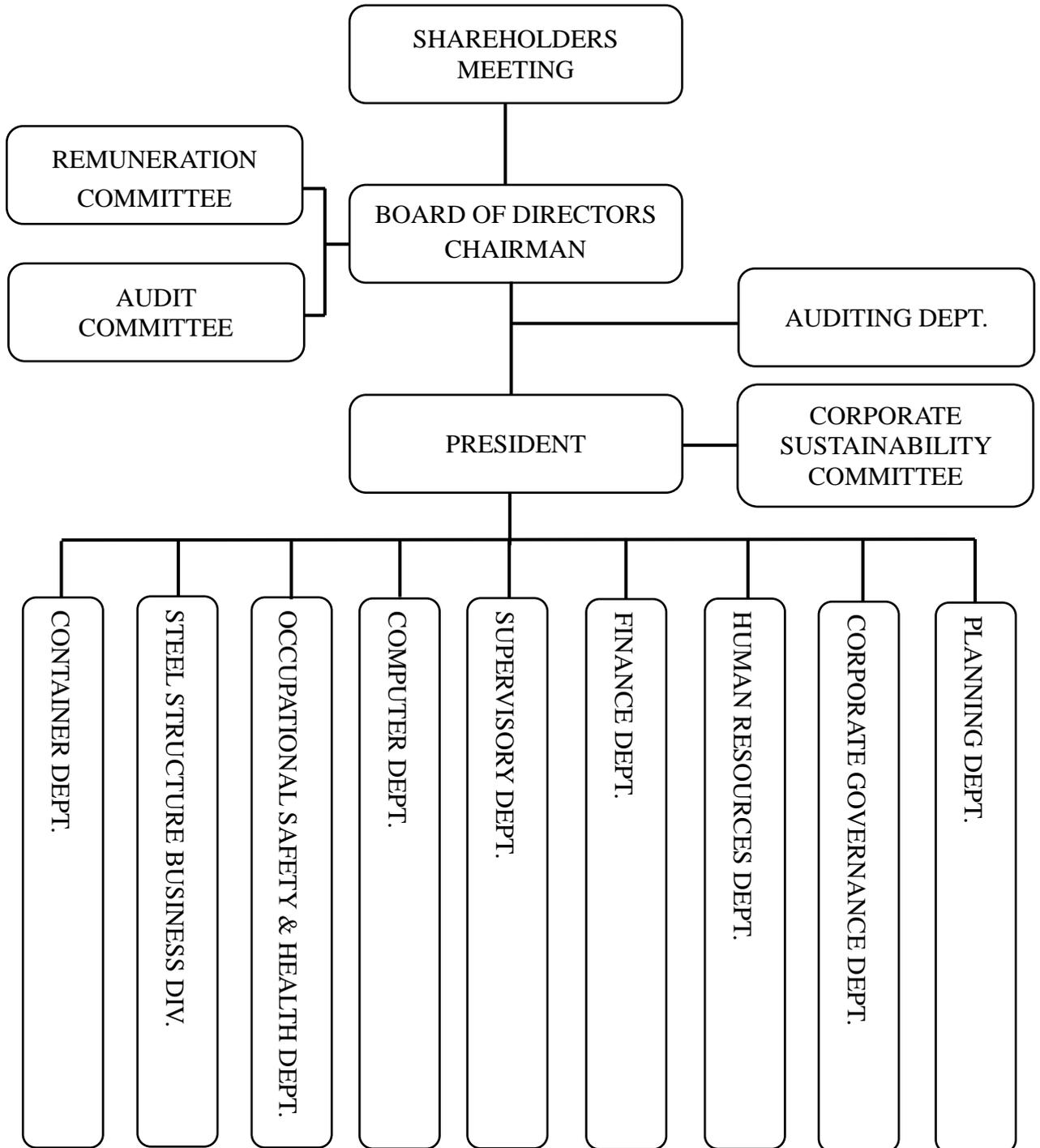
Year	Milestones
January, 1973	The predecessor of EGST was Kaolun Industrial Corp. which was established on January 29, 1973 with investment capital of NT\$3.6 million.
June, 1982	Kaolun Industrial Corp. increased capital by NT\$21.4 million, reaching NT\$25 million in paid-in capital, and was renamed 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\$1,500 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.

Year	Milestones
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 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 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.
August, 2022	The board of directors approved retirement of treasury stock for a capital reduction of NT\$28,905,000. The paid-in capital amounted to NT\$4,170,914,630 after the capital reduction.

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, the Company, shall have seven to nine 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 of directors shall be elected by the directors among themselves and the chairperson 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 and Remuneration Committee are subordinate to the Board of Directors:

(1) Audit Committee is composed entirely of independent directors. The main function of the committee is to supervise fair presentation of the financial reports, the engagement, independence and performance of CPAs, the effective implementation of the internal control system, and the risk management of the Company.

(2) The Remuneration Committee shall not be fewer than three members and the members of the committee shall be appointed by resolution of the Board of Directors. The committee's main function is to formulate 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 and audit activities.
4. The Corporate Sustainability Committee is chaired by the President, and is responsible for formulating corporate sustainability policies and executing various corporate sustainability plans.
5. The Planning Department is responsible for developing new business and handling tasks such as external investments.
6. The Corporate Governance Department is responsible for board meeting and shareholders' meeting affairs, and corporate governance related matters.
7. The Human Resources Department is responsible for staffing activities, formulation of remuneration and benefits policy, hiring, and staff education and training.

8. The Finance Department is responsible for the account auditing, tax treatment, cash and capital management, preparation, and announcement and filing of financial statements.
9. The Supervisory Department is responsible for coordination of general affairs and corporate sustainability related matters for the headquarters and different departments.
10. The Computer Department is responsible for computer systems maintenance, new systems design/planning/development, and management of hardware assets and networks.
11. 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.
12. 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.
13. 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 22, 2023

Title (Note 1)	Nationality	Name	Gender Age (Note 2)	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (Note 3)	Shareholding When Elected (Note 7)		Present Shareholdings (Note 7)		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 4)	Concurrent Positions in the Company and any 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.	HUI Corp.	Not applicable	2022.06.10	3 years	2022.06.10	100,000	0.02	3,200,000	0.77	Not applicable		0	0	Not applicable	Not applicable			
	R.O.C.	Representative: Lin, Keng-Li	Male 61~70 years old	2022.06.10	3 years	2016.03.18	Not applicable		139,000	0.03	62,943	0.02	0	0	Please refer to P.21 for details.	Director: ▪ Hsin Yung Enterprise Corp. ▪ Ever Ecove Corp. ▪ Super Max Engineering Enterprise Co., Ltd., ▪ Mingyu Investment Corp.	None	None	None
Director	R.O.C.	HUI Corp.	Not applicable	2022.06.10	3 years	2022.06.10	100,000	0.02	3,200,000	0.77	Not applicable		0	0	Not applicable	Not applicable			
	R.O.C.	Representative: Ko, Lee-Ching	Female 71~80 years old	2022.06.10	3 years	2007.05.22 (Note 6)	Not applicable		0	0	0	0	0	0	Please refer to P.21 for details.	Director: ▪ Evergreen Marine Corp. (Taiwan) Ltd. ▪ Evergreen International Storage & Transport Corp. ▪ Taiwan High Speed Rail Corp. Supervisor: ▪ Evergreen Sky Catering Corp.,	None	None	None
Director	R.O.C.	Wei-Dar Development Co., Ltd.	Not applicable	2022.06.10	3 years	2001.04.27	12,823,245	3.05	12,823,245	3.07	Not applicable		0	0	Not applicable	Not applicable			
	R.O.C.	Representative: Lee, Mon-Ling	Female 51~60 years old	2022.06.10	3 years	2014.02.27	Not applicable		0	0	0	0	0	0	Please refer to P.21 for details.	Director: ▪ Hsin Yung Enterprise Corp. ▪ Metropolis Property Management Corp. ▪ La Mer Corp.	None	None	None
Independent Director	R.O.C.	Lien, Yuan-Lung	Male 61~70 years old	2022.06.10	3 years	2019.11.29	0	0	0	0	0	0	0	0	Please refer to P.21 for details.	Attorney in Charge, Lien & Partners Law Offices Independent Director: ▪ MSIG Mingtai Insurance Co., Ltd. ▪ Taiwan Pelican Express Co., Ltd. Director, TWT Net Corp.	None	None	None

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.

Note 2: Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41~50 years, 51~60 years.

Note 3: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.

Note 4: Specify experience and qualifications related to the current position. If during a period specified above the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship: None.

Note 6: Ms. Ko, Lee-Ching has served as a director of the Company from 2007.05.22 to 2022.04.11 and 2022.06.10 till present.

Note 7: The total number of issued shares of the Company is 417,091,463 shares as of Apr. 22, 2023 and was 419,981,963 shares when the directors of this tenure were elected on Jun. 10, 2022.

Form 1: Major Shareholders of Corporate Shareholders

April 22, 2023

Name of Corporate Shareholder (Note 1)	Major Shareholders of the Corporate Shareholder (Note 2)
HUI Corp.	Yang, Mei-Chen (86.36%) Chang, Chien-Hui (13.64%)
Wei-Dar Development Co., Ltd.	Maoshi Corp. (99.59%) Han-De Construction Co., Ltd. (0.21%)

Note 1: If a director is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

Note 4: The data is provided by corporate shareholders, and from public information on website of Department of Commerce of Ministry of Economic Affairs or MOPS.

Form 2: Major Shareholders of the Company's Major Corporate Shareholders in Form 1

April 22, 2023

Corporate Shareholder (Note 1)	Name of Corporate/Juristic Person (Note 2)	Major Shareholders of Institutional Shareholders (Note 3)
Wei-Dar Development Co., Ltd.	Maoshi Corp.	Jade Fortune Enterprises Inc. (99.99%) La Mer Corporation (0.01%)
	Han-De Construction Co., Ltd.	Maoshi Corporation (99.37%) Wei-Dar Development Co., Ltd. (0.43%)

Note 1: Name of Corporate Shareholders in Form 1.

Note 2: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 3: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 4: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

Note 5: The data is provided by corporate shareholders, and from public information on website of Department of Commerce of Ministry of Economic Affairs or MOPS.

Information on Directors (2)

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

Name & Title	Professional Qualifications and Experience & Independence analysis (Note 3&4)
Chairman: Lin, Keng-Li	<p>1. Education: MBA, Shipping and Transportation Management, National Taiwan Ocean University</p> <p>2. Professional Qualification and Experiences: Mr. Lin, Keng-Li is the Chairman of the Company. Prior to this, he was the President of the Company.</p> <p>3. Independence analysis: Not applicable.</p> <p>4. Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director or Remuneration Committee member: 0</p>
Director: Ko, Lee-Ching	<p>1. Education: National Keelung Girls' Senior High School</p> <p>2. Professional Qualification and Experiences: Ms. Ko, Lee-Ching serves as the director in many companies listed on TWSE such as Evergreen Marine Corp. (Taiwan) Ltd.. And she was the Vice Group Chairman of Evergreen Group and Chairman of Evergreen International Corporation.</p> <p>3. Independence analysis: Not applicable.</p> <p>4. Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director or Remuneration Committee member: 0</p>
Director: Lee, Mon-Ling	<p>1. Education: MBA, Rensselaer Polytechnic Institute, Troy, New York, USA</p> <p>2. Professional Qualification and Experiences: Ms. Lee, Mon-Ling is the Director of the companies listed below: Hsin Yung Enterprise Corp.; Metropolis Property Management Corp.; and La Mer Corp.</p> <p>3. Independence analysis: Not applicable.</p> <p>4. Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director or Remuneration Committee member: 0</p>
Independent Director: Lien, Yuan-Lung (Convener of the Remuneration Committee, Member of the	<p>1. Education: EMBA, National Taiwan University; Bachelor of Department of Law, National Taiwan University</p> <p>2. Professional Qualifications and Experiences: Mr. Lien, Yuan-Lung is the attorney in Charge of Lien & Partners Law Offices. He is Currently the Independent Director of Taiwan Pelican Express Co., Ltd., the Independent Director of MSIG Mingtai Insurance Co., Ltd., and the Director of TWT Net Corp.. Earlier, Mr. Lien served as the Supervisor of MSIG Mingtai Insurance Co., Ltd, Director and Managing Director of the Taiwan Bar Association, Commissioner of the Judicial</p>

Audit Committee)	<p>Selection Committee for Selecting Judges of Specialized Courts, Judicial Yuan, Commissioner of the Taiwan Attorney Disciplinary Committee, 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.</p> <p>3. Independence analysis : Mr. Lien meets the independence criteria stipulated in “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”,</p> <p>4. Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director or Remuneration Committee member: 1. Mr. Lien is the Independent Director and Remuneration Committee member in Taiwan Pelican Express Co., Ltd..</p>
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Note 1: None of the Company’s Directors has any situations defined in Article 30 of the Company Act .

Note 2: The Company reviews qualifications of its independent directors periodically (once a year).

None of the Company’s three independent directors and their spouses, relatives within the second degree of kinship, or lineal relative within the third degree of kinship holds an aggregate of 1% or more of the total number of issued shares of the Company or ranks in the top 10 in holdings and none of them is a director, supervisor or employee of the Company or its affiliate. None of the independent directors is a director, supervisor or employee defined in subparagraph 5, 6, 7, 8 of the first paragraph of article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. In addition to being independent directors of the Company and members of its functional committees, none of them provides auditing or other professional services to the Company. According to the aforementioned information, all of the independent directors comply with regulatory requirements for their independence.

Note 3: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 4: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

2. Diversity 、Independence Professionality and of the Board of Directors:

(1) Diversity of the Board of Directors

- A. According to the Paragraph 3 of Article 20 in the Company’s “Corporate Governance Best-Practice Principles,” the composition of the Board of Directors should take diversification of its composition into consideration. According to the Paragraph 4 of Article 20, the Directors should have professional knowledge, skills and ability needed for fulfillment of their duties. The Company’s directors have expertise in different areas, including operations management, law, finance, accounting, environmental protection, etc., which can make the Board’s decision making more professional and contribute to operations and long-term development of the Company.
- B. The 23rd Board of Directors consists of 7 directors (including 3 independent directors) elected at Annual General Shareholders’ Meeting on June 20th, 2022, all directors are R.O.C nationals and three independent directors accounted for 42.86% of the total number of directors.. After the resignation of the director Kaiming Investment Co., Ltd., Independent Director Lin, Tian-Sung and Independent Director Lin, Shu-Ling on Feb. 17th, 2023, the Company’s board now has 4 directors and one of them is independent director (accounted for 25.00%).
- C. 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, the Company has four directors, two (2) of whom are female directors, representing 50.00% of the board of directors. .
- D. The Company will modify its board diversity policy in a timely manner according to actual needs and operation situation of the Board in order to improve corporate governance.
- E. Diversity of the Board’s composition according to the Company’s policy is shown in the table below:

Name		Diversification			Basic Component		Professional Ability		
		Title	Name	Nationality	Gender	Age	Operations Management	Law	Finance Accounting
Chairman	Lin, Keng-Li	Republic of China	Male	61-70	✓			✓	
Director	Ko, Lee-Ching	Republic of China	Female	71-80	✓		✓		
Director	Lee, Mon-Ling	Republic of China	Female	51-60	✓		✓		✓
Independent Director	Lien, Yuan-Lung	Republic of China	Male	61-70	✓	✓			

(2) Independence of the Board of Directors

- A. The Company’s Board now has 4 directors and one of them is independent director (which account for 25.00% of the composition). None of the directors of the Company concurrently

served as employees of the Company and all the Independent Director has not served more than three Session.

In order to enhance the Board's independence and its performance, the Company has established "Rules Governing the Scope of Powers of Independent Directors" and the independent directors have fulfilled their duties accordingly. In addition, they have not established improper relationship with the Company's management or interested parties that could jeopardize the Company's interest or hinder them from well judgment in performing their duties. Independent directors can supervise operations of the board independently and effectively.

- B. There is no spousal relationship or the second degree kinship among all directors of the Company. If the proposal of the board meeting involves the interests of the directors and may damage the interests of the Company, the directors shall not participate discussion and vote on the proposal so as to ensure that the board of directors can make a resolution independently and objectively.

- C. According to the Paragraph 4 of Article 20 in the Company's "Corporate Governance Best-Practice Principles," All members of the board should focus on Gender equality and shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:
 - a. Ability to make operational judgments.
 - b. Ability to perform accounting and financial analysis.
 - c. Ability to conduct management administration.
 - d. Ability to conduct crisis management.
 - e. Knowledge of the industry.
 - f. An international market perspective.
 - g. Ability to lead.
 - h. Ability to make policy decisions.

3.2.2 Management Team

April 22, 2023

Title(Note 1)	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Position Concurrently Held in Other Companies	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: Executive Vice President of the Company Education: Mechanical Engineering Department of Chung Yuan Christian University	Chairman ▪ Mingyu Investment Corp.	None	None	None	None
Executive Vice President 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
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
Vice President of Steel Structure Business Division	R.O.C	Chang, Hsing-Kung	Male	2016.06.01	20,000	0	0	0	0	0	Experience: Junior Vice President of the Company Education: Civil Engineering Department, Chung Yuan Christian University	None	None	None	None	None
Vice President of Steel Structure Business Division	R.O.C	Chou, Chih-Chieh	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
Vice President of Finance Department and Principal Financial Officer / Principal Accounting Officer	R.O.C	Chuang, Ting-Ting	Female	2021.08.09	0	0	0	0	0	0	Experience: Deputy Senior Vice President of Evergreen International Storage and Transport Corporation Education: Accounting Department of National Taipei College of Business	Supervisor ▪ Mingyu Investment Corp. ▪ Taiwan Incubator SME Development Corporation	None	None	None	None
Vice President of Occupational Safety & Health Department	R.O.C	Chen, Meng-Ling	Male	2018.01.01	0	0	0	0	0	0	Experience: Junior Vice President of the Company Education: Department of Business, National Open University	None	None	None	None	None
Vice President of Human Resources Department	R.O.C	Tsai, Ya-Li	Female	2023.01.01	0	0	0	0	0	0	Experience: Junior Vice President of the Company Education: International Trade Department, National Taipei College of Business	None	None	None	None	None
Vice President of Supervisory Department and Planning Department	R.O.C	Tsai, Su-Yun	Female	2023.01.01	1,935	0	0	0	0	0	Experience: Junior Vice President of the Company Education: International Trade Department, Shih Chien University	None	None	None	None	None
Junior Vice President and Chief Corporate Governance Officer	R.O.C	Lee, Kang-Hsuan	Female	2023.01.01	10,000	0	0	0	0	0	Experience: Manager of Evergreen Marine Corporation Education: Law School, Soochow University	None	None	None	None	None

Note 1: It should include the information disclosure of the president, vice president, senior vice presidents, department heads, and branch officers as well as the positions 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, necessity 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.

3.2.3 Remuneration of Directors, President, and Vice Presidents in 2022

1. Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Directors Remuneration								Total Remuneration (A+B+C+D) and Ratio of Total Remuneration to Net Income (%) (Note 8)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G) and Ratio of Total Compensation to Net Income (%) (Note 8)		Compensation from an Invested Company and the Other than Company's Subsidiaries (Note 9)				
		Base Compensation (A) (Note 2)		Severance Pay (B)		Directors Remuneration (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Employees' Compensation (G) (Note 6)										
		The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	Cash	Stock	Cash	Stock	The Company	Companies in the Consolidated Financial Statements (Note 7)					
Chairman	HUI Corp. Representative: Lin, Keng-Li (Note 10)	4,851	4,851	0	0	2,500	5,200	54	54	7,405	10,105	0	0	0	0	0	0	0	0	0	0	7,405	10,105	0.29%	0.40%	None
Director	HUI Corp. Representative: Ko, Lee-Ching (Note 11, 12)	0	0	0	0	1,258	1,258	42	42	1,300	1,300	0	0	0	0	0	0	0	0	0	0	1,300	1,300	0.05%	0.05%	None
Director	Evergreen International Corp. Representative: Chang, Kuo-Hua (Note 12)	0	0	0	0	415	415	12	12	427	427	0	0	0	0	0	0	0	0	0	0	427	427	0.02%	0.02%	None
Director	Evergreen International Corp. Representative: Cheng, Shen-Chih (Note 12, 13)	0	0	0	0	242	242	12	12	254	254	0	0	0	0	0	0	0	0	0	0	254	254	0.01%	0.01%	None
Director	Evergreen International Corp. Representative: Chen, Chao-Lung (Note 12, 13)	0	0	0	0	242	242	12	12	254	254	0	0	0	0	0	0	0	0	0	0	254	254	0.01%	0.01%	None

Title	Name	Directors Remuneration								Total Remuneration (A+B+C+D) and Ratio of Total Remuneration to Net Income (%) (Note 8)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G) and Ratio of Total Compensation to Net Income (%) (Note 8)		Compensation from an Invested Company and the Other than Company's Subsidiaries (Note 9)		
		Base Compensation (A) (Note 2)		Severance Pay (B)		Directors Remuneration (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Employees' Compensation (G) (Note 6)								
		The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	Cash	Stock	Cash	Stock	The Company	Companies in the Consolidated Financial Statements (Note 7)			
Director	Designated representative performing duties on behalf of Kaiming Investment Ltd. Lee, Kuan-Liang (Note 14)	0	0	0	0	843	843	24	24	867	867	0	0	0	0	0	0	0	0	867	867	0.03%	0.03%	None
Director	Wei-Dar Development Co., Ltd. Representative: Lee, Mon-Ling	0	0	0	0	1,500	2,500	54	54	1,554	2,554	0	0	0	0	0	0	0	0	1,554	2,554	0.06%	0.10%	None
Independent Director	Lin, Shu-Ling (Note 14)	840	840	0	0	0	0	48	48	888	888	0	0	0	0	0	0	0	0	888	888	0.03%	0.03%	None
Independent Director	Lien, Yuan-Lung	1,240	1,240	0	0	0	0	84	84	1,324	1,324	0	0	0	0	0	0	0	0	1,324	1,324	0.05%	0.05%	None
Independent Director	Lin, Tian-Sung (Note 14)	840	840	0	0	0	0	60	60	900	900	0	0	0	0	0	0	0	0	900	900	0.03%	0.03%	None
Independent Director	Chiang, Jui-Chin (Note 13)	480	480	0	0	0	0	24	24	504	504	0	0	0	0	0	0	0	0	504	504	0.02%	0.02%	None
Independent Director	Lee, Kuan-Hsien (Note 13)	480	480	0	0	0	0	24	24	504	504	0	0	0	0	0	0	0	0	504	504	0.02%	0.02%	None

1. Describe policy, scheme, standards and composition of remuneration payment for independent directors and the relevance of their duties, risks and time spent on fulfilling their duties to the amounts of their remunerations:
(1) Independent directors concurrently serve as members of Audit Committee and Remuneration Committee. According to "Payment Regulation of Directors Compensation", the independent directors receive not only monthly remuneration but travel allowance each time they attend Board meeting and committee meetings.
(2) The Company periodically reviews the remuneration standard and structure for independent directors based on the Company's operational performance, future operational risks and the degree of independent directors' participation and the value of individuals' contribution to the Company's operation.

2. The remuneration received by the Company's director for his/her service (such as working as an advisor that is not an employee) provided to any companies not disclosed in the Consolidated Financial Statements of the table above for recent year: None.

Note 1: Names of directors should be separately disclosed (Institutional shareholders should disclose the names of the institutional shareholders and representatives separately), and directors and independent directors are separately disclosed. The amount of remuneration should be disclosed in summary. If a director concurrently serves as the President or Executive Vice President, this table and this table and table 2 must be filled out.

Note 2: It refers to the directors' compensation received for the recent year (including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.).

Note 3: It refers to the remuneration of directors distributed with the approval of the board of directors.

Note 4: It refers to the relevant expenses for business operations paid to directors for the recent year (including transportation allowance, special allowance, various allowances and the provision of dormitory and vehicle, etc.). When a car, house and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration.

Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the director(s) who concurrently serve(s) as employee(s) (including President, Executive Vice President, and other managerial officers and employees) in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.

Note 6: It refers to the employees' compensation (including stock and cash) received by the directors who concurrently serve(s) as employee(s) (including concurrent President, Executive Vice President, and other managerial officers and employees) in the recent year. It is required to disclose the amount of employees' compensation to be distributed with the approval of the board of directors. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. The table 3 below shall be filled out as well.

Note 7: Disclose the total amount of remuneration paid to the directors by all the companies included in the consolidated financial statements (including the Company).

Note 8: It refers to the net income in the individual or independent financial statements of the recent year.

Note 9: a. It is required to specify in this column the relevant remuneration amount the directors of the Company received from the reinvested companies other than the subsidiaries or parent company (if none, please fill in "none").

b. If the Company's director has received the relevant remuneration from the reinvested companies other than the subsidiaries or parent company, the received amount should be included in Column I. In addition, the column title shall be revised as "Parent Company and All Reinvested Companies."

c. Compensation shall mean the remuneration, reward, employee bonus, and expense for business operation paid to the Company's director(s) by the reinvested companies other than the subsidiaries or parent company and such directors concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.

Note 10: Chairman Lin, Keng-Li was the representative designated by Evergreen Logistics Corp. before the re-election of board members in the shareholders' meeting on June 10,

2022.

Note 11: Director Ko, Lee-Ching was the representative designated by Evergreen International Corp. before April 12, 2022.

Note 12: Evergreen International Corp. designated Mr. Cheng, Shen-Chih and Mr. Chen, Chao-Lung to replace Mr. Chang, Kuo-Hua and Ms. Ko, Lee-Ching as directors of the Company on April 12, 2022.

Note 13: Director Cheng, Shen-Chih, Director Chen, Chao-Lung, Independent Director Lee, Kuan-Hsien and Independent Director Chiang, Jui-Chin left office on June 10, 2022 after the re-election of board members at the shareholders' meeting on June 10, 2022.

Note 14: Kaiming Investment Ltd., a director, independent director Lin, Tian-Sung and independent director Lin, Shu-Ling resigned on February 17, 2023.

*The concept of remuneration disclosed in the above table is different from that of the Income Tax Act. All information disclosed is informative and does not serve as evidence for taxation.

2. Remuneration of the President and Executive Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employees' Compensation(D) (Note 4)				Total Compensation (A+B+C+D) and Ratio of Total Compensation to Net Income (%) (Note 8)		Compensation from an Invested Company and the Other than Company's Subsidiaries (Note 9)
		The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company		Companies in the Consolidated Financial Statements (Note 5)		The Company	Companies in the Consolidated Financial Statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Liu, Pang-En	5,819	5,819	587	587	2,133	2,133	198	0	198	0	8,737 0.34%	8,737 0.34%	None
Executive Vice President	Yeh, Jia-Chyuan													
Executive Vice President	Chien, Chih-Lung													

* The information about the any position equivalent to president and executive vice president (such as general manager, CEO and director-general), whatever it is, shall be disclosed.

Remuneration Bracket

The Remuneration Bracket for President and Executive Vice President of the Company	Name of President and Executive Vice Presidents	
	The Company (Note 6)	Parent Company and All Reinvested Companies (Note 7) (E)
Below NT\$1,000,000	Yeh, Jia-Chyuan (Note 10)	Yeh, Jia-Chyuan (Note 10)
NT\$1,000,000 (included)~NT\$2,000,000 (excluded)	-	-
NT\$ 2,000,000 (included)~NT\$ 3,500,000 (excluded)	-	-
NT\$ 3,500,000 (included)~NT\$ 5,000,000 (excluded)	Liu, Pang-En Chien, Chih-Lung	Liu, Pang-en Chien, Chih-Lung
NT\$ 5,000,000 (included)~NT\$ 10,000,000 (excluded)	-	-
NT\$ 10,000,000 (included)~NT\$ 15,000,000 (excluded)	-	-
NT\$ 15,000,000 (included)~NT\$ 30,000,000 (excluded)	-	-
NT\$ 30,000,000 (included)~NT\$ 50,000,000 (excluded)	-	-
NT\$ 50,000,000 (included)~NT\$ 100,000,000 (excluded)	-	-
Above NT\$ 100,000,000	-	-
Total	3	3

- Note 1: Names of President and Executive Vice Presidents should be separately disclosed. The amount of remuneration should be disclosed in aggregate amount. If a director concurrently serves as the President or Executive Vice President, this table and the table 1 above must be filled out.
- Note 2: It refers to salaries, special responsibility allowance, severance pays of the president and executive vice presidents received for the recent year.
- Note 3: It refers to bonus, incentives, transportation allowance, special allowance, various allowances and the provision of house and car to president and Executive Vice Presidents for the recent year. When a house, car and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 “Share-based payment” includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.
- Note 4: It refers to the remuneration of the president and executive vice presidents distributed with the approval of the board of directors (including stock and cash). If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. The table 3 below shall be filled out as well.
- Note 5: The total amounts of various payments made to President and Executive Vice Presidents by all companies in the consolidated financial statements (including the Company) shall be disclosed.
- Note 6: The names of the President and Executive Vice Presidents shall be disclosed in the brackets where the total amounts of various payments made to them by the Company fall in.
- Note 7: The names of the President and Executive Vice Presidents shall be disclosed in the bracket where the total amounts of various payments made by all companies in the consolidated financial statements to them fall in. The Company shall disclose the total amount of remuneration paid to the president and executive vice presidents by all the companies included in the consolidated financial statements (including the Company).
- Note 8: It refers to the net income in the individual or independent financial statements of the recent year.
- Note 9: a. It is required to specify in this column the relevant remuneration amount the President and Executive Vice Presidents of the Company received from the reinvested companies other than the subsidiaries or parent company (If none, please fill in “none”).
- b. If the Company’s the President and Executive Vice Presidents have received the relevant remuneration from the reinvested companies other than the subsidiaries or parent company, the received amount should be included in Column E. In addition, the column title shall be revised as “Parent Company and All Reinvested Companies.”
- c. Remuneration shall mean the compensation, financial reward (including financial reward for employees, directors and supervisors), expense for business operation paid to the Company’s President and Executive Vice Presidents by the reinvested companies other than the subsidiaries or parent company for concurrently their serving as director(s), supervisor(s), or managerial officer(s).
- Note 10: Yeh, Jia-Chyuan, Executive Vice President of the Company retired on Mar. 31, 2022.
- * The concept of remuneration disclosed in the above table is different from that of the Income Tax Act. All information disclosed is informative and does not serve as evidence for taxation.

3. Compensation of the Management Team

Unit: NT\$ thousands

	Title (Note 1)	Name (Note 1)	Employees' Compensation in Stock	Employees' Compensation in Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial officer	President	Liu, Pang-En	0	706	706	0.0272
	Executive Vice President	Chien, Chih-Lung				
	Vice President	Ou, Nan-Hsin				
	Vice President	Chang, Hsing-Kung				
	Vice President	Chou, Chih-Chieh				
	Vice President (Financial Officer / Accounting Officer)	Chuang, Ting-Ting				
	Vice President	Chen, Meng-Ling				
	Vice President	Tsai, Ya-Li				
	Vice President	Tsai, Su-Yun				
	Junior Vice President (Chief Corporate Governance Officer)	Lee, Kang-Hsuan				

Note1: Names and job title of each individual should be separately disclosed. The amount of remunerations can be disclosed in aggregate amount.

Note2: It refers to the employees' compensation (including stock and cash) received by the managerial officers in recent year with the approval of board of directors. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Net income refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the parent company only financial statements or individual financial statements of the recent year.

Note 3: The scope of application for managers is defined in accordance with the Tai.Chai. Chen (III) No. 0920001301 Letter dated Mar. 27, 2003 by the SEC as follows:

- (1) President and the equals
- (2) Executive Vice President and the equals
- (3) Vice President and the equals
- (4) Head of Finance
- (5) Head of Accounting
- (6) Managerial officers and the individuals authorized to sign off

Note 4: If Directors, President, and Executive Vice President have collected employees' compensation (including stock and cash), in addition to filling out the table 1 and 2, please filling out this table too.

3.2.4 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, presidents and executive vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

1. The percentages of total remuneration paid to the Company’s Directors and President and Executive Vice Presidents in operating income after tax of the parent company only financial statements or individual financial statements

Title	The Company		Companies in the Consolidated Financial Statements	
	2021	2022	2021	2022
Directors	0.98%	0.62%	1.21%	0.77%
President and Executive Vice Presidents	0.94%	0.34%	1.05%	0.34%

2. Policy, standards and composition of remuneration payment, process of remuneration decision-making and relevance of operation performance and future risks to the remuneration:

According to the Articles of Incorporation of the Company and its guidelines on payment for director remuneration, a ratio of distributable profit of the current year, if any, shall be distributed as directors’ remuneration and the ratio shall not be higher than 2%. With the limit for the total amount of remuneration distributed to all directors in place, the remuneration distributed to each director is based on his/her director’s participation in the operation and the contribution to the Company. In addition, the Company can determine directors’ remuneration based on individual director’s participation in the operation and the contribution to the Company by reference to the director remuneration of peer companies in the same industry. The aforementioned “director’s participation in the operation and the contribution to the Company” is determined by the performance of each director and Board performance assessment result (including their attendance of meetings and training, their participation in the Company’s operations and their interaction with the management team, etc). The remuneration for the directors has to be reported to the Board of Directors for its approval after review by the Company’s Remuneration Committee.

Compensation to the managerial officers is determined according to the Company’s guidelines on payment for remuneration of managerial officers. Remuneration of managerial officers includes fixed remuneration and variable remuneration. Fixed remuneration includes salaries and allowances, which are calculated according to the Company’s salaries and allowances structure for all positions levels. The structure is created based on the Company’s organizational structure, categories of business activities, nature of duties, scope of work/ responsibilities and by reference to the remuneration of peer companies in the same industry. Variable remuneration includes year-end bonuses and employees’ compensation. Adjustment of annual salaries and allowances and year-end bonuses are determined by overall operation performance of the Company and assessment of individual performance. Individual performance is carried out on regular basis (twice a year) based on several criteria, including work performance, leadership, adaptability to challenges, creativity, education and work experience, decision-making capability and cost control. The managerial officers are given different ratings for their performance based on

result of the assessment, which is a reference for their remuneration. The amount of their raises and bonuses shall be reported to Remuneration Committee for its review before the proposal is presented to the board of directors for its approval.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total 9(A) meetings of the Board of Directors were held in 2022. The attendance of directors was as follows:

Title	Name (Note1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note2)	Remarks
The current Board of Directors hold 5 (A) meetings in 2022.					
Chairman	Hui Corp. Representative: Lin, Keng-Li	5	0	100%	Re-elected at Annual General shareholders' Meeting on June 10, 2022.
Director	Hui Corp. Representative: Ko, Lee-Ching	5	0	100%	Newly elected at Annual General shareholders' Meeting on June 10, 2022.
Director	Designated representative performing duties on behalf of Kaiming Investment Co., Ltd. Lee, Kuan-Liang	4	1	80%	Newly elected at Annual General shareholders' Meeting on June 10, 2022.
Director	Wei-Dar Development Co., Ltd. Representative: Lee, Mon-Ling	5	0	100%	Re-elected at Annual General shareholders' Meeting on June 10, 2022.
Independent Director	Lin, Shu-Ling	5	0	100%	Newly elected at Annual General shareholders' Meeting on June 10, 2022.
Independent Director	Lien, Yuan-Lung	5	0	100%	Re-elected at Annual General shareholders' Meeting on June 10, 2022.
Independent Director	Lin, Tian-Sung	5	0	100%	Newly elected at Annual General shareholders' Meeting on June 10, 2022.
The previous Board of Directors hold 4 (A) meetings in 2022.					
Chairman	Evergreen Logistics Corp. Representative: Lin, Keng-Li	4	0	100%	Required Numbers of Attendance: 4
Director	Evergreen International Corp. Representative: Chang, Kuo-Hua	2	0	100%	Term ceased on Apr. 12, 2022 Required Numbers of Attendance: 2
Director	Evergreen International Corp. Representative: Ko, Lee-Ching	2	0	100%	Term ceased on Apr. 12, 2022 Required Numbers of Attendance: 2
Director	Evergreen International Corp. Representative: Cheng, Shen-Chih	2	0	100%	Assume office on Apr. 12, 2022 Required Numbers of Attendance: 2
Director	Evergreen International Corp. Representative: Chen, Chao-Lung	2	0	100%	Assume office on Apr. 12, 2022 Required Numbers of Attendance: 2

Title	Name (Note1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note2)	Remarks
Director	Wei-Dar Development Co., Ltd. Representative: Lee, Mon-Ling	4	0	100%	Required Numbers of Attendance: 4
Independent Director	Lee, Kuan-Hsien	4	0	100%	Term ceased on June 10, 2022 Required Numbers of Attendance: 4
Independent Director	Lien, Yuan-Lung	4	0	100%	Required Numbers of Attendance: 4
Independent Director	Chiang, Jui-Chin	4	0	100%	Term ceased on June 10, 2022 Required Numbers of Attendance: 4

Other mentionable items:

1. Please illustrate the date of the Board of Directors meeting, the period, agenda and all independent directors' opinions and the Company's responses if one of following situations occurred during operation of the Board of Directors:
 - (1) The items listed in Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has established the audit committee. As for the information regarding the matters specified in article 14-5 of the Act that the Company is required to provide, please refer to page 85 to 95 for details (Important Resolutions of the Board of Directors, Audit Committee and Remuneration Committee).
 - (2) Except for the proposal mentioned above, other literally recorded resolutions which are opposed or have qualified opinions by independent directors: please refer to page 85 to 95 for details.
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 85 to 95 for details.
3. TWSE Listed companies and TPEX companies shall disclose the information regarding the frequency, period, scope, methods and indexes of self-assessment (or peer assessment) of the Board members. Please refer to the table below for Evaluation of the Board of Directors.
4. The goals of enhancing functionality of the Board of Directors and the evaluation to strengthen its functionality in the current year and recent years (e.g. establishment of Audit Committee or enhancement of information transparency) and assessment of its performance in this regard:
 - (1) The Company has purchased directors' and officers' liability insurance in order to disperse the risk of legal responsibility of directors and officers and improve the ability of corporate governance.
 - (2) To enhance the professional knowledge and ability of directors as well as implement corporate governance, the Company has arranged courses on corporate governance and operations for the directors periodically (twice a year).
 - (3) The Company shall have 3 independent directors according to its Articles of Incorporation. It has stipulated the "Rules Governing the Duties of Independent Directors" for them to exercise their powers accordingly and established the Audit Committee and Remuneration Committee to enhance the functionality of the Board of Directors.
 - (4) To enhance information transparency, the Company has voluntarily announced important resolutions of Board Meetings and established a corporate governance page, corporate sustainability page and investor's page on the Company's website.

Note1: For directors who are legal entities, both the name 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 with 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

(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 entered in the table, and their status of being newly-elected or re-elected 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 with the Board of the Directors.

Table 1: Evaluation of the Board of Directors

Evaluation Frequency and Scope (Note 1 and Note 3)	The Company carries out a Board performance evaluation once a year, and the evaluation scope includes performance assessment of the Board, the individual Board members and functional committees.
Evaluation Period (Note 2)	The period for evaluation of 2022 performance was from January 1 to December 31, 2022 and the evaluation results were reported to the Board Meeting on March 10, 2023.
Evaluation Method (Note 4)	Internal self-evaluation of the Board, self-evaluation of board members, and self-evaluation of functional committees by filling out questionnaires for members of the Board and the functional committees.
Evaluation Indexes (Note 5)	<ol style="list-style-type: none"> 1. Assessment of the overall performance of the Board is based on the scoring of six indexes, including participation in the operation of the Company, enhancement of the quality of decisions made by the Board, makeup and structure of the Board, election of Board members and courses they take, and implementation of internal controls and ESG. 2. Self-evaluation of performance of each Board member is based on the scoring of these six indexes, including their grasp of the Company’s goals and their missions, awareness of their duties, participation in the operations of the Company, internal relation management and communication, expertise and professional courses they take, and internal controls. 3. Evaluation of performance of the Audit Committee is the assessment of the committee’s overall performance by each committee member based on the scoring of 5 indexes, including the members’ participation in the operations of the Company, awareness of the duties of the committee, enhancement of the quality of decisions made by the committee, makeup of the committee and election of its members, and internal controls. 4. Evaluation of performance of the Remuneration Committee is the assessment of the committee’s overall performance by each committee member based on the scoring of 4 indexes, including the members’ participation in the operations of the Company, awareness of the duties of the committee, enhancement of the quality of decisions made by the committee, and makeup of the committee and election of its members.
Evaluation Result (Full score: 5)	<ol style="list-style-type: none"> 1. Evaluation of performance of the Board: Good, the average score is 4.96 points. 2. Self-evaluation of performance of the Board members: Good, the average score is 4.96 points. 3. Evaluation of performance of the Audit Committee: Excellent, the average score is 5.00 points.

	4. Evaluation of performance of the Remuneration Committee: Good, the average score is 4.97 points.
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Note 1: The frequency of board assessment. For example, once a year.

Note 2: It refers to the period of time for Board performance assessment. For example, this evaluation was carried out to assess the board performance from January 1 to December 31, 2022.

Note 3: The evaluation scope includes evaluation of the Board, the board members, and functional committees regarding their performance.

Note 4: Evaluation methods include internal assessment of the Board, self-assessment by Board member, peer evaluation of Board members, engagement of external professional institution for the evaluation or other appropriate methods.

Note 5: The evaluation indexes shall include at least the following items:

- (1) Board performance assessment: it shall at least include Board members' participation in the operations of the Company, the quality of decisions made by the Board, makeup and structure of the Board, election for Board members and courses they take, and internal controls.
- (2) Performance evaluation of individual Board members: it shall at least include their grasp of the Company's goals and their missions, awareness of their duties, their participation in the operations of the Company, internal relation management and communication, their expertise and professional courses they take, and internal controls.
- (3) Performance evaluation of functional committees: it shall at least include the members' participation in the operations 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 controls.

3.3.2 Operation of the Audit Committee

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 2022:

① Review financial reports

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

② 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 annual statement of internal control system to the Audit Committee for its review. The Audit Committee and the audit unit have at least 4 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.

③ Appoint the Company's Certified Public Accountants

The Company's Audit Committee evaluates CPAs' expertise, independence, qualifications, and reasonableness of the remuneration for their engagement based on AQIs. The proposal to engage Chang, Ching-Hsia and Chao, Yung-Hsiang, the CPAs of Deloitte & Touche, Taiwan, as the Company's CPAs for 2022 was reviewed by the Audit Committee on the first meeting of 2022 and approved by the Board meeting. The CPAs have at least 4 closed-door communication meetings with the Independent Directors every year to communicate matters related to financial reports.

(3) A total of 5 (A) meetings of the Audit Committee were held in 2022. The attendance of the members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 1 and Note 2)	Remarks
Current Committee Members of the Second Tenure 【the number of meetings they were required to attend: 3 (A)】					
Convener	Lin, Shu-Ling	3	0	100%	Newly-elected Date of Re-election at the Shareholders' Meeting: June 10,2022
Committee Member	Lin, Tian-Song	3	0	100%	Newly-elected Date of Re-election at the Shareholders' Meeting: June 10, 2022
Committee Member	Lien, Yuan-Lung	3	0	100%	Re-elected Date of Re-election at the Shareholders' Meeting: June 10, 2022
(Former) Committee Members of the first Tenure 【the number of meetings they were required to attend: 2 (A)】					
Convener	Lee, Kuan-Hsien	2	0	100%	Discharge Date (Re-election at a Shareholders' Meeting): June 10, 2022 The number of meetings he was required to attend: 2
Committee Member	Lien, Yuan-Lung	2	0	100%	The number of meetings he was required to attend: 2
Committee Member	Chiang, Jui-Chin	2	0	100%	Discharge Date (Re-election at a Shareholders' Meeting): June 10, 2022 The number of meetings she was required to attend: 2
Other mentionable items:					
1. If any of the following circumstances occur, the dates of meetings, sessions, content of proposal, 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 85 to 95 for details (Important Resolutions of the Board of Directors, the Audit Committee and Remuneration Committee).					
(2) Except for the aforementioned matters above, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: Please refer to page 85 to 95 for details (Important Resolutions of the Board of Directors, the Audit Committee and Remuneration Committee).					
(3) If an independent director avoids discussion and meeting for any proposals due to conflict of interest, the director's name, content of the proposal and the reason for recusal should be specified: Please refer to page 85 to 95 for details (Important					

Resolutions of the Board of Directors, the Audit Committee and the Remuneration Committee).

2. 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:

① Communication method

The independent directors and the chief internal auditor have at least four closed-door communication meetings every year. In 2022, 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.

② The summaries of communication in 2022

No	Date and Meeting Type	Important Communication Content	The Company's response
1	March 16, 2022 Audit Committee	1. The internal audit report from December, 2021 to January, 2022. 2. 2021 Internal Control System Statement.	1. The report was submitted to the Board Meeting. 2. The statement was submitted to the Board Meeting for discussion and approval after review.
2	May 9, 2022 Audit Committee	The internal audit report from February to March, 2022.	The report was submitted to the Board Meeting.
3	August 8, 2022 Audit Committee	The internal audit report from April to June, 2022.	The report was submitted to the Board Meeting.
4	November 8, 2022 Audit Committee	1. The internal audit report from July to September, 2022. 2. Revisions of the internal control systems and internal audit implementation rules.	1. The report was submitted to the Board Meeting. 2. The revisions were presented to the Board Meeting for discussion and approval after review.
5	December 22, 2022 Audit Committee	1. The internal audit report from October to November, 2022. 2. Revisions of the internal control systems and the internal audit implementation rules.	1. The report was submitted to the Board Meeting. 2. The revisions were presented to the Board Meeting for discussion and approval after review.

(2) The Communications between the independent directors and CPAs

① Communication method

The independent directors and CPAs have at least four closed-door communication meetings every year. In case of emergency, the meeting may be convened at any time. In 2022, the independent directors and CPAs had five

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 of journal entries (if any) and the impact of amendments to regulations.

② The summaries of communication in 2022

No	Date and Meeting Type	Important Communication Content	The Company's response
1	March 16, 2022 Meeting for communication between independent directors and the CPAs	1. Audit scope and the conclusion of the CPAs' audit of 2021 Financial Report. 2. Financial status and performance after review of 2021 financial report. 3. Regulations updates.	None
2	May 9, 2022 Meeting for communication between independent directors and the CPAs	1. Review type and scope of Q1 financial report of 2022. 2. Financial status and performance after review of 2022 Q1 financial report.	None
3	August 8, 2022 Meeting for communication between independent directors and the CPAs	1. Review type and scope of Q2 financial report of 2022. 2. Financial status and performance after review of 2022 Q2 financial report. 3. Discussion and communication between the CPAs and Independent Directors over the questions brought up by the Independent Directors.	None
4	November 8, 2022 Meeting for communication between independent directors and the CPAs	1. Review type and scope of Q3 financial report of 2022. 2. Financial status and performance after review of 2022 Q3 financial report. 3. Annual audit plan. 4. Discussion and communication between the CPAs and Independent Directors over the questions brought up by the Independent Directors.	None
5	December 22, 2022 Meeting for communication between independent directors and the CPAs	1. New Requirement of IESBA – pre-approval of non-assurance service by corporate governance unit. 2. Discussion and communication between the CPAs and Independent Directors over the questions brought up by the Independent Directors.	None

Note 1 : If any of the independent 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.

Note 2 : If there is any re-election of the independent directors before the end of the year, both the information of new and former directors should be filled in the table, and the status of being former, newly elected and re-elected 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.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status (Note 1)			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.evergreenet.com/), (Path: Company website/Corporate Governance/ “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		The Finance Department of the Company is in charge of handling these issues about suggestions, doubts and disputes of shareholders 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

Evaluation Item	Implementation Status (Note 1)		Further Explanation	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(3) Does the Company establish and implement risk management and firewall system within its conglomerate structure?	V		The Company has established risk control measures within internal control operation procedure.	None
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		<p>1. According to the Corporate Governance Best-Practice Principles of the Company, it shall lay down internal rules to prohibit insiders of the Company from trading securities with information that has not been publicly disclosed. The aforementioned rule shall include prohibition on trading of equity-type securities of the Company by directors within closed periods, which are 30 days before public announcement of annual financial reports and within 15 days before public announcement of quarterly financial reports.</p> <p>2. The Company has established “Procedures for Handling Material Inside Information” and “Insider Trading Prevention Management” (guideline) within internal control operation procedures with the approval of the Board of Directors to prevent the trading of stock by insiders. According to Insider Trading Prevention Management (guidelines), directors are prohibited from trading equity-type securities of the Company within closed periods, which are 30 days before public announcement of annual financial reports and within 15 days before public announcement of quarterly financial reports.</p> <p>3. The Company reminds directors about related regulations before the aforementioned closed periods begin.</p> <p>4. In addition to reminding insiders about important related regulations governing insiders’ transfer of stock, the Company also provides the directors and managerial officers a Q&A on insider trading prohibition, and forwards the information about the orders of competent authorities for prevention of insiders’ trading from time to time, in order to enable the directors and managers of</p>	None

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
			<p>the Company to fully understand the relevant rules. Please visit the MOPS website for courses on prevention of insider trading taken by the Company’s directors in 2022.</p> <p>5.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.</p> <p>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.</p>	
<p>3. Composition and Responsibilities of the Board of Directors:</p> <p>(1) Does the Board develop and implement a diversification policy for the composition of its members?</p> <p>(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?</p>	V		<p>Please refer to Page 23 for the Company’s policy of Board composition diversification, the specific management goals and the implementation status.</p> <p>Currently, the Company has not voluntarily established other functional committees.</p>	<p>None</p> <p>Although the Company has only established the Remuneration Committee and the Audit Committee, 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 corporate governance principles.</p>

Evaluation Item	Implementation Status (Note 1)		Further Explanation	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(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 nomination for the re-election?	V		<ol style="list-style-type: none"> 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 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. The 2022 evaluation results of the performance of the Board of Directors (please refer to note 2 for details) were reported to the Board meeting on March 10, 2023. 	None
(4) Does the Company regularly evaluate the independence of CPA?	V		<ol style="list-style-type: none"> 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 qualifications and independence of the CPAs. The CPAs are required to present the statement on independence and AQIs-related information for their engagement. Evaluation of their qualifications and independence is based on the standards specified in Note 3 and 13 indicators of AQIs. The board of directors approved the engagement and remuneration for the CPAs for the 2023 financial and tax audit on March 10, 2023. 	None
4. Has the TWSE/TPEX Listed Company hired adequate, competent corporate governance staff and	V		<ol style="list-style-type: none"> 1. The Board of Directors appointed the most senior officer of Corporate Governance Department as the chief corporate governance officer of the Company by the Board Meeting and the Company is staffed with sufficient professional corporate governance personnel to protect shareholders' rights and strengthen the board 	None

Evaluation Item	Implementation Status (Note 1)		Further Explanation	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
appointed a Corporate Governance officer to take charge of corporate governance matters (including but not limited to providing directors and supervisors necessary information for operation, assisting directors and supervisors with their legal compliance, arranging the board of directors and shareholders’ meetings according to the law, and preparing minutes of Board of Directors meetings and shareholders’ meetings)?			<p>functions. The chief corporate governance officer of the Company, who has been conducted stock affairs, shareholders’ meeting and Board meeting affairs for at least 3 years, is eligible for corporate governance affairs.</p> <p>2. Main duties of the corporate governance officer of the Company are as follows:</p> <p>(1) To arrange Board meetings and shareholders meetings according to laws.</p> <p>(2) To prepare minutes of Board meetings and shareholders’ meetings.</p> <p>(3) To assist directors with their onboarding and courses arrangement.</p> <p>(4) To provide information needed for operational management by directors.</p> <p>(5) To assist Directors with legal compliance.</p> <p>(6) Report to the Board whether independent directors’ qualifications meet regulatory requirement during their nomination, appointment and tenure based on results of such review.</p> <p>(7) Make arrangements for change of directors.</p> <p>3. The operation management in 2022 are as follows:</p> <p>(1) To provide Directors information and regulations related to their duties and arrange the Directors’ training courses:</p> <p>A. To provide Directors with the latest regulations concerning corporate governance from time to time.</p> <p>B. To provide Directors company information related to their duties and maintain smooth communication between Directors and managerial officers.</p> <p>C. To arrange more than 4 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.</p> <p>D. To arrange two training courses (three hours for each) for Directors.</p> <p>(2) To arrange meetings of functional committees, the board and shareholders according to the law:</p> <p>A. To provide the meeting agendas and related</p>	

Evaluation Item	Implementation Status (Note 1)		Further Explanation	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>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.</p> <p>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.</p> <p>C. To register the date of the shareholders' meeting in accordance with law, produce meeting notices, handbooks and prepare minutes by the regulatory deadlines.</p> <p>(3) Making arrangements for regarding change of directors:</p> <p>A. Report to the Board the results of the review of independent directors' qualifications during their nomination and election.</p> <p>B. Provide information needed for change of a director and make related public announcements and filing for change of directors according to the law.</p> <p>4. Please refer to Note 4 for training records of the chief corporate governance officer in 2022.</p>	
5. Does the Company establish a communication channel with its stakeholders, create a designated section on its website for them (including but not limited to shareholders, employees, customers and suppliers), and properly handle all the issues they care	V		The Company has set up a Stakeholders and Issues Management Section (https://www.evergreennet.com), including Contact Us Section, Environment Social Governance Section, Investor Services, Customer Services, Supplier Services Section and Employees Services Section on its website to provide relevant business and contact information and to facilitate prompt response of related departments to requests addressing issues that stakeholders care about; The situation of communication with all stakeholders is reported to the Board of Directors on regular basis (once a year).	None

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
about in terms of corporate social responsibilities?				
6. Does the Company appoint a professional shareholder service agency to deal with shareholder meeting affairs?	V		The Company has engaged Stock Service Department of KGI Securities Corporation for shareholders’ meeting affairs.	None
7. Information Disclosure: (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		<p>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.</p> <p>2. Disclosure of corporate governance information: The Company has disclosed “Articles of Incorporation”, important operating procedures and the information related to the Board and the functional committees (including their composition and duties, selection of their members and their important resolutions) as well as the operations of its corporate governance on the section of Corporate Governance of its website: https://www.evergreennet.com.</p>	None
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and	V		The Company has set up an English website and spokesperson system for gathering and disclosing information and appointed designated people to handle information collection and disclosure. 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 (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
disclosure, creating a spokesman system, and webcasting investor conferences)? (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.	Although the Company has not announced and reported the first, second, and third quarter financial statements as well as the operating status of each month in an early manner, it has made the aforementioned announcements and reporting by the deadlines set by article 36 of Securities and Exchange Act.
8. Is there any other important information that can facilitate a better understanding of the Company’s corporate governance practices?				
(1) Employee rights and employee wellness	V		Please refer to Chapter V Operational Highlights “Labor Relations” for more information.	None
(2) Investor relations	V		The Company has set up “Investor Relations” section on its website, which provides investors information about its operations and financial status.	None

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
(3) Supplier relations and rights of stakeholders	V		Please refer to Chapter III Corporate Governance Report “Implementation of Corporate Sustainability” for more information.	None
(4) Directors training records	V		The number of hours of training course take by all of the Company’s directors meet the regulatory requirement of the “ Direction for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies” and 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 VII “Analysis of Risk Management” for more information.	None
(6) Insurance purchased by the Company for directors	V		The Company has purchased liability insurance for its 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: Not Applicable.				

Note 1: Provide description in the summary and description column regardless of “yes” or “no” for the operations.

Note 2: Board Performance Assessment Results of 2022

	Self-evaluation of performance of the Board	Self-evaluation of performance of Board members (for themselves)	Self-evaluation of performance of the Audit Committee	Self-evaluation of performance of the Remuneration Committee
Average score (Full score: 5)	4.96	4.96	5.00	4.97
Evaluation Results	Good	Good	Excellent	Good

Note 3: 2023 CPA Independence Evaluation

Item	Assessment of the Company	Do the CPAs meet regulatory requirement for their independence?
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	Yes
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	Yes
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	Yes
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	Yes
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 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) ?	No	Yes
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	Yes

Note 4: Chief Corporate Governance Officer Training Records In 2022

Date	Professional Organization	Courses	Hours
2022.05.12	Taiwan Stock Exchange Alliance Advisors Taiwan Corporate Governance Association	Twin-Summit Forum	2
2022.07.21	Taiwan Institute for Sustainable Energy	Carbon management trends and responses to net zero emissions	3
2022.09.29	Taiwan Stock Exchange Taipei Exchange	The Meeting For Release of the 2022 Guidelines on Powers Exercising of Independent Directors and Audit Committee Members of Public Companies and Promotion of the Guidelines to Directors and Supervisors.	3
2022.10.05	Taiwan Corporate Governance Association	Cybersecurity in Corporate Governance – developing the cybersecurity strategies in list companies	3
2022.10.19	Taiwan Corporate Governance Association	The 18 th Corporate Governance Forum – Enhancement of Directors' Function and Implementation of Sustainable Governance	6
2022.10.21	Securities and Futures Institute	2022 Course for Promotion of Insider Trading Prevention	3
Total hours on 2022 courses			20

3.3.4 Composition, Responsibilities, and Operations of the Remuneration Committee

1. Remuneration Committee Members' Information

(1) According to the Remuneration Committee Charter of the Company, the Committee members cannot be fewer than 3 persons in number. The Committee members are appointed by resolution of the board of directors. A majority of the members shall serve as independent directors, and one of the Independent directors shall be elected as the Convener and the Chairman by all Committee members.

(2) The Board of Directors of the Company has appointed Mr. Lien, Yuan-Lung, Ms. Chiang, Jui-Chin and Mr. Lin, Tian-Sung as the member of the 2nd Remuneration Committee. The term of office is from June 10, 2022 to June 9, 2025.

Note: Mr. Lin, Tian-Sung resigned as the member of Remuneration Committee on Feb.17, 2023.

Title	Name	Professional Qualification and Experiences	Independence Analysis	Number of Other Public Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee
Convener (Independent Director)	Lien, Yuan-Lung	1.Education: EMBA, National Taiwan University Bachelor of Department of Law, National Taiwan University. 2.Professional Qualification and Experiences: Current Attorney in Charge of Lien & Partners Law Offices, Independent Director of Taiwan Pelican Express and MSIG Mingtai Insurance Co., Ltd., Director of TWT Net Corporation. Former Supervisor of MSIG Mingtai Insurance Co., Ltd, Director and Managing Director of the Taiwan Bar Association, Commissioner of the Judicial Selection Committee for Selecting	Independent Director Lien meets the regulatory requirements set in the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” (Note).	1

Item		Professional Qualification and Experiences	Independence Analysis	Number of Other Public Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee
Title	Name			
		Judges of Specialized Courts, Judicial Yuan, Commissioner of the Taiwan Attorney Disciplinary Committee, 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.		
Committee Member	Chiang, Jui-Chin	<p>1.Education: Master of Laws of Science and Technology Law, National Chiao Tung University (Now called National Yang Ming Chiao Tung University) Bachelor of Laws, Soochow University.</p> <p>2.Professional Qualification and Experiences: Current Attorney-at-law of Dentons Taiwan and Supervisor of DIYI Social Enterprise. Former Attorney-at-law of KO LIN & WEI Law Office.</p>	Ms. Chiang meets the regulatory requirements set in the “ Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” (Note).	0
<p>Note: None of the Remuneration Committee members and their spouses, relatives within the second degree of kinship, or lineal relative within the third degree of kinship holds an aggregate of 1% or more of the total number of issued shares of the Company or ranks in the top 10 in holdings and none</p>				

of them is a director, supervisor or employee of the Company or its affiliate. None of the member is a director, supervisor or employee defined in subparagraph 5, 6, 7, 8 of the first paragraph of article 3 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. In addition to being independent directors of the Company and members of its functional committees, none of them provides auditing or other professional services to the Company. According to the aforementioned information, all of the members comply with regulatory requirements for their independence.

2. 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. Operation of Remuneration Committee:

The Committee held a total of 4 (A) meetings in 2022. Please refer to page 85 to 95 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	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note)	Remarks
Current Committee members of Second Tenure 【the number of meetings they were required to attend: 2 (A)】					
Convener	Lien, Yuan-Lung	2	0	100%	Re-elected date: June 10, 2022
Member	Chiang, Jui-Chin	2	0	100%	
Member	Lin, Tian-Sung	2	0	100%	Newly-elected date: June 10, 2022
(Former) Committee members of First Tenure 【the number of meetings they were required to attend: 2 (A)】					
Convener	Lien, Yuan-Lung	2	0	100%	The number of meetings he was required to attend: 2
Member	Lee, Kuan-Hsien	2	0	100%	Discharge Date: June 10, 2022 The number of meetings he was required to attend: 2
Member	Chiang, Jui-Chin	2	0	100%	The number of meetings she was required to attend: 2
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 proposal, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration decided by the Board of Directors					

exceeds the suggested amount of the Remuneration Committee, the difference 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 proposal, all members' opinions and the response to members' opinions 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 of former, newly-elected and re-elected committee members 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.
4. Nomination Committee members' information and its operation: the Company does not have a nomination committee.

3.3.5 Promotion of Sustainable Development and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
<p>1. Does the Company establish a governance framework for its promotion of sustainable development and set up a unit that is specifically or partially dedicated to promotion of sustainable development?</p> <p>Does the Board of Directors authorize a senior executive to handle such affairs under its supervision?</p>	V		<p>1. The Company set up Corporate Sustainability Committee, a unit specifically responsible for cross-department efforts in fulfillment and sound management of sustainable development. The Company plans to elevate the status of the Committee to a functional committee directly reporting to the Board of Directors in 2023.</p> <p>2. Corporate Sustainability Committee has six teams in charge of different affairs related to corporate sustainability, including corporate governance, employee care, customer care, supplier management, environment sustainability and social welfare. Different departments that are in charge of different issues the stakeholders are concerned about are responsible for communicating with the stakeholders and responding to their concerns. Chaired by the Company’s president with its meetings attended by the chairman, the Committee is made up of heads of all departments. These departments are responsible for formulation of corporate sustainability policies, goals, strategies, related management guidelines as well as preparation and implementation of related plans according to their duties and roles. The Company presents the results of communication and negotiation with the stakeholders and operation status to the chair of the Commission for review and approval before reporting it to Board of Directors on an annual basis. It also discloses information about corporate sustainability through multiple channels, (including the Company’s website, the annual report and MOPS).</p>	None

Evaluation Item	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>3. Supervision of the Board of Directors:</p> <p>(1)The formulation and amendments of the Company’s “Sustainable Development Best Practice Principles,” “Corporate Sustainability Policies,” and “Risk Management Policies and Procedures” have been approved by the Board of Directors with its resolutions.</p> <p>(2)The Company reports the operations of corporate sustainability to the Board of Directors at least once a year. In 2022, the report on corporate sustainability to the Board of Directors covered the following subjects:</p> <ul style="list-style-type: none"> • Implementation of corporate sustainability projects. • Communication with stakeholders. • Operations regarding risk management. • Information safety management. • Report on the progress of greenhouse gases emissions estimation and verification. <p>4. The accomplishments made by the Company in corporate governance in 2022 are as follows:</p> <p>(1)Incorporated more in-depth information into the sustainability reports and related web pages of the Company for full disclosure of the operations for achieving sustainable development goals of the United Nations and its sustainability performance.</p> <p>(2)Formulated corporate sustainability strategies and set operation sustainability goals according to the strategies and related guidelines.</p> <p>(3)Carried out machinery rejuvenation and replaced old facilities with energy-saving ones, which cost NTD 1,810,000, for energy saving and carbon reduction.</p> <p>(4)Replaced 4 old company vehicles with new hybrid electric ones.</p> <p>(5)Strengthened operational risk management and set related goals, which were reported to the</p>	

Evaluation Item	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>Board of Directors for its supervision.</p> <p>(6)The Company was awarded a certificate of appreciation by the Tainan City Government for its green procurement of over NTD 5 million.</p> <p>(7)Employees’ Welfare Committee gave electronic gift vouchers instead of paper ones.</p> <p>(8)Made the plan of introducing climate change risks management mechanism, disclosed climate-related financial information in order to reduce the risks and impact of climate change and seize related opportunities. We also launched estimation and verification of greenhouse gases emission. Such information was reported to the Board of Directors on quarterly basis.</p> <p>(9)Participated in charity works, helped the underprivileged and the poor, gave scholarship to students who were from economically-disadvantaged families or had made special achievements, took part in river cleanup and tree planting activities and urged the Company’s major suppliers/contractors to sign the statement of undertaking of corporate sustainability.</p> <p>The goals of corporate sustainability for 2023:</p> <ul style="list-style-type: none"> • Providing more TCFD-related data and scenario analysis and SASB-related disclosure in the report on sustainability. • Implementing climate change risks management mechanism and disclosing climate-related financial information to mitigate the risks and impact of climate change and seize related opportunities. Reporting the progress of greenhouse gas emissions estimation and verification work to Board of Directors on quarterly basis and drawing up the greenhouse gas emission reduction plan according to results 	

Evaluation Item	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>of the verification.</p> <ul style="list-style-type: none"> • Installing solar panels on the roofs of Hsinying Factory for utilization of renewable energy. • Assessing the plan of upgrading anti-pollution equipment to comply with regulatory requirements for environment protection. • Strengthening supply chain responsibility and procurement management, continuing to pay attention to performance of the suppliers/contractors in regard to their corporate social responsibility and related procurement practices, and encouraging the suppliers/contractors to optimize their internal requirements for ESG management. • Procuring energy-efficient electronic appliances and LED lighting devices/equipment. Replacing old company vehicles with hybrid electric ones. • Rejuvenating old, energy-ineffective machinery and equipment in order to meet energy saving and carbon reduction requirements. <p>Mid-term and long-term goals:</p> <ul style="list-style-type: none"> • Continuing to assess expansion of environment protection and green energy business to meet the needs of future trends. • Setting carbon reduction goals based on greenhouse gas estimation and verification data. Having the Company’s subsidiaries conduct greenhouse gas estimation, verification and reduction operations according to the regulatory requirements. • Continuing to carry out waste, air-pollution, waste water discharge management and facility improvement to protect the environment.
2. Does the Company assess risks of environment, society and corporate governance related to the Company’s	V		<p>1. The Company's Enterprise Risk Management (ERM) follows international guidelines and standards, including GRI, SASB, and TCFD. It assesses risks related to environmental, social, and</p>

Evaluation Item	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
operation based on materiality principles and establish related risk assessment policies or strategies? (Note 2)			<p>corporate governance issues based on their significance. Each department of the Company identifies, measures, responds to and monitors their risks in accordance with their respective responsibilities on annual basis. With risk identification and measurement efforts, the Company picks out seven major categories of risks to be managed, including operation risks, financial risks, inflation risks, sales and purchase concentration risks, occupational safety and health risks, information risks, and environment and climate change risks. Departments in charge of addressing different risks have assessed related risk factors and introduced corresponding measures for effective management of various risks. The Audit Department is in charge of auditing operations related to risk management policies and procedures, while Supervisory Department takes charge of coordinating operations related to risk monitor of different departments and addresses related risk issues.</p> <p>2. In order to achieve corporate sustainability goals and effectively mitigate operational risks, the Company laid down “Risk Management Policies and Procedures of Evergreen Steel Corporation,” which was approved by the Board of Directors on May 9, 2022. The situation of risk management, related operations and risk control is reported to Board of Directors on annual basis. On December 22, 2022, the risk management, identified risks, and responding measures in 2022 were reported to the Board of Directors.</p>
3. Environmental issues (1) Does the Company establish proper	V		<p>1. In regard to environmental management systems, the Company has continued to fulfill its</p> <p>None</p>

Evaluation Item	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
environmental management systems based on the characteristics of their industries?			<p>sustainable development and environmental protection responsibilities 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, and employment of environmental protection staff.</p> <p>The Company has properly performed the aforementioned operations over the years.</p> <p>2. The Company has carried out all the inspections in its factories and buildings needed for compliance with regulatory requirements on fire protection and occupational safety and health and completed such a declaration. It has also set up an Occupational Safety and Health Department to undertake occupational safety and health tasks and establish related systems.</p>	
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>The Company has endeavored to increase energy utilization efficiency in order to reduce the impact to the environment. It produces energy consumption statistics regularly, assesses its energy management performance annually and often collects the information about its electricity use for statistical analysis. The related measures are explained as follows:</p> <p>1. Increase recyclability of a variety of resources and place industrial waste (such as scrap iron and waste oil) or scraps produced by the Company’s plant separately according to their classification. After the Company accumulates specific amounts of the recyclable waste/scraps, they are sold to the environmental service company making the best offer after comparing the prices of multiple environmental service companies.</p>	None

Evaluation Item	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(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	<p>2. The Company replaces old air compressors with new ones of high efficiency, variable frequency and energy saving features in order to increase energy efficiency.</p> <p>3. The Company continues to push for computerization of its operations in order to reduce use of paper and use environment-friendly products with green labels for environmental protection.</p> <p>4. The Company has installed good polluted and waste water treatment facilities to meet the regulatory requirements on polluted and waste water it discharges.</p> <p>5. The Company has sorted its trash and promoted trash reduction to decrease the impact of its operations on the environment.</p> <p>6. The Company recycles the toner cartridges of all its printers for environmental protection.</p> <p>1.The Company has devised a variety of contingency plans for fire, earthquake, pandemic protection 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.</p> <p>2. The Company also set up a TCFD risk/opportunity subgroup under the environmental sustainability division of the Corporate Sustainability Committee. This subgroup adopts the climate risk and opportunity framework provided by TCFD to identify and assess the potential impacts of climate change on the Company’s operations. In 2022, the Company identified 4 major risks among 12</p>	None

Evaluation Item	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																								
	Yes	No																									
(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		<p>risks: carbon fee for businesses collected by government, change of customer behaviors, regulatory requirements for renewable energy and extreme rainfall. As this is the Company’s first year producing the TCFD report, a detailed analysis of climate change risks and opportunities will be disclosed in the TCFD report by the end of June.</p> <p>1.The Company has installed solar panels on the roofs of its plants for energy saving. Please refer to the table below for the amounts of carbon emissions reduced (as of Dec. 31, 2022)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Electricity Generated (kWh)</td> <td>2,838,280</td> <td>2,634,892</td> </tr> <tr> <td>Carbon Emission Reduced (tons)</td> <td>1,424.817</td> <td>1,341.160</td> </tr> </tbody> </table> <p>2.The Company’s affiliate Hsin Yung Enterprise Corporation has generated over 17,280,000 kWh electricity per month with its incinerators, making a significant contribution with its operation.</p> <p>3.Greenhouse gases: the figures of Category I and Category II cover all of the Company’s offices and factories)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Category I (gasoline, diesel + LNG +LPG + fuel oil)</td> <td>4,291.07</td> <td>4,178.01</td> </tr> <tr> <td>Category II (Purchased Electricity)</td> <td>9,646.83</td> <td>8,768.52</td> </tr> <tr> <td>Category III (transportation of raw materials or products)</td> <td>Not disclosed</td> <td>5,081.12</td> </tr> <tr> <td>Category VI (use of products and services)</td> <td>Not disclosed</td> <td>222,241.58</td> </tr> </tbody> </table>	Year	2021	2022	Electricity Generated (kWh)	2,838,280	2,634,892	Carbon Emission Reduced (tons)	1,424.817	1,341.160	Year	2021	2022	Category I (gasoline, diesel + LNG +LPG + fuel oil)	4,291.07	4,178.01	Category II (Purchased Electricity)	9,646.83	8,768.52	Category III (transportation of raw materials or products)	Not disclosed	5,081.12	Category VI (use of products and services)	Not disclosed	222,241.58
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	Yes	No		Explanation														
			<p>4. Water Consumption: (all of the Company’s offices and factories)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Unit: Millions of Liters</td> <td>57.28</td> <td>58.76</td> </tr> </tbody> </table> <p>The Company attaches importance to water resource and energy management, endeavors to save energy, promotes water saving and take concrete action to save water in daily life in order to optimize its water resources management performance.</p> <p>5. The amounts of waste produced and recycled: (All of the waste produced by all of the Company’s offices and factories are not hazardous waste)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>General Waste (tons)</td> <td>251.17</td> <td>444.53</td> </tr> <tr> <td>Scrap Iron (tons)</td> <td>8,222.03</td> <td>6,990.31</td> </tr> </tbody> </table>	Year	2021	2022	Unit: Millions of Liters	57.28	58.76	Year	2021	2022	General Waste (tons)	251.17	444.53	Scrap Iron (tons)	8,222.03	6,990.31
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<p>4. Society issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>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.</p> <p>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,</p>															

Evaluation Item	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		Explanation
(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		<p>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.</p> <p>3. The Company fully 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. It honors the International Bill of Human Rights with respect for human rights and nondiscrimination.</p> <p>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 work hours, holiday and leave system, and calculates overtime work pay and compensation 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,</p>	None

Evaluation Item	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(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	<p>medical insurance, 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.</p> <p>1. The Company’s occupational safety and health management has acquired international certification of 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 the 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.</p> <p>2. Occupational Safety and Health Management System: it applies to all the operations of the Company’s Xinying Factory and Hsinchu Factory and their project sites.</p> <p>3. In 2022, 3 occupational accidents occurred and 3 people were injured, accounting about 1.03% of all of the Company’s personnel. The reports on the accidents were prepared for description of</p>	None

Evaluation Item	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		Explanation
(4) Does the company provide its employees effective training plans for career development?	V		<p>what happened and for correction and improvement measures according to related requirements.</p> <p>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.</p> <p>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, and formulate life-long learning plans with diverse learning resources.</p>	None
(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 according to domestic regulations and international standards?	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

Evaluation Item	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
(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		<p>1. All the materials suppliers of the Companies are required to sign contracts with an anti-corruption clause and a clause that allows the Company to terminate or cancel the agreement and seek compensation at any time when the supplier breaches its ethical corporate management obligation (such as making or accepting bribes, making illegal political donations or inappropriate charity donation or sponsorship, etc), or fails to assume its corporate social responsibilities in terms of upholding social justice (such as discrimination, gender inequality, and infringement of right to work, etc) or supporting sustainable development without making significant (negative) impact to the environment.</p> <p>2. The Company’s major materials suppliers are China Steel Corporation and Dragon Steel Co., Ltd, which are part of China Steel Corporation Group. The total amount of raw materials purchased by the Company from them in 2022 accounted for 78.61% of total net amount of all costs of raw materials purchased by the Company for steel structure production. China Steel Corporation has signed the new version of Sustainability Charter and shall therefore make substantial sustainability achievements according to the principles and standards of the Charter.</p>	None
5. Does the Company prepare its reports for disclosure of non-financial information, including its corporate sustainability report, by reference to international standards or guidelines for		V	1. The Company publishes its sustainability report for the previous year by June 30 of each year and prepares and presents its Corporate Sustainability Report according to GRI Standards: the Core Option and G4 Sector Disclosures-Mining and Metals based on the report framework specified by the Rules Governing the Preparation and	Although the Company's Corporate Sustainability Report has not been accredited by a third-party institution, it was edited according

Evaluation Item	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
report preparation? Does the company obtain opinions of a third-party accreditation body for its assurance or guarantee for aforementioned reports?			<p>Filing of Sustainability Reports by TWSE Listed Companies issued by the Taiwan Stock Exchange. The Company also discloses its sustainability strategies, goals and concrete actions regarding related major aspects of corporate sustainability based on SDGs of the UN.</p> <p>2. The report has not been accredited by a third-party institution.</p>	to GRI Standards.
<p>6. If the Company has established Sustainable Development Best Practice Principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the Principles and their implementation:</p> <p>The Company has established its Sustainable Development Best Practice Principles according to “Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies.” The Company will apply these principles in its corporate governance and corporate sustainability operations.</p>				
<p>7. Other important information to facilitate better understanding of the company’s corporate sustainability practices</p> <p>(1) The Company made the following contributions for charity purpose in 2022:</p> <p>①In 2022, the Company sponsored NT\$ 21,000 for the “Earth Day—Echoing the Earth’s Call” energy-saving and carbon reduction declaration event held by <i>Commercial Times</i>. By supporting Earth Day, we aimed to promote environmental sustainability, energy conservation, and carbon reduction. We hoped to demonstrate the Company’s commitment to sustainability and environment protection to the society through media influence and to raise public awareness of environmental protection, the adoption of green and low-carbon lifestyle, and contribute to the protection of mother earth.</p> <p>②In 2022, the Company sponsored Chang Yun-Fa Foundation for the charity projects below with a total donation of NT\$ 900,000:</p> <p>A. The Company gave scholarships to students of Jui-Fang Industrial High School and Sinying Senior Industrial Vocational School in order to encourage them to pursue academic achievements and to take on challenges in future with courage. We also hoped to assist the schools with their vocational education for cultivation of talent in the industry.</p> <p>B. The Company sponsored Grown-up with Hands Family in Hsinchu, a charity organization that helps people with physical disabilities, three sets of four-shelf cabinets and modular cupboards to improve quality of life for individuals with physical disabilities and expanding storage space at their homes.</p> <p>C. The Company sponsored medical service team of the National Taiwan University’s Traditional Medicine Club for their free-of-charge medical service in remote areas. The purpose of this sponsorship is to help establish proper medical and health concepts in those communities, as well as strengthen preventive</p>				

medicine and health promotion services.

- ③ In 2022, the Company actively participated in multiple environment protection campaigns. On March 19, 2022, the Company and the Society of Wilderness co-organized the “Let’s Go River Cleanup” charity activity at Luzhu Guangming Riverside Park in Taoyuan City. Through the river-cleaning activity, the Company’s employees learned how to make changes to their daily lives that will help safeguard our environment and ecology. The Company also traveled to the coastal area of Zhuangwei, Yilan, for tree planting on October 30, 2022, under the guidance of the Tse-Xin Organic Agriculture Foundation and Potato Society. A total of 1,000 trees were planted. Through this tree-planting activity, the aim was not only to leverage the influence of the Company but also to lead colleagues to cherish the land we inhabit and embark on a low-carbon lifestyle, together creating a sustainable home.
- ④ In 2022, the Company sponsored of NT\$ 2.1 million to Evergreen Symphony Orchestra for 7 classical music charity concerts, inviting its employees, their family members and personnel of social welfare and charity organizations to attend them for free, to help them relax and ease their stress with the power of music during the COVID-19 pandemic.
- ⑤ On Nov. 9, 2022, the Company arranged two blood donation events with the Tainan Blood Donation Center. A total of 16 staff participated in them and donated a total of 6,500cc of blood. This was one of the Company’s concrete actions to give back to society with love and care.
- ⑥ In 2022, the Company donated NTD 100,000 to the Taizi Community Development Association, adjacent to the Company’s Xinying Factory, for their free food supply actions to local people in need. The Association prepared and delivered free meals to local families of low-income families and underprivileged people who lived alone, had disabilities, or were sick or unable to move freely and were in need of food. The Company hoped to help underprivileged groups by this action of financial support.

(2) Other Matters:

① Investment in Green Energy Industry:

The Company participated in the bidding created by the Taoyuan City Government for the BOT project of a biomass energy center and won the bid as the best applicant. Ever Ecove Corp, a private company, has been in charge of the construction work and operation. The 4.38 hectare center is located at an area specifically for environmental protection facilities inside a local technology industrial park. It has three types of environment-friendly facilities, including heat treatment facility, anaerobic fermentation facility and a landfill of solidified waste and produces renewable energy with the heat generated by incineration of waste and the marsh gas generated by anaerobic fermentation of kitchen waste. Through waste reduction, reuse and recycle, the Company endeavors to make contribution to vision of the “green, low-carbon, sustainable, “smart”, eco-friendly” future with this new-generation. The construction was completed in 2022. Currently, it is conducting trial operation with the aim to environmentally-friendly biomass energy center characterized by low-pollution, multiple waste treatment techniques and sustainable operation.

- ② The Company donated NT\$150,000 to Chinese Taipei Skating Union to sponsor the National Figure Skating Championships from April 23 to April 24 in 2022 in order to discover and cultivate talented figure skaters. This competition offered domestic figure skaters a stage for their performance and an opportunity of fair competition and help people interested in this sport enhance their health and develop healthy interest.

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 of the difference(s) in the column of “Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons” and its plan for related policies, strategies, measures and actions it will adopt in the future.

Note 2: 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.

Note 3: Please refer to the examples of best practices on the website of Corporate of Governance Center of the Taiwan Stock Exchange for disclosure requirements.

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 (Note)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
<p>1. Establishment of ethical corporate management policies and guidelines</p> <p>(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 fulfill their commitment to implementation of the policies?</p>	V		<p>The Company has laid down its “Ethical Corporate Management Principles” after the approval of its Board of Directors.</p> <p>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.</p>	None
<p>(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 Management</p>	V		<p>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 effectively</p>	None

Evaluation Item	Implementation Status (Note)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
<p>Best-Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(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?</p>	V		<p>enhance autonomous management and facilitate supervision and management of in-charge units.</p> <p>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.</p>	None
<p>2. Implementation of operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p>	V		<p>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</p>	None

Evaluation Item	Implementation Status (Note)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
			<p>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.</p> <p>This Company has formulated “Supplier/Contractor Business Sustainability Management Guidelines”, which requires all suppliers and contractors to fulfill their responsibility for operational integrity and sign the “Corporate Sustainability Commitment”, which requires signatories to uphold corporate integrity, basic human rights and environmental sustainability. As of the end of 2022, a total of 143 of our major suppliers and contractors have signed the aforementioned commitment and no supplier has been disqualified due to human rights violations or dishonest business activities.</p>	
(2) Does the Company establish a dedicated unit supervised by the Board of Directors to be in charge of corporate integrity? Does the unit	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	None

Evaluation Item	Implementation Status (Note)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
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)?			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.	
(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	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

Evaluation Item	Implementation Status (Note)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
<p>to the plan or engaged CPAs for such auditing?</p> <p>(5) Does the Company regularly hold internal and external educational training on ethical corporate management?</p>	V		<p>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 management. Meanwhile, the Company has also provided orientation training on the requirements for “Ethical Corporate Management and Codes of Ethical Conduct” to new recruits.</p> <p>In 2022, this Company held “Corporate Governance/Business Ethics” course, with 503 employees in attendance. 80 new employees received 80 hours of orientation training in “Codes of Operation Integrity and Ethical Conduct.” After the training, all 80 new employees signed the “Code of Operational Integrity Compliance Agreement.</p>	None
<p>3. Operation of the integrity channel</p> <p>(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p>	V		<p>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</p>	None

Evaluation Item	Implementation Status (Note)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Further Explanation	
(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?	V		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
(3) Does the Company provide proper whistle-blower protection?	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
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?	V		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.	None
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.				
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.				

Note: Provide description in the summary and description column regardless of “yes” or “no” for the operations.

3.3.7 Information Disclosure for the Corporate Governance Principles and Related Guidelines Established by the Company

Please visit <https://mops.twse.com.tw>, <https://www.evergreenet.com> or <https://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
Liu, Pang-En	2022.07.21	Taiwan Institute for Sustainable Energy	Carbon management trends and responses to net zero emissions (3 hours)
	2022.10.05	Taiwan Corporate Governance Association	Cybersecurity in Corporate Governance – developing the cybersecurity strategies in list companies (3 hours)
	2022.10.19	Taiwan Stock Exchange & Taipei Exchange	2022 Prevention of Insider Trading and Internal Share Trading (3 hours)

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
Lin, Mei-Li	2022.06.09	The Institute of Internal Auditors-Chinese Taiwan	In the face of climate change and the wave of sustainable development, explore the impact on corporate internal control and countermeasures from the perspective of ESG risk (6 hours)
	2022.10.12		Analysis of laws and regulations of the board of directors and functional committees (audit, remuneration) and key points of audit (6 hours)

Name	Training Date	Professional Training Institution	Training Course and Hours
Huang, Shiau-Jen	2022.05.10	The Institute of Internal Auditors-Chinese Taiwan	Labor laws follow eight aspects (6 hours)
	2022.07.28		Practical Seminar on Information Business Review (6 hours)
Wang, Wan-Hsuan	2022.05.10	The Institute of Internal Auditors-Chinese Taiwan	Labor laws follow eight aspects (6 hours)
	2022.10.12		Analysis of laws and regulations of the board of directors and functional committees (audit, remuneration) and key points of audit (6 hours)

(2) Accounting Officer:

Name	Training Date	Professional Training Institution	Training Course and Hours
Chuang, Ting-Ting	2022.07.21	Taiwan Institute for Sustainable Energy	Carbon management trends and responses to net zero emissions (3 hours)
	2022.09.26 2022.09.27	Accounting Research and Development Foundation	Courses for Heads of Accounting Departments of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges for Their Continuing Education (12 hours)
	2022.10.05	Taiwan Corporate Governance Association	Cybersecurity in Corporate Governance – developing the cybersecurity strategies in list companies (3 hours)

3.3.9 Internal Control System Execution Status

1. Internal Control Statement

Evergreen Steel Corporation
Internal Control Statement

Date: March 10, 2023

The Company states the following with regard to its internal control system during the period from January 1, 2022 to December 31, 2022, 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, 2023, and none of the 4 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? None.

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. Major Resolutions of 2022 Annual General Shareholders’ Meeting

- (1) To approve 2021 earnings distribution.

Implementation: The cash dividend to shareholders was NT\$3 per share with a total amount of NT\$1,251,274,389. The cash dividend was distributed on Sep. 16, 2022.

- (2) To approve amendments of “Articles of Incorporation”.

Implementation: The amended “Articles of Incorporation” was approved by the Ministry of Economic Affairs (letter No. 11101119200) and the related business has been conducted in accordance with the amended “Articles of Incorporation”.

- (3) To approve amendments of “Procedures for Acquiring and Disposing of Assets”.

Implementation: The related business has been conducted in accordance with the amended “Procedures for Acquiring and Disposing of Assets” .

- (4) To re-elect seven Directors (including three Independent Directors).

Implementation: The re-election of directors has been approved and registered by the Ministry of Economic Affairs (letter No. 11101119200), and the new directors have performed their duties in accordance with the Articles of Incorporation of the Company and relevant laws and regulations.

2. Major Resolutions of the Board of Directors, Audit Committee and Remuneration Committee

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company’s Response to the Opinions of Audit Committee or Remuneration Committee
Jan. 24, 2022 The 14 th Meeting of the 22 nd Board of Directors	1. To approve amendments of “Payment Regulation of Managers Compensation”. 2. To approve 2022 salary for managerial officers. 3. To approve Chairman’s salary and allowances in 2022. <u>Recusal of Directors and voting situation of Board of Directors</u>	Jan. 24, 2022 The 7 th Meeting of the 1 st Remuneration Committee 1. All proposals were approved unanimously by Remuneration Committee members. 2. Objection, reservation or important opinion expressed by an	None

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	<ul style="list-style-type: none"> ● The Chairman Lin, Keng-Li has direct personal interest conflicts to the proposal. ● Except for the Chairman who recused himself from the discussion and resolution, all 6 attendance directors agreed and approved the proposal. 	independent director: None.	
	4. To approve amendments of “Corporate Social Responsibility Best Practices” and “CSR Policy”.	—	—
Mar. 21, 2022 The 15 th Meeting of the 22 nd Board of Directors	<ol style="list-style-type: none"> 1. To approve 2021 Employees' Compensation. 2. To approve 2021 Directors' Compensation. 	<p>Mar. 16, 2022 The 8th Meeting of the 1st Remuneration Committee</p> <ol style="list-style-type: none"> 1. All proposals were approved unanimously by Remuneration Committee members. 2. Objection, reservation or important opinion expressed by an independent director: None. 	None
	<ol style="list-style-type: none"> 3. To approve 2021 Business Report. 4. To approve 2021 Parent Company Only Financial Report and Consolidated Financial Report. 5. To approve 2021 earnings distribution. 6. To approve 2021 Internal Control System Statement. 7. To approve the appointment of the 	<p>Mar. 16, 2022 The 12th Meeting of the 1st Audit Committee</p> <ol style="list-style-type: none"> 1. All proposals were approved unanimously by Audit Committee members. 2. Objection, reservation or important opinion 	None

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	<p>Company's Certified Public Accountants and their remuneration of the year 2022.</p> <p>8. To approve the amendment of "Procedures for Acquiring and Disposing of Assets".</p> <p>9. To approve the amendment of "Authority Table of Acquiring and Disposing of Assets & Other Financial Matters".</p>	<p>expressed by an independent director: None.</p>	
	<p>10. Credit application to financial institution.</p> <p>11. To approve the change of the person in charge of keeping the seals for endorsement and guarantee.</p> <p>12. To approve amendments of the Company's "Articles of Incorporation".</p> <p>13. To approve making proposal on 2022 Annual General Shareholders' Meeting to re-elect directors of the Company.</p> <p>14. To approve the nomination of 7 director candidates (including 3 independent directors).</p> <p>15. To approve making proposal on 2022 Annual General Shareholders' Meeting to release restrictions of competitive activities of the newly elected directors.</p> <p>16. To approve holding 2022 Annual</p>	<p>—</p>	<p>—</p>

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	General Shareholders' Meeting.		
Apr. 22, 2022 The 16 th Meeting of the 22 nd Board of Directors	To review the director candidates (including independent director candidates) nominated by shareholders.	—	—
May 9, 2022 The 17 th Meeting of the 22 nd Board of Directors	<ol style="list-style-type: none"> 1. To approve reducing the amount of endorsement and guarantee with extension the period for the subsidiary. 2. To approve the Consolidated Financial Report for the first quarter of the year 2022. 3. To approve the "Risk Management Policy". 4. To approve making guarantee for associate company. 	<p>May. 9, 2022 The 13th Meeting of the 1st Audit Committee</p> <ol style="list-style-type: none"> 1. All proposals were approved unanimously by Audit Committee members. 2. Objection, reservation or important opinion expressed by an independent director: None. 	None
	5. Credit application to financial institution.	—	—
Jun. 24, 2022 The 1 st Meeting of the 23 rd Board of Directors	Re-election of the Chairman.	—	—

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
Jul. 15, 2022 The 2 nd Meeting of the 23 rd Board of Directors	To appoint the 2 nd Remuneration Committee members.	—	—
Aug. 10, 2022 The 3 rd Meeting of the 23 rd Board of Directors	<p>1. To approve amendments of “Payment Regulations for Directors Compensation”.</p> <p>2. To review “Payment Regulations for Managers Compensation” and approved to remain unchanged.</p> <p>3. To approve the new Chairman’s salary in 2022.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● The Chairman Lin, Keng-Li has direct personal interest conflicts to the proposal. ● Except for the Chairman who recused himself from the discussion and resolution, all 6 attendance directors agreed and approved the proposal. <p>4. To approve the new Independent Directors’ salary in 2022.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● The Independent Directors, Lin, Shu-Ling, Lien, Yuan-Lung and Lin, Tian-Sung have direct personal interest conflicts to the proposal. ● Except for the 3 Independent 	<p>Aug. 8, 2022</p> <p>The 1st Meeting of the 2nd Remuneration Committee</p> <p>1. All proposals were approved unanimously by Remuneration Committee members.</p> <p>2. Objection, reservation or important opinion expressed by an independent director: None.</p>	None

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	<p>Directors who recused themselves from the discussion and resolution, all 4 attendance directors agreed and approved the proposal.</p> <p>5. To approve attendance fee of the Directors (including Independent Directors) for attending Board meetings and Functional Committee meetings.</p>		
	<p>6. To approve the Consolidated Financial Report of the second quarter of the year 2022.</p>	<p>Aug. 8, 2022 The 1st Meeting of the 2nd Audit Committee</p> <p>1. All proposals were approved unanimously by Audit Committee members.</p> <p>2. Objection, reservation or important opinion expressed by an independent director: None.</p>	<p>None</p>
	<p>7. Credit application to financial institution.</p> <p>8. To approve cancellation of treasury stock and the record date for capital reduction.</p> <p>9. To approve salary and attendance fee for Chiang, Jui-Chin, the Remuneration Committee member.</p>	<p>—</p>	<p>—</p>

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
Nov. 9, 2022 The 4 th Meeting of the 23 rd Board of Directors	<ol style="list-style-type: none"> 1. To approve the Consolidated Financial Report of the third quarter of the year 2022. 2. To approve reducing the amount of endorsement and guarantee for the invested companies. 3. To approve amendments of “Internal Control System” and “Internal Audit Implementation Rules”. 	<p>Nov. 8, 2022 The 2nd Meeting of the 2nd Audit Committee</p> <ol style="list-style-type: none"> 1. All proposals were approved unanimously by Audit Committee members. 2. Objection, reservation or important opinion expressed by an independent director: None. 	None
	<ol style="list-style-type: none"> 4. Credit application to financial institution. 5. To approve amendments of “Rules for Procedure of the Meeting of the Board of Directors”. 	—	—
Dec. 22, 2022 The 5 th Meeting of the 23 rd Board of Directors	<ol style="list-style-type: none"> 1. To approve 2022 bonus for managerial officers. 2. To approve 2023 salary for managerial officers. 3. To approve 2022 bonus for the Chairman. <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● The Chairman Lin, Keng-Li has direct personal interest conflicts to the proposal. ● Except for the Chairman who recused himself from the discussion and resolution, all 6 attendance directors agreed and approved the proposal. 	<p>Dec. 22, 2022 The 2nd Meeting of the 2nd Remuneration Committee</p> <ol style="list-style-type: none"> 1. All proposals were approved unanimously by Remuneration Committee members. 2. Objection, reservation or important opinion expressed by an independent director: None. 	None

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	<p>4. To approve Chairman's salary in 2023.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● The Chairman Lin, Keng-Li has direct personal interest conflicts to the proposal. ● Except for the Chairman who recused himself from the discussion and resolution, all 6 attendance directors agreed and approved the proposal. 		
	<p>5. To approve amendments of "Internal Control System" and "Internal Audit Implementation Rules".</p> <p>6. To approve 2023 Business Plan and Budget.</p>	<p>Dec. 22, 2022 The 3rd Meeting of the 2nd Audit Committee</p> <p>1. All proposals were approved unanimously by Audit Committee members.</p> <p>2. Objection, reservation or important opinion expressed by an independent director: None.</p>	None
	<p>7. To approve appointment of the new Corporate Governance Officer.</p> <p>8. Credit application to financial institution.</p> <p>9. To approve amendments of "Procedures for Handling Material Inside Information".</p> <p>10. To approve amendments of</p>	—	—

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	<p>“Corporate Governance Best Practice Principles”.</p> <p>11. To approve 2023 Internal Audit Plan.</p>		
<p>Feb. 15, 2023 The 6th Meeting of the 23rd Board of Directors</p>	<p>1. Credit application to financial institution.</p> <p>2. To approve making proposal on 2023 Annual General Shareholders' Meeting to re-elect directors of the Company. <u>Director's objection and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Two Independent Directors, Lin, Shu-Ling and Lin, Tian-Sung, objected to this proposal. ● This proposal was passed by vote with 4 directors (including 1 independent director) in favor and 2 independent directors against. <p>3. To approve making proposal on 2023 Annual General Shareholders' Meeting to release restrictions of competitive activities of the newly elected directors.</p> <p>4. To approve holding 2023 Annual General Shareholders' Meeting.</p>	<p>—</p>	<p>—</p>

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	<ol style="list-style-type: none"> 1. To approve 2022 Employees' Compensation. 2. To approve 2022 Directors' Compensation. 	<p>Mar. 6, 2023</p> <p>The 3rd Meeting of the 2nd Remuneration Committee</p> <ol style="list-style-type: none"> 1. All proposals were approved unanimously by Remuneration Committee members. 2. Objection, reservation or important opinion expressed by an independent director: None. 	None
<p>Mar. 10, 2023</p> <p>The 7th Meeting of the 23rd Board of Directors</p>	<ol style="list-style-type: none"> 3. To approve 2022 Business Report. 4. To approve 2022 Parent-Company-Only Financial Report and Consolidated Financial Report. 5. To approve 2022 earnings distribution. 6. To approve 2022 Internal Control System Statement. 7. To approve the appointment of the Company's Certified Public Accountants and their remuneration of the year 2023. 8. To approve the "Pre-approval Policy for Non-Assurance Services provided by Certified Public Accountants". 	<p>Due to the resignation of two independent directors, the Audit Committee meeting can't be convened. The proposals which should be submitted to the Audit Committee for resolution were approved by all incumbent directors at the Board meeting on Mar. 10, 2023, and the incumbent independent director has issued letter of consent to the Financial Report.</p>	—

The Meeting Date & Session of the Board of Directors	Major Resolutions	The Date, Session, Independent Directors opinions and Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	9. Credit application to financial institution. 10. To approve the nomination of 7 director candidates (including 3 independent director candidates). 11. To approve revising the agenda of 2023 Annual General Shareholders' Meeting.	—	—

3.3.12 Major Issues of Record or Written Statements Made by any Director or Dissenting to Important Resolutions Passed by Board of Directors during the Latest Year and up to the Printing Date of this Annual Report: Please refer to the list above for details.

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:

Title	Name	Date of Assumption of Office	Date of Discharge	Reason for resignation or discharge
Chief Corporate Governance Officer	Yang, Xiu-Hui	2021.07.01	2023.01.01	Adjustment of position

3.4 Information Regarding the Company's Audit Fees

3.4.1 CPA's Audit Fees:

Unit: NT\$ thousands

Name of the Accounting Firm	Name of CPA	Audit Period	Audit fees	Non-Audit Fees	Total	Remark
Deloitte & Touche	Chang, Ching-Hsia and Chao, Yung-Hsiang	2022.01.01~2022.12.31	4,150	802	4,952	Non-audit fees cover the service fees of tax compliance audit, certification of direct deduction method and preparation of transfer pricing report.

Note: 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. The Company shall disclose the information about the audit fees and non-audit fees it pays and list the service(s) covered by non-audit fees in the remark column.

3.4.2 The Company changed its accounting firm and the audit fees it paid for the financial year in which the change took place were lower than those paid for the financial year immediately preceding the change: None.

3.4.3 The audit fees paid for the current financial year are lower than those paid for the immediately preceding financial 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 the last year: None.

3.7 Stock Transfer or Changes to Stock Pledge of Directors, Managerial Officers, 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	2022		As of April 22, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	HUI Corporation	3,100,000	0	0	0
	Representative: Lin, Keng-Li	0	0	0	0
Director	HUI Corporation	3,100,000	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	Lien, Yuan-Lung	0	0	0	0
President	Liu, Pang-En	0	0	0	0
Executive Vice President	Chien, Chih-Lung	0	0	0	0
Vice President	Ou, Nan-Hsin	0	0	0	0
Vice President	Chang, Hsing-Kung	0	0	0	0
Vice President	Chou, Chih-Chieh	0	0	0	0
Vice President (Principal Financial Officer and Principal Accounting Officer)	Chuang, Ting-Ting	0	0	0	0
Vice President	Chen, Meng-Ling	0	0	0	0
Vice President	Tsai, Ya-Li	0	0	0	0
Vice President	Tsai, Su-Yun	0	0	0	0

Title (Note 1)	Name	2022		As of April 22, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Junior Vice President (Corporate Governance officer)	Lee, Kang-Hsuan	0	0	0	0
Major Shareholder	Evergreen Marine Corp.(Taiwan) Ltd.	79,248,000	0	0	0

Note 1: Shareholders holding over 10% of the outstanding shares shall be remarked as major shareholders and listed individually.

Note 2: Fill in the following table when the counter-party of transfers or pledges of shares is a related party.

3.7.2 Information of Stock Transfer: Not applicable.

3.7.3 Information of Stock Pledged: Not applicable.

3.8 Relationship among the Top Ten Shareholders:

April 22, 2023

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 (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Evergreen Marine Corp. (Taiwan) Ltd.	79,248,000	19.00	Not Applicable		0	0	Chang, Kuo-Hua	Director of Evergreen Marine Corp. (Taiwan) Ltd.	None
Representative: Chang, Yen-I	0	0	0	0	0	0	Chang Yung-Fa Foundation	Director	None
Chang, Kuo-Hua	25,756,820	6.18	40,000	0.01	0	0	Evergreen Marine Corp. (Taiwan) Ltd.	Director	None
							Chang Yung-Fa Foundation	Director	None
							Chang, Kuo-Cheng	Within two degrees kinship	None
Continental Engineering Corp.	25,645,907	6.15	Not Applicable		0	0	None	None	None
Representative: Continental Holdings Corp.	0	0	Not Applicable		0	0	Nita Ing	Chairman	None
							TSRC Corp.	Chairman is the same person.	
							Wei-Dar Development Co., Ltd.	Director of Continental Holdings Corp.	
Chang, Kuo-Cheng	25,008,820	6.00	10,000	0	0	0	Chang, Kuo-Hua	Within two degrees kinship	None
Chang Yung-Fa Foundation	25,008,820	6.00	Not Applicable		0	0	Chang, Kuo-Hua	Director of Chang Yung-Fa Foundation	None
Representative: Chung, De-Mie	0	0	0	0	0	0	Chang, Yen-I	Director of Chang Yung-Fa Foundation	
Bank SinoPac as Custodian for ALL ASIA MANAGEMENT INC.	20,636,000	4.95	Not Applicable		0	0	None	None	None
Cathay United Bank as custodian for Sheng Rong Investment Inc.	20,571,625	4.93	Not Applicable		0	0	None	None	None

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 (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account	20,532,000	4.92	Not Applicable		0	0	None	None	None
Wei-Dar Development Co., Ltd.	12,823,245	3.07	Not Applicable		0	0	Continental Holdings Corp.	Wei-Dar Development Co., Ltd. is a director of Continental Holdings. Corp.	None
							TSRC Corp.	Wei-Dar Development Co., Ltd. is a director of TSRC Corp.	
Representative: Maoshi Corp.	0	0	Not Applicable		0	0	None	None	
TSRC Corp.	12,148,000	2.91	Not Applicable		0	0	Wei-Dar Development Co., Ltd.	Wei-Dar Development Co., Ltd. is a director of TSRC Corp.	None
							Continental Holdings Corp.	Chairman is the same person.	
Representative: Nita Ing	0	0	0	0	0	0	Continental Holdings Corp.	Chairman	

Note 1: All of the top ten shareholders shall be listed in the table. For directors who are legal entities, the names of the legal entities and their representatives shall be listed separately.

Note 2: The shareholding percentage refers to the percentage of shares held by oneself, his/her spouse/minor or by nominee arrangement.

Note 3: The relations among the shareholders listed in this table, including natural persons and legal entities, shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Issuers.

3.9 Ownership of Shares in Affiliated Enterprises

As of December 31, 2022
Unit: shares / %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors, Managerial Officers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Mingyu Investment Corp.	10,350,000	100.00	0	0.00	10,350,000	100.00
Hsin Yung Enterprise Corp.	99,266,577	68.46	1,256,652	0.87	100,523,229	69.33
Super Max Engineering Enterprise Corp.	24,147,144	48.13	0	0.00	24,147,144	48.13
Ever Ecove Corp.	80,100,000	50.06	0	0.00	80,100,000	50.06

Note: 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\$/shares

Month / Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increases by Assets 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
August 2022	10	440,000,000	4,400,000,000	417,091,463	4,170,914,630	Capital reduction by NT\$ 28,905,000 due to cancellation of treasury stock	None	Note 3

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

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

Note 3: Approved by the Ministry of Economic Affairs on Sep. 27, 2022 with the letter No. 11101168850.

Note 4: Information for the current fiscal year as of the publication date of this annual report shall be provided.

Note 5: For any capital increase, the effective (approval) date and the document number shall be provided.

Note 6: Shares traded below par value shall be shown in a clear manner.

Note 7: 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 8: 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	417,091,463	22,908,537	440,000,000	Shares of TWSE listed company

Note: Please indicate whether the shares are issued by a Company listed on the TWSE or the 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 22, 2023 ; Unit: shares

Stock \ Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	7	202	23,163	85	23,457
Number of Shares	0	3,987,572	202,447,614	139,371,765	71,284,512	417,091,463
Shareholding Percentage (%)	0.00	0.96	48.54	33.41	17.09	100.00

4.1.3 Shareholding Distribution Status

1. Common Stock:

April 22, 2023

Class of Shareholding (Unit: Shares)	Number of Shareholders	Shareholding (Shares)	Shareholding Percentage (%)
1 to 999	9,256	352,920	0.08
1,000 to 5,000	11,857	21,569,589	5.17
5,001 to 10,000	1,124	9,070,868	2.17
10,001 to 15,000	367	4,767,087	1.14
15,001 to 20,000	222	4,159,544	1.00
20,001 to 30,000	187	4,766,316	1.14
30,001 to 40,000	119	4,345,339	1.04
40,001 to 50,000	55	2,537,065	0.61
50,001 to 100,000	133	9,536,714	2.29
100,001 to 200,000	61	8,730,303	2.09
200,001 to 400,000	25	7,425,238	1.78
400,001 to 600,000	15	7,386,482	1.77
600,001 to 800,000	5	3,425,193	0.82
800,001 to 1,000,000	3	2,799,000	0.67
1,000,001 or over	28	326,219,805	78.23
Total	23,457	417,091,463	100.00

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

4.1.4 List of Major Shareholders

April 22, 2023

Entity \ Shareholding	Number of Shares	Percentage (%)
Evergreen Marine Corp.(Taiwan) Ltd.	79,248,000	19.00
Chang, Kuo-Hua	25,756,820	6.18
Continental Engineering Corporation	25,645,907	6.15
Chang, Kuo-Cheng	25,008,820	6.00
Chang Yung-Fa Foundation	25,008,820	6.00
Bank SinoPac as Custodian for ALL ASIA MANAGEMENT INC.	20,636,000	4.95
Cathay United Bank as custodian for Sheng Rong Investment Inc.	20,571,625	4.93
Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account	20,532,000	4.92
Wei-Dar Development Co., Ltd.	12,823,245	3.07
TSRC Corporation	12,148,000	2.91

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

Unit: NT\$/thousand shares

Item		Year	2021	2022	As of April 22, 2023 (Note 8, 9)
Market Price per Share (Note 1)	Highest		75.50	65.60	60.70
	Lowest		45.75	46.60	51.10
	Average		61.73	55.75	55.31
Net Worth per Share (Note 2)	Before Distribution		55.26	51.80	-
	After Distribution		52.28	-	-
Earnings per Share	Weighted Average Shares		410,803	417,091	417,091
	Earnings per Share (Note 3)		3.11	6.22	-
Dividends per Share	Cash Dividends (Note 2)		3	5	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-	-
Return on Investment	Price/Earnings Ratio (Note 5)		17.61	9.21	-
	Price/Dividend Ratio (Note 6)		18.26	11.45	-
	Cash Dividend Yield Rate (Note 7)		5.48%	8.73%	-

* 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 2022 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 2023 Q1 consolidated financial reports haven't been reviewed by independent auditors.

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy Specified in the Article 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 operation 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 50% 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 2022 dividend distribution at its meeting on March 10, 2023 that cash dividends will be distributed to shareholders for NT\$5/per share, total amount of distribution is about NT\$2,085.46 million.

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 the 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' compensation and directors' remuneration were estimated on the basis of the Company's Articles of Incorporation and consideration of legal reserve with distributable profit of current year for the year ended December 31, 2022. There is no difference from the amount as resolved by the meeting of Board of Directors.

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:

The employees' compensation and directors' remuneration of 2022 as resolved by the meeting of Board of Directors were NT\$13.60 million and NT\$7 million, and the employees' compensation will be distributed in the form of cash. The amount is no difference from the recognized expense amount in 2022.

- (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 2021 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' remuneration of 2021 :

Unit: NT\$ thousands

Item	The amount of actual distribution	The amount of recognition	Difference	Reason for the Difference and the Treatment
Employee Compensation (Cash)	7,141	7,141	-	None
Remuneration of The Directors	5,000	5,000	-	None

4.1.9 Buyback of Treasury Stock: None

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

V. 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, and railways, etc. The environmental protection business includes general/industrial waste treatment and clearance as well as power cogeneration.

2. Consolidated Revenue Breakdown

Unit: NT\$ thousands

Year	2021		2022	
	Revenue	Ratio (%)	Revenue	Ratio (%)
Main product				
Steel Structures	11,449,741	84.14	8,857,305	77.43
Municipal / industrial Waste Treatment	1,565,346	11.50	1,883,119	16.46
Sales of Electricity	428,811	3.15	516,173	4.51
Others	164,699	1.21	182,555	1.60
Total	13,608,597	100.00	11,439,152	100.00

3. Main products and services

- (1) Steel structures for industry: 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) Cogeneration business.

4. New products/services planned: None.

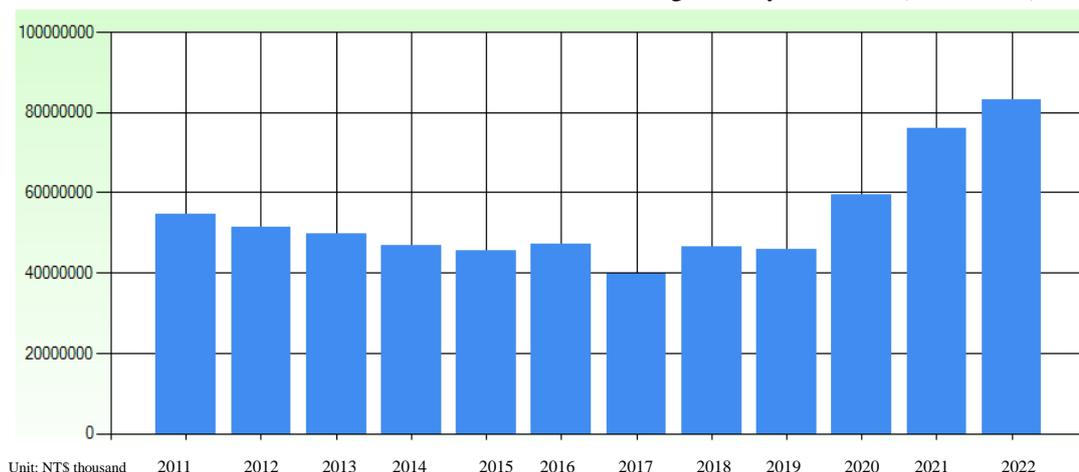
5.1.2 Industry Overview

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 2022 was NT\$83.09 billion, 9% higher than the NT\$76.07 billion in 2021.

The Production Value of the Metal Structure Manufacturing Industry in Taiwan (2011~2022)



Source: Department of Statistics, MOEA

Steel structures are applied in a wide array of fields (factories, large stadiums, airplane maintenance hangars, skyscrapers and railways). 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 25.98% 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, 2014~2021

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	%
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
2020	32,403,233	5,615,047	17.33	2,801,936	8.65	8,416,983	25.98	23,986,250	74.02
2021	30,499,556	5,223,188	17.13	2,181,629	7.15	7,404,817	24.28	23,094,739	75.72

Source: 2021 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, CO2 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 standards 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.

Forward-looking Infrastructure Development Program Budget

Unit: NT\$100 million

Phase (Year)	1 (2017~2018)	2 (2019~2020)	3 (2021~2022)	4 (2023~2024)	5 (2025)
Budget Demand	1,070.708	2,229.541	2,298.305	2,800	
Total	Stage 1: 3,300.249		Stage 2: 5,098.305		
	Budget allocated: 5,598.554			Estimated allocated budget: 2,800	
Total	8,398.554				

Source: Budget for Various Phases of the Forward-looking Infrastructure Development Program

In addition to private investment, public investment is also a major source of business for the structural steel industry. In light of insufficient investment momentum within the nation, the Executive Yuan announced the “Forward-looking Infrastructure Development Program” in March 2017, with the goal of building the infrastructure that will serve as the backbone of this nation’s development for the next 30 years. The Forward-looking Infrastructure Development Program contains eight major plans: 1. Build safe and convenient railways; 2. Construct water environments in response to climate change; 3. Green energy that promotes environmental sustainability; 4. Digital construction for a 5G environment and industrial transformation; 5. Enhanced urban-rural development for regional balance; 6. Build more public day-care and child-

friendly facilities in response to the declining birth rate; 7. Increase food safety facilities to expand food safety inspection capacity and 8. Facilities that develop talents that the industries need. The program has a budget cap of NT\$840 billion between 2017 and 2025.

Unit: NT\$100 million / %

Item	Project Nature	Total Number of Projects	Phase 3 Budget (2021-2022)	Budget Allocated as of September, 2022 (A)	Executed Budget (B)	Project Budget Execution Ratio (B/A)
1	Public Construction	79	1,788.461	1,400.072	1,384.550	98.89
2	Technology Development	66	509.844	409.464	431.157	105.30
	Total	145	2,298.305	1809.536	1,815.707	100.34

Note: The National Communications Commission's "5G Network Construction Subsidy Project" covers funds for technology development and public construction projects. However, the National Science and Technology Council treats projects under a company as one whole project and therefore all the budget and number of projects in this chart fall under the category of "Technology Development".

Source: Executive Yuan Government Project Management Network (GPMnet) and Government Science & Technology Project network (GSTP); data as of October 17, 2022.

As shown in the chart above, the public construction budget from 2021 to 2022 was approximately NT\$180 billion, with NT\$140 billion already executed in 2022. On August 25, 2022, the Executive Yuan passed the budget of NT\$210.1 billion and 99.66 million for the fourth phase (2023 to 2024) of the forward-looking infrastructure development plan, which will benefit Taiwan's economic growth and increase demand 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 Zhongli could even be traced back to 1981. In 1997, as the disputes over waste became more intense, piles of waste filled up the streets in Zhongli and the local residents even attempted to recall the mayor. Neighboring towns refused to take in excess waste from Zhongli. 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	Resource Waste	Food Waste
2017	890,147	379,199	488,488	22,460
2018	1,049,837	449,491	568,369	31,977
2019	1,205,645	459,132	712,205	34,308
2020	1,258,474	490,405	734,366	33,703
2021	1,277,926	522,055	723,821	32,050

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 continues to grow to nearly 2.28 million in 2022 with business booming. However, Hsin Yung Enterprise Corp. is the only incinerator in the city. The city is expected to generate more waste in the future.

② Industrial waste

National Industrial Waste Breakdown

Unit: Tons

Year	Total	General Industrial Waste	Hazardous Industrial Waste	Recycled Resources
2017	19,367,127	14,849,343	1,444,014	3,073,771
2018	22,178,067	17,588,797	1,461,746	3,127,524
2019	19,840,512	15,061,322	1,390,642	3,388,547
2020	20,030,415	15,491,916	1,523,475	3,015,024
2021	21,950,312	16,590,691	1,715,315	3,644,305

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 of 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, Grade 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 2021

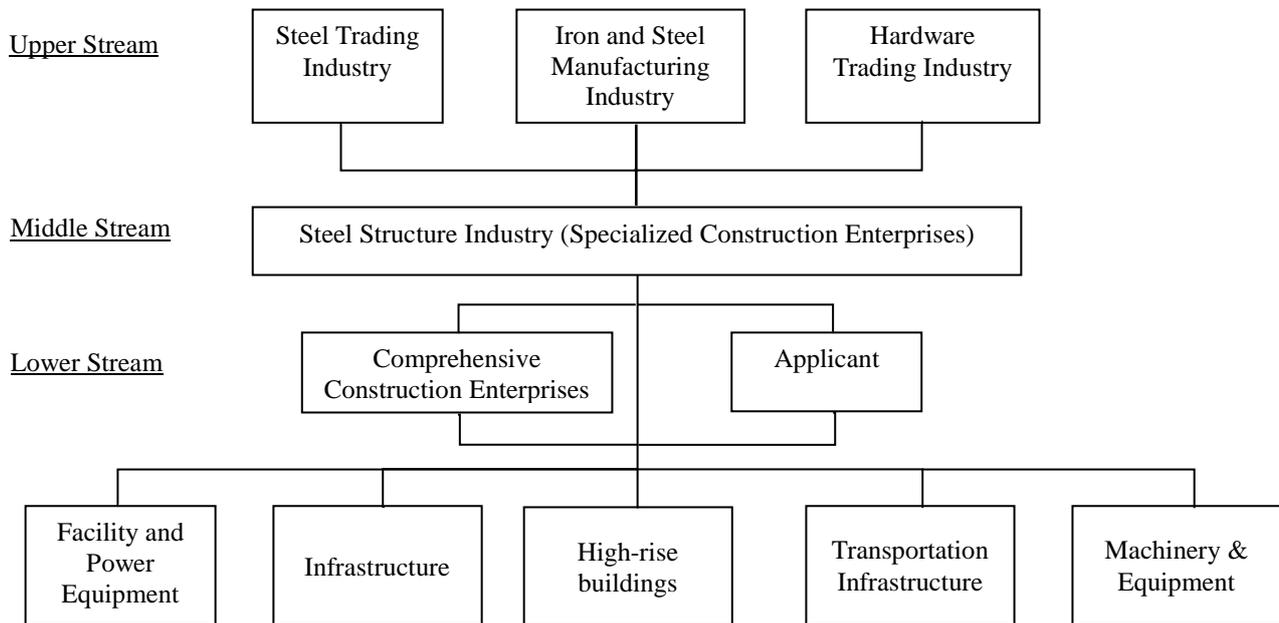
Region	Clearance Organizations				Disposal Organizations		
	Grade A	Grade B	Grade C	Total	Grade A	Grade B	Total
Northern Taiwan	267	1,511	366	2,144	91	43	134
Central Taiwan	104	760	154	1,018	18	33	51
Southern Taiwan	123	1,062	234	1,419	83	53	136
Eastern Taiwan	3	70	7	80	0	4	4
Offshore islands	0	25	5	30	0	1	1
Total	497	3,428	766	4,691	192	134	326

Source: Industrial Waste Report and Management System website

According to the 2021 clearance and disposal organizations statistics, currently there are totally 5,017 clearance and disposal organizations. Among them, 4,691 are clearance organizations and 326 are disposal organizations. There are 326 public and private organizations that can dispose of hazardous industrial waste (192 are Grade A and 134 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 (processing)
Citizens' living space, organizations	Environmental Maintenance and Inspection Division, Taoyuan City	Large urban waste recycling (incinerating) facility, waste treatment/disposal organizations, waste recycling organizations and overseas waste treatment/disposal organizations
Factories, department stores, malls, businesses, office buildings, restaurants and eateries	Department of Environmental Protection, Taoyuan City Waste clearance 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 CO₂ emissions from the manufacturing of cement has prompted advanced countries to switch to mainly steel structures, which have

lower CO2 emissions. Generally speaking, steel structures have significantly lower CO2 emissions than reinforced concrete. Production 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 rely mainly on steel structures for construction.

- 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-backyard) 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

Due to the slowdown of the economy in recent years, the demand for factories and high-rise construction has eased but public construction has continued to be implemented and the demand for logistic warehouses is surprisingly growing. However, with rising raw materials costs and a shortage of construction workers,

cost controls, utilizing suppliers' resources efficiently and increasing factory operational capacity are the keys to improving factories' production capacity and enhancing overall competitiveness.

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

(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. The company's original contract (Taoyuan City Commissioning the BOO Incinerator for General Waste Disposal) with the Department of Environmental Protection of Taoyuan City expires on December 31, 2023. The price negotiation and tendering have been completed for the "Taoyuan City Household Waste Commissioned Processing Service" contract on November 11, 2022. This contract (10+5 years) has been signed and entered into effect on March 1, 2023.
- ② Super Max Engineering Enterprise Co., Ltd. is facing ever more competition from numerous processing and recycling plants. However, Super Max has the edge on most of its competitors with its years of experience and superior processing capacity at a competitive level. Therefore, the company benefits more from its brand recognition. Super Max will continue to seek clients and maintain good business relationships with a variety of parties in need of waste disposal services to ensure stability of the source of waste with stable operation of its plant.
- 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, the Company 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 requirement or are innovative, the Company will develop and innovate manufacturing methods to overcome hurdles in manufacturing. The Company has brought 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 the construction projects on schedule. In the future, it is expected to invest in R&D and update equipment to increase production efficiency and safety. The

overall estimated investment is about NT\$ 30 million.

- (1) In 2022, the Company added a BOX steel plate parallel cutting machine and BOX station crane with magnetic lift system, plus updated the dust collection equipment of the Plasma ion cutting machine. As there are multiple cranes to be replaced, they will be replaced in batches over the next few years, beginning in 2023.
 - (2) The Company is collaborating with the National Center for Research on Earthquake Engineering to develop AI enhanced robotic welding technology for column internal transverse plates between 2022 and 2025. This robotic welding technology incorporates AI, robotic arm, laser scanning and monitoring and welding machine operation. Both parties will continue to keep track of the feasibility of this technology in real-world applications to enhance work efficiency.
 - (3) Continued focus on electronic tagging and other identification technologies to enhance production and storage management efficiency.
 - (4) The Xinying Factory updated its submerged arc gantry welder for its BOX production line. In addition to updating the equipment, the factory will gradually shift from two workers per machine to one worker per machine to enhance efficiency and lower labor costs.
 - (5) With the company's steel bridge line taking orders again, the Xinying Factory upgraded its bridge production line drilling operation and updated its steel bridge sheet metal NC driller to reduce labor costs and improve drilling precision for easier assembly.
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 acquire new knowledge, visit other companies in the same industry both domestic and overseas, and explore ways to update/add treatment facilities or improve treatment processes to enhance performance, reduce operational costs and maintain a competitive edge as the companies evolve with this industry.
- Hsin Yung Enterprise spent NT\$128.49 million to add fly ash washing equipment in 2021, which has been in stable operation as of early 2023. Hsin Yung will continue to improve the washing process and waste disposal and is expected to devote a budget of NT\$414.2 million for:
- (1) Upgrade the pollution prevention equipment with a catalyst system with better pollution prevention efficiency to lower the company's air pollutants in compliance with the latest regulations.
 - (2) Replace incinerator grates to improve incineration efficiency.
3. Super Max Engineering Enterprise Co., Ltd. is currently building its new incinerator with a daily capacity of 43 tons with an estimated budget of NT\$918.1 million. The new incinerator, once built, will increase the waste processing capacity as well as the company's revenue. The construction for Super Max's new fly ash washing equipment (determined on December 2022) is currently underway with a budget of NT\$18.5 million. Once the new fly ash washing equipment becomes operational, the company will apply recycle and reuse project of its processed fly ash instead of the current

practice where a third party is commissioned to stabilize the fly ash and dispose of it in a landfill. This will help reduce costs.

5.1.4 Long and short-term Business Development Plan

1. Long-term business development

(1) Steel structure industry

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 oversea business to boost both business volume and profit.

② As the Hsinchu Factory for steel structures completed its transformation, it has been producing steel structures steadily. Together with the Xinying Factory, the two factories can better serve clients in both northern and southern Taiwan respectively. It can also adjust its capacity according to market supply and demand and clients' changing construction schedules. 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 industry

For this business, the objective is to maintain consistent quality and quantity of waste coming into the plant as well as reliable equipment operation to ensure highly efficient power generation and improve waste processing capacity. As the Company builds the employees' technological capabilities it hopes to provide incinerator construction services as well as operations management and technical services.

2. Short-term business development

(1) Steel structure industry

① Business development strategy

A. Enhance business development skills, continue to cultivate 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 the National Palace Museum, and Agora Garden. The Company is now participating in the on-going projects of 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 of public construction projects, the Company has actively pursued 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 a high percentage 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 steel prices.

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 products in 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

①Hsin Yung Enterprise Corp.

Treat Taoyuan City government's 372,300 tons of waste per year and 40,000 tons of industrial waste a year while maximizing profit from the sales of electricity.

②Super 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.

③Ever Ecove Corporation

Committed to completing the testing of the new facilities and obtaining equipment and operational permits; understand the flow direction of the market waste to complete trial runs and help with the waste disposal issue in Taoyuan City.

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 of 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 structures

and steel reinforced concrete account for 23.98%~25.98% 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 a mainstay of industry. In the past 10 years, steel structures and steel reinforced concrete have been taking up more and more total floor space in licensed construction projects. With Taiwan ranked 7th on IMD's 2022 World Competitiveness Ranking, 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-Mainland China trade war. These programs by the government will boost steel structure construction demand.

(2) Environmental protection industry

Hsin Yung Enterprise Corp. mainly processes general waste from Taoyuan City; Ever Ecove Corp. mainly processes industrial waste from Taoyuan City; and Super Max Engineering Enterprise Co., Ltd. is a waste treatment center for northern Taiwan established under the guidance of the Ministry of Economic Affairs. Statistics from the Environmental Protection Administration show that Taoyuan City's general waste generation increased from 379,199 tons in 2017 to 522,055 tons in 2021 while industrial waste in the whole nation increased from 19,367,127 tons in 2017 to 21,950,312 tons in 2021, 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 client on a long-term basis to pursue both business growth and improvements in product quality. Since the Company has the largest production area across Taiwan, it can provide a more stable steel structure quality 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 the Southern Branch of the National Palace Museum.

③ Introduction of Building information Modeling (BIM)

Building Information Modeling utilizes various details of a construction project

to build a model that simulates all details of an analogue building with digital information. It is visual, coordinated, representative, optimized and can be used to generate an actual drawing. In addition to customization service, the 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

The 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, the 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, the Company always communicates with the client in advance during the construction period, calls for weekly meetings to discuss the construction progress and coordinates with various departments to complete the project on the client's schedule.

(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. The company's contract (Taoyuan City Commissioning the BOO Incinerator for General Waste Disposal) with Department of Environmental Protection of Taoyuan City expires on December 31, 2023. The price negotiation and tendering have been completed for the "Taoyuan City Household Waste Commissioned Processing Service" contract on November 11, 2022. This contract (10+5 years) has been signed and entered into effect on March 1, 2023. As the population and business both continue to grow in Taoyuan City, the pressure to process general and industrial waste of the city will only increase. Therefore, the city produces a plentiful supply of waste.

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 transiting unprocessed waste and has years of experience in incinerating hazardous industrial waste. It is licensed to treat up to 376 kinds of hazardous industrial waste and therefore can provide a comprehensive and professional service to clients.

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 does it have thermal treatment capacity (incinerator), it also has anaerobic digestion facilities for food waste and landfill for solidified waste. Its thermal treatment facility can dispose of approximately 219,000 metric tons of waste with over 25% energy generation efficiency, higher than the other 24 running incinerators

and the standard for waste processing equipment for renewable energy generation.

4. Advantages 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 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. At the end of November, 2022, Taiwan awarded a total of 11,254 green building labels and green building candidate certificates.
- C. The global supply chain was heavily influenced by the US-Mainland 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 “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” on January 1, 2019. The action plan was extended by the Executive Yuan to 2024. As a result, these Taiwanese businesses have invested a total of approximately NT\$ 1.1729 trillion as of the end of March, 2023, which will further boost 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. As of December 31, 2022, a total of 3,338 applications were submitted and 2,746 were approved, with a total of 77 urban renewal applications approved, making the total approved applications 2,823 for 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 the 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.

Countermeasures

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.

Countermeasures

- a. Go public to build up the reputation, which can help recruit and retain 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. With the population growing in Taoyuan City, Taiwanese businesses returning to Taiwan and the expansion of electronic factories, general and industrial waste will continue to grow, providing a steady source of waste for 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 the flow control 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. Incinerators have been the main method for waste treatment since early on in Taiwan. However, with the rising environmental protection awareness, incinerators have become NIMBY (not in my back yard) facilities. On top of this, people have an impression that incinerators are either poorly built or run and therefore protests by people living around the incinerators are not unheard of.

Countermeasures

- a. The Company has reinvested in the treatment of general and industrial waste and the treatment facility the Company operates always runs and conducts maintenance in accordance with the law to prevent secondary contamination to the environment. On the other hand, the Company has

maintained open communications with the residents living around the facility and is actively involved in the local affairs. The Company also maintains and cleans the roads surrounding the plant and grows plants along them. The Company spares no effort in becoming a good neighbor, minimizing local residents' misconceptions towards incinerators to avoid unnecessary conflicts.

- b. Ever Ecove Corporation is expecting to obtain the certification for environmental education venues. The company is planning its environmental education facilities and a tour that incorporates the local culture. Ever Ecove will invite people in the neighborhood as well as students to develop their environmental protection awareness, promote the local culture and enhance the locals' identification with the biomass energy park.
- 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 comprehensive services to 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 structures industry

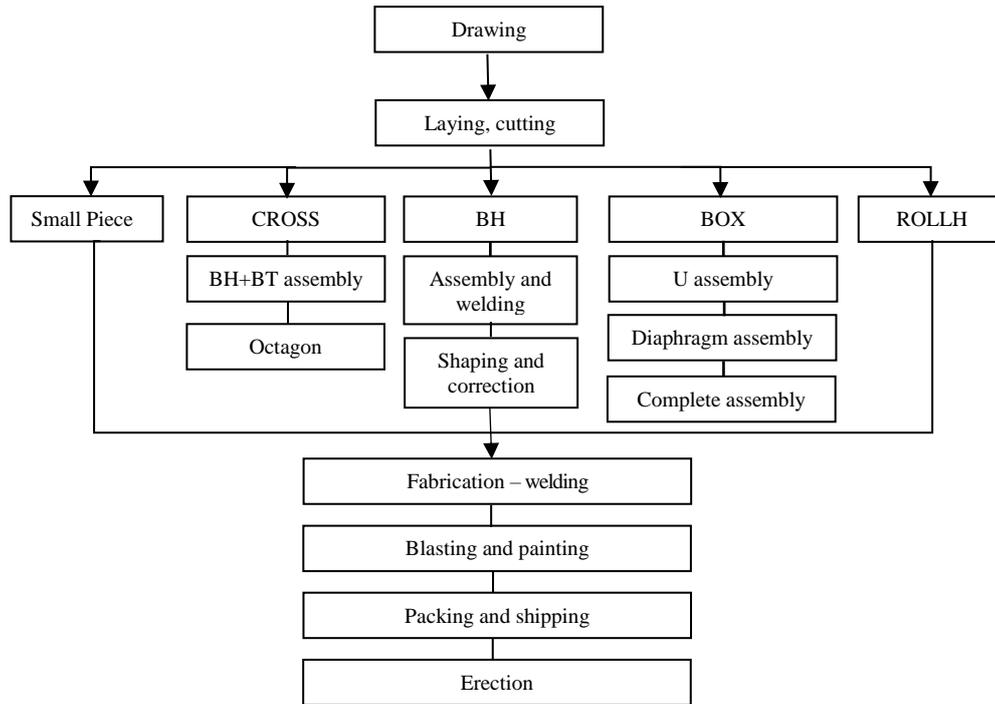
Product	Applications
Steel structures for construction	Power plants, electronics plants, incinerators, airplane maintenance hangars, skyscrapers, office buildings, residential buildings, long-span bridges, arched bridges, cable-stayed bridges, and other construction projects.

(2) Environmental protection industry

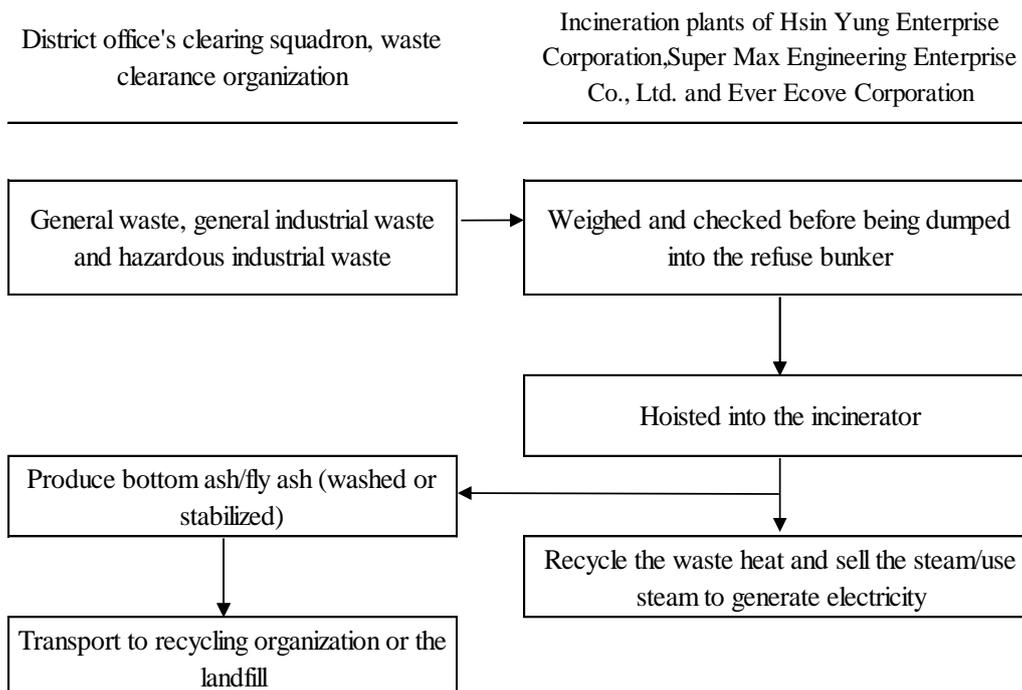
Hsin Yung Enterprise Corporation, Super Max Engineering Enterprise Co., Ltd. and Ever Ecove Corporation mainly deal with general and industrial waste and fall under the environmental protection service industry, which is less affected by the business cycle and has more consistent business.

2. Manufacturing process of main products

(1) Steel structures industry



(2) Environmental protection industry



5.2.3 Supply of Main Materials

1. Steel structures industry

The Company provides the designs and specs of a project to our partners to procure materials from them. The Company has been working with these suppliers for a long time and therefore can guarantee a steady supply of equipment and materials without interruptions. The Company monitors relevant market trends and keeps a close eye on the quality as well as delivery dates of supplies to make sure that all necessary supplies are 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 for hazardous industrial waste treatment, such as sodium bicarbonate, as well as incinerator maintenance, such as diesel, fire bricks, waste heat boiler tubes, boiler water-wall tubes, etc. The Company has been enjoying long-lasting and steady relationships with our suppliers.

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	2021				2022			
Item	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	China Steel	2,274,876	46.48	None	China Steel	1,900,953	52.45	None
2	Dragon Steel	1,767,434	36.11	None	Dragon Steel	948,164	26.16	None
3	Others	852,418	17.41	None	Others	775,062	21.39	None
	Net purchase	4,894,728	100.00		Net purchase	3,624,179	100.00	

Note: Hsin Yung Enterprise Corporation, Super Max Engineering Enterprise Co., Ltd. and Ever Ecove Corporation 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	2021				2022			
Item	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	Client A	2,108,545	15.49	None	Client A	1,548,337	13.54	None
2	Others	11,500,052	84.51	None	Others	9,890,815	86.46	None
	Net sales	13,608,597	100.00		Net sales	11,439,152	100.00	

5.2.5 Production Volume/Value in the Past 2 Years

Unit: Tons; NT\$ thousands

Production volume/ value	Year	2021			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main product							
Steel structures		156,000	143,518	7,457,339	156,000	110,026	7,120,891

Note: Hsin Yung Enterprise Corporation, Super Max Engineering Enterprise Co., Ltd. And Ever Ecove Corporation 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: Tons; NT\$ thousands

Sales volume/ value	Year	2021				2022			
		Domestic		Export		Domestic		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main product									
Steel structures		214,233	11,449,741	0	0	130,599	8,857,305	0	0
General/industrial waste treatment and others		0	2,158,856	0	0	0	2,581,847	0	0
Total		214,233	13,608,597	0	0	130,599	11,439,152	0	0

5.3 Number of Persons

Year		2021	2022	2023 (as of April 22, 2023) (note)
Number of persons	Employees	407	463	460
	Production line staff	234	211	212
	Total	641	674	672
Average age		42.01	41.14	41.84
Average years of service		13.28	12.95	12.92
Education level breakdown (%)	Doctoral degree	0	0	0
	Master's degree	8.42	9.5	8.93
	Bachelor's degree	58.97	63.65	63.54
	High school diploma	9.36	8.9	8.78
	Less than a high school diploma	23.25	17.95	18.75

Note: All data is current 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 and countermeasures are listed below, including violations of Air Pollution Control Act and Waste Disposal Act:

- February 9, 2022 (official letter code: 環事廢裁字第 111020341 號): The Company's Xinying Factory failed to include waste paint residue as factory waste in its industrial waste disposal plan, which violated Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act. The factory was fined NT\$6,000 as a result.
Response: The factory has added waste paint residue as factory waste in its industrial waste disposal plan. The updated industrial waste disposal plan has been reviewed and approved by the Environmental Protection Bureau of Tainan City Government.
- February 9, 2022 (official letter code: 環事廢裁字第 111020342 號): The Company's Hsinying Factory violated Subparagraph 2, Paragraph 1, Article 31 of Waste Disposal Act for not accurately filing its industrial waste production and was therefore fined NT\$6,000.
Response: The factory has filed its industrial waste production accurately, which was re-inspected and confirmed by the Environmental Protection Bureau of Tainan City Government.
- February 9, 2022 (official letter code: 環事廢裁字第 111020343 號): The Company's Hsinying Factory violated Paragraph 1, Article 36 of Waste Disposal Act for failure to store its industrial waste in compliance with the regulations and was therefore fined NT\$18,000.
Response: The factory has made improvements in compliance with Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste, which was re-inspected and confirmed by the Environmental Protection Bureau of Tainan City Government.
- May 6, 2022 (official letter code: 環事廢裁字第 111051393 號): The Company's Xinying Factory failed to include waste paint residue as factory waste in its industrial waste disposal plan and was subsequently ordered to make improvements before March 30, 2022. However, upon the review on April 6, 2022, the factory has yet to update its industrial waste disposal plan, which violated Article 52 of the Waste Disposal Act. The factory was fined NT\$12,000 as the result.
Response: The updated industrial waste disposal plan was submitted before March 30 and approved on April 22.

5. May 23, 2022 (official letter code: 高市環局空處字第 20-111-050019 號): The Company's Kaohsiung Factory failed to install particulate pollutant collection and processing equipment despite paint spraying operations in the factory, which led to visible particles emitted to the air and violated Subparagraph 1, Paragraph 1, Article 32 of the Waste Disposal Act. The factory was fined NT\$100,000 as a result.

Response: Tarpaulin sheets have been used to cover the floor of the spraying area with protective black net and particle collection and processing equipment installed to prevent particulate pollutants from being emitted to the air.

5.5 Labor Relations

5.5.1 Employee Benefits

1. Rest days: Saturdays and Sundays off (those required to work shifts on the weekend 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 discounts on term life insurance.
5. Meals: Employees get free lunch daily while those working extra hours are provided with a meal or meal expense.
6. Healthcare: The medical office provides medical consultations, workplace health promotion and management, 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: The 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 by 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. Employee's further study, training and their implementations
 - (1) New employee orientation
New employees are required to receive orientation organized by the Human Resources Department, which includes an introduction to the structures 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, earthquakes as well as lectures on health issues, such as medical care, food safety and pressure relief.
- (4) Language further education subsidy
The Company offers subsidies to encourage the employees to continue to enhance their language skills. The internal promotion paths also offer TOEIC test subsidy (1 time per employee).
- (5) Training record of 2022

Course Category	Number of Trained Employees	Total Number of Trained Employees	Total Training Man Hours	Total Training Cost
Professional Competency	516	1,701	6,137 hours	NT\$1,027,255
Management Competency	20			
Health & Safety	570			
Corporate Governance	503			
Language Training	12			
Orientation for New Employees	80			

2. Retirement and its implementation

- (1) The Company founded its supervisory committee of 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). The Company has put in place “Employee Retirement Guidelines”, which follow Article 2 of Regulations for the Allocation and Management of the Workers’ Retirement Reserve Funds and appropriates 6% of the employees’ total wage to the Company’s retirement reserve fund account in 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 base units for each full year. But for the rest of the years over 15 years, one base unit is given for each full year of service rendered. The total number of base units shall be no more than 45. A pension base unit shall be an employee’s average salary for 6 months before his/her retirement is approved.

- (2) Beginning on July 1, 2005, the 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 within 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

The 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, directions and supervisions.
- (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) The Company, based on each business' scale and nature, has put in place an occupational safety & health management office, personnel, supervisors and managers at its Taipei headquarters and each plant. The 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 at the Company. In 2015, the Company obtained the accreditation from Taiwan Occupational Safety and Health Management System (TOSHMS) and Occupational Health and Safety Assessment Series (OHSAS18001) 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) The 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 the machinery, equipment, raw materials or 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 the Company, contractors and subcontractors individually hire laborers to work together, the Company complies with the law and establishes a consultative organization, appoints a person responsible for supervision and coordination of the workplace and to direct and assist in safety and health education related to the contracted work as well as communicate over necessary measures to prevent occupational accidents. Additionally, the Company takes proactive control and preventive measures for hazards such as confined space operations, hazardous machinery, elevated work, electric shock incidents, hot work operations control, and monitoring of the working environment to prevent harm to workers.
 - (5) Formulate 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 measure will be tracked. The Company conducts quarterly loss prevention inspection and reviews and biannual fire training exercises to raise awareness among the employees, protect the safety of employees, inventory, machine operations and prevent occupational accidents and hazards.
 - (6) Investigate the harmfulness of the hazard factors and manage/prevent them at 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 of illnesses on the 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 employees' safety and health.
 - (9) The 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, flashing 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 the Company does not have a union, it still seeks to provide the best compensation, working environment and benefits to employees to achieve sustainable development. The 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. The 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 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. The Company has regulations governing employees' complaints and provides employees a way to file complaint to the Company's management as well as labor competent authorities.
5. Reward employees with excellent performance or special achievements to boost employee morale.
6. Organize teambuilding 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 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, insurances and taxation to help employees learn more about their rights.

5.6 Cyber Security Management

5.6.1 Cyber Security Risk Management Structure

The Computer Department is an independent and non-user department, responsible for planning and implementing cyber security policies, promoting cyber security information, enhancing employees' cyber security awareness, collecting and improving the organization's cyber security management system performance and effective technologies, products or procedures, etc. The Auditing Department conducts an annual cyber security audit on electronic computer cycles (one of the internal control systems) to evaluate the effectiveness of the internal controls within the Company's information operations.

5.6.2 Cyber Security Policy

To enhance information security and management, ensure the safety of the Company's data, systems, equipment and network as well as the accuracy and availability of information processing, reliability of the computer software, hardware and Internet system used by the employees and protect the resources above from any disruptions, damage and attacks, which will damage the Company's information assets.

5.6.3 Concrete Management Policy and the Resources Committed to Cyber Security Management

The concrete management policy and the resources committed to cyber security management can be divided into 4 items:

Internet Information Security Management	Data Access Control	Contingency and Recovery Mechanism	Promotion and Audits
<ul style="list-style-type: none"> • Firewall • Scan the computer systems and data storage systems for viruses regularly • Proxy server to filter websites • Control employees' time using the Internet at the Company 	<ul style="list-style-type: none"> • Assign different access rights based on employees' functions • Revoke the access rights of re-assigned employees • In addition to the original access right, employees must obtain approvals to log in the information management system remotely 	<ul style="list-style-type: none"> • Regularly review the contingency plan • Conduct data recovery drills annually for important systems • Establish a system recovery mechanism for remote backup • Regularly review the computer network safety control measures 	<ul style="list-style-type: none"> • Promote information security information and provide cyber security training to enhance employees' cyber security awareness • Regularly scan for vulnerabilities and follow up with vulnerability management • Conduct regular cyber security checkups

5.6.4 Losses Incurred, Potential Influences and Counter-Measures due to Major Cyber Security Incident(s) During the Latest Year and Up to the Printing date of This Annual Report: None.

5.7 Important Contracts

5.7.1 Construction and Procurement Contracts

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
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	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
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

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Construction	CTCI Construction	August, 2019 ~ as the project requires	Biomass Energy Plant BOT	None
Construction	Jut Land Development	October, 2019 ~ as the project requires	Jut Land Development's "Only One Only You" project	None
Construction	Far Eastern General Contractor	December, 2019 ~ as the project requires	Nangang biotech project	None
Construction	TSMC	March, 2020 ~ as the project requires	TSMC F18P5 CUP plant construction in Southern Taiwan Science Park	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
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 Zhongli plant	None
Construction	Xu Yuan Construction	August, 2020 ~ as the project requires	Hotai Insurance headquarters	None
Construction	Sansin Builders Construction	October, 2020 ~ as the project requires	Northern Taiwan mail processing center and training center (Phase III)	None
Construction	Dacin Construction	October, 2020 ~ as the project requires	Bao Hong Construction's commercial building on Dunhua South Road.	None
Construction	Hung Sheng Construction	November, 2020 ~ as the project requires	Upper steel structures at Taimin Construction's Shipai project	None
Construction	Yuanlih Construction	November, 2020 ~ as the project requires	Congregate housing project on the 1 st minor section of Huashin Section	None

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Construction	Li Jin Engineering	December, 2020 ~ as the project requires	MOMO's logistic center in southern Taiwan	None
Construction	Continental Engineering	January, 2021 ~ as the project requires	Upper section of the Hehuan Landmark building project	None
Construction	TSMC	February, 2021 ~ as the project requires	TSMC CUP construction in Southern Taiwan Science Park	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	Chungyuet Group	May, 2021 ~ as the project requires	Residential buildings on 1 st minor section across 4 land parcel numbers, starting with 258 in Xinzhuang Fuduxin area	None
Construction	Chungyuet Group	May, 2021 ~ as the project requires	Residential buildings on 2 parcel numbers, starting with 568 in Qinxi section in Taoyuan	None
Construction	Fengyu Group	June, 2021 ~ as the project requires	Fubon's development project next to the Aozihdi station of Kaohsiung Metro	None
Construction	Lee Ming Construction	July, 2021 ~ as the project requires	Siliconware Precision Industries Co., Ltd's facility in Erhlin (P1 factory)	None
Construction	Chuan Lian Enterprise Co., Ltd.	July, 2021 ~ as the project requires	Expansion project of Chuan Lian's Wuqi facilities in Taichung	None
Construction	Continental Engineering	August, 2021 ~ as the project requires	Continental Engineering's Huiguo 101 residential project in Taichung	None
Construction	Meng Hui Construction	October, 2021 ~ as the project requires	Construction project for Felli's new facilities	None
Construction	BES Engineering	October, 2021 ~ as the project requires	Construction project for the new A1 industrial park in Tucheng (section A)	None
Construction	Meng Hui Construction	November, 2021 ~ as the project requires	Construction project for the King Boat Cultural Museum in Pingtung County	None

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Construction	Ta Chen Construction & Engineering Corp.	December, 2021 ~ as the project requires	Construction project for Uni-President's new logistics park in Xinshi	None
Construction	Chuan Lian Enterprise Co., Ltd.	December, 2021 ~ as the project requires	New construction project for Chuan Lian Enterprise's Dadu facilities	None
Construction	True-Dreams Construction Co., Ltd.	December, 2021 ~ as the project requires	Central Motor's facilities in Longjing	None
Construction	Lee Ming Construction	May, 2022~as the project requires	Siliconware Precision Industries Co., Ltd's facility in Erhlin (P2 factory)	None
Construction	Kedge Construction	May, 2022~as the project requires	Public urban renewal on Minquan East Road for Kindom Construction Corp.	None
Construction	Leader Construction	May, 2022~as the project requires	New construction project for Rich Development's headquarters building on Songjiang Road	None
Construction	Cheng-Chun-Hun Construction	July, 2022~as the project requires	Yu-man Asset Management office building in Taichung	None
Construction	Hong Li Construction Co., Ltd	August, 2022~as the project requires	New construction project for Chonghong's technological office building project on the Ruanqiao section in Beitou	None
Construction	Formosa Builders, Inc.	August, 2022~as the project requires	Southern Branch of the National Central Library & National Repository Library	None
Construction	Twin Oaks Construction	October, 2022~as the project requires	Twin Oaks' project No.2925 and steel plate sheer wall mockup	None
Construction	Wu Yi Construction Co., Ltd	November, 2022~as the project requires	New construction project for Yuanlih's hotel in Xinyi D3	None
Construction	Te Chang Construction Co., Ltd.	November, 2022~as the project requires	New construction project at the Shuinan Transit Center	None
Construction	Chung-Lin General Contractors, LTD	November, 2022~as the project requires	Advantech Linkou AIoT Co-Creation Campus Phase I Project	None

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Construction	Chuan Lian Enterprise Co., Ltd.	December, 2022~as the project requires	Construction for the new low-temp facilities at Gangshan	None
Construction	Trust.Creating Construction Co., Ltd.	December, 2022~as the project requires	New residential construction project for Grandaman Properties Group	None
Construction	Jut Land Development	January, 2023~as the project requires	Steel column with the top-down method at Jut Land Development's office building at the Jin-Tai Section lot	None
Construction	Chung-Cheng Construction Co., Ltd.	January, 2023~as the project requires	New construction at lot Section 428 at Xinzhuang Sub-city Center for Harvest Construction Co., Ltd.	None

5.7.2 Environmental business operation, clearance and treatment contracts

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Commissioning for operation	Ecove Environment Services Corp.	October, 2021 ~ December, 2023	Operation of the incineration plant	None
Taoyuan City Household Waste Commissioned Processing Service	Department of Environmental Protection, Taoyuan City Government	10 years starting from March 1, 2023 or when the budget runs out	Taoyuan City Household Waste Commissioned Processing Service	None
Sales of electricity from qualified cogeneration system	Taipower	Started on October 9, 2001 as an annual contract that renews automatically as long as no party objects to it	Sales of electricity from qualified cogeneration system	None
Biomedical waste clearance and disposal request at their hospitals	Chang Gung Medical Foundation	September 2017~ December, 2023	Biomedical waste clearance and disposal request at their hospitals	None
Industrial waste clearance and disposal	TSMC	January, 2021~ December 2023	Industrial waste clearance and disposal	None
Industrial waste clearance and disposal	Formosa Plastics Group – Mailiao complex	November, 2021~ November, 2023	Industrial waste clearance and disposal	None
Industrial waste clearance and disposal	Formosa Plastics Group – Jenwu complex	January, 2022~ October, 2023	Industrial waste clearance and disposal	None

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Construction and operation	Taoyuan City Government	October, 2018~ October, 2043	Taoyuan Biomass Energy Plant BOT (build-operate-transfer) project	None
Design, construction and property procurement	CTCI Development	November, 2018~as the project requires	Design, construction and property procurement contract for Taoyuan Biomass Energy Plant BOT (build-operate-transfer) project	None
Joint venture agreement (Evergreen Steel)	Company A & B	August 2, 2018 ~ until all contracting parties terminate this agreement in writing or when Ever Ecover Corp. is dissolved and liquidated according to the law.	Ever Ecover Corp. joint venture agreement	None
Commission of operation and maintenance services	Ecover Environment Services Corp.	October, 2021~ October, 2043	Operation of the incineration plant	None
Power purchase agreement (from waste power generation system)	Taipower	Contract signed on December 29, 2020 and will expire 20 years from the day the electricity meter is installed	This plant installed renewable energy electricity generation systems to generate electricity for self-use and to sell electricity at wholesale to Taipower	None

5.7.3 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, 2021~June 28, 2024	Loan against collateral	None
Medium and long-term loan	Taiwan Cooperative Bank Chengdong Branch	August 22, 2022~ August 12, 2024	Loan against collateral	None
Medium and long-term loan	Hua Nan Bank Daan Branch	January 18, 2022~ January 18, 2024	Loan against collateral	None
Medium and long-term loan	Sunny Bank Zhongxing Branch	May 10, 2022~May 10, 2025	Loan against collateral	None
Long-term loan	Hua Nan Bank Business Office	April 9, 2019~October 1, 2034	Syndicated loan against collateral	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)					2023 (As of Mar. 31, 2023) (Note 2)
		2018	2019	2020	2021	2022		
Current Assets			7,713,213	7,451,105	10,685,235	12,690,949	12,418,144	13,115,662
Property, Plant and Equipment			3,358,503	3,689,276	3,408,410	3,220,187	3,389,378	3,482,585
Intangible Assets			13,082	903,932	2,739,716	4,223,106	4,959,787	5,019,726
Other Assets			6,422,713	6,126,603	7,219,841	14,352,745	11,023,236	10,515,818
Total Assets			17,507,511	18,170,916	24,053,202	34,486,987	31,790,545	32,133,791
Current Liabilities	Before Distribution		2,915,241	2,801,423	5,409,465	4,869,506	3,710,308	4,007,125
	After Distribution		3,726,093	3,594,494	6,281,843	6,120,780	-	-
Non-current Liabilities			200,675	523,935	1,846,168	3,334,955	3,327,313	3,176,497
Total Liabilities	Before Distribution		3,115,916	3,325,358	7,255,633	8,204,461	7,037,621	7,183,622
	After Distribution		3,926,768	4,118,429	8,128,011	9,455,735	-	-
Equity Attributable to Owners of the Parent			12,369,603	12,690,886	14,001,815	23,208,954	21,606,088	21,675,708
Capital Stock			4,054,260	3,994,260	3,994,260	4,199,820	4,170,915	4,170,915
Capital Surplus			286,082	356,431	396,542	1,340,352	1,319,454	1,319,454
Retained Earnings	Before Distribution		8,126,439	8,288,354	8,537,942	9,134,644	10,548,146	11,035,426
	After Distribution		7,315,587	7,495,283	7,665,564	7,883,370	-	-
Other Equity Interest			207,896	170,886	1,166,184	8,584,076	5,567,573	5,149,913
Treasury Stock			(305,074)	(119,045)	(93,113)	(49,938)	-	-
Non-controlling Interest			2,021,992	2,154,672	2,795,754	3,073,572	3,146,836	3,274,461
Total Equity	Before Distribution		14,391,595	14,845,558	16,797,569	26,282,526	24,752,924	24,950,169
	After Distribution		13,580,743	14,052,487	15,925,191	25,031,252	-	-

Note 1: The consolidated financial statements as of each year have been audited by independent auditors.

Note 2: Until the printing date of annual report, the consolidated financial statements as of March 31, 2023 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

Item	Year	Financial Summary for The Last Five Years (Note 1)					2023
		2018	2019	2020	2021	2022	(As of Mar. 31, 2023) (Note 2)
Operating Revenue		10,685,318	8,268,207	9,349,649	13,608,597	11,439,152	2,591,703
Gross Profit		2,085,330	1,876,904	2,026,301	2,355,912	2,952,759	873,524
Operating Profit		1,449,667	1,336,124	1,534,312	1,753,938	2,389,880	759,530
Non-operating Income and Expenses		208,645	278,087	200,503	200,693	1,058,920	13,172
Profit before Income Tax		1,658,312	1,614,211	1,734,815	1,954,631	3,448,800	772,702
Profit for the Period from Continuing Operations		1,310,339	1,325,958	1,404,259	1,604,262	3,089,161	619,000
Loss from Discontinuing Operation		-	-	-	-	-	-
Profit for the Period		1,310,339	1,325,958	1,404,259	1,604,262	3,089,161	619,000
Other Comprehensive Income (Net profit after Tax)		124,365	(16,747)	1,059,234	7,841,252	(3,106,607)	(421,755)
Total Comprehensive Income for the Period		1,434,704	1,309,211	2,463,493	9,445,514	(17,446)	197,245
Profit, Attributable to Owners of the Parent		980,357	947,437	1,043,649	1,278,260	2,594,677	487,280
Profit, Attributable to Non-controlling Interest		329,982	378,521	360,610	326,002	494,484	131,720
Comprehensive Income Attributable to Owners of the Parent		1,105,510	935,757	2,037,957	8,886,972	(351,727)	69,620
Comprehensive Income Attributable to Non-controlling Interest		329,194	373,454	425,536	558,542	334,281	127,625
Earnings per Share (In Dollars)		2.53	2.44	2.65	3.11	6.22	1.17

Note 1: The consolidated financial statements as of each year have been audited by independent auditors.

Note 2: Until the printing date of annual report, the consolidated financial statements as of March 31, 2023 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)				
			2018	2019	2020	2021	2022
Current Assets			4,368,902	3,952,109	6,815,138	8,848,717	8,589,666
Property, Plant and Equipment			1,858,486	2,394,501	2,384,518	2,383,645	2,317,450
Intangible Assets			8,483	6,766	3,561	5,688	4,670
Other Assets			8,702,492	8,918,089	10,110,101	16,941,243	14,034,831
Total Assets			14,938,363	15,271,465	19,313,318	28,179,293	24,946,617
Current Liabilities	Before Distribution		2,422,459	2,304,593	4,912,207	4,387,958	2,888,001
	After Distribution		3,233,311	3,097,664	5,784,585	5,639,232	-
Non-current Liabilities			146,301	275,986	399,296	582,381	452,528
Total Liabilities	Before Distribution		2,568,760	2,580,579	5,311,503	4,970,339	3,340,529
	After Distribution		3,379,612	3,373,650	6,183,881	6,221,613	-
Equity Attributable to Owners of the Parent			12,369,603	12,690,886	14,001,815	23,208,954	21,606,088
Capital Stock			4,054,260	3,994,260	3,994,260	4,199,820	4,170,915
Capital Surplus			286,082	356,431	396,542	1,340,352	1,319,454
Retained Earnings	Before Distribution		8,126,439	8,288,354	8,537,942	9,134,644	10,548,146
	After Distribution		7,315,587	7,495,283	7,665,564	7,883,370	-
Other Equity Interest			207,896	170,886	1,166,184	8,584,076	5,567,573
Treasury Stock			(305,074)	(119,045)	(93,113)	(49,938)	-
Non-controlling Interest			-	-	-	-	-
Total Equity	Before Distribution		12,369,603	12,690,886	14,001,815	23,208,954	21,606,088
	After Distribution		11,558,751	11,897,815	13,129,437	21,957,680	-

Note 1: The parent-company-only financial statements as of each year 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)				
	2018	2019	2020	2021	2022
Operating Revenue	8,657,027	6,109,403	7,263,895	11,614,440	9,039,860
Gross Profit	909,670	599,028	803,212	1,220,225	1,524,033
Operating Profit	403,381	204,080	438,988	743,111	1,098,257
Non-operating Income and Expenses	694,597	781,406	697,356	672,957	1,585,891
Profit before Income Tax	1,097,978	985,486	1,136,344	1,416,068	2,684,148
Profit for the Year from Continuing Operations	980,357	947,437	1,043,649	1,278,260	2,594,677
Loss from Discontinuing Operation	-	-	-	-	-
Profit for the Year	980,357	947,437	1,043,649	1,278,260	2,594,677
Other Comprehensive Income (Net profit after Tax)	125,153	(11,680)	994,308	7,608,712	(2,946,404)
Total Comprehensive Income for the Year	1,105,510	935,757	2,037,957	8,886,972	(351,727)
Earnings per Share (In Dollars)	2.53	2.44	2.65	3.11	6.22

Note: The parent-company-only financial statements as of each year have been audited by independent auditors.

6.1.5 Auditors' Opinions for The Last Five Years

Year	Accounting Firm	CPA	Audit Opinion
2018	Deloitte & Touche	Chang, Ching-Fu, Chao, Yong-Hsiang	An Unqualified Opinion
2019	Deloitte & Touche	Chang, Ching-Fu, Chao, Yong-Hsiang	An Unqualified Opinion
2020	Deloitte & Touche	Chang, Ching-Fu, Chao, Yong-Hsiang	An Unqualified Opinion
2021	Deloitte & Touche	Chang, Ching-Hsia, Chao, Yong-Hsiang	An Unqualified Opinion
2022	Deloitte & Touche	Chang, Ching-Hsia, Chao, Yong-Hsiang	An Unqualified Opinion

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis – Based on IFRS (Consolidated)

Item		Year	Financial Analysis for the Last Five Years (Note 1)					2023 (As of Mar. 31, 2023) (Note 2)
			2018	2019	2020	2021	2022	
Financial Structure (%)	Debt-asset Ratio		17.80	18.30	30.16	23.79	22.14	22.36
	Ratio of Long-term Capital to Property, Plant and Equipment		434.49	416.60	546.99	919.74	828.48	807.64
Solvency (%)	Current Ratio		264.58	265.97	197.53	260.62	334.69	327.31
	Quick Ratio		232.08	241.32	175.63	194.39	250.22	252.59
	Interest Coverage Ratio		378.06	245.54	91.47	118.54	417.77	428.62
Operating Ability	Receivables Turnover Rate (Times)		5.72	9.95	11.47	9.58	7.50	7.47
	Average Collection Days for Receivables		64	37	32	38	49	49
	Inventory Turnover Rate (Times)		9.63	8.37	8.79	5.40	2.71	2.28
	Payables Turnover Rate (Times)		6.23	4.83	5.33	6.14	4.72	4.65
	Average Days for Sale		38	44	42	68	135	160
	Property, Plant and Equipment Turnover Rate (Times)		3.14	2.35	2.63	4.11	3.46	3.02
	Total Asset Turnover Rate (Times)		0.62	0.46	0.44	0.46	0.35	0.32
Profitability	Return on Assets (%)		7.62	7.46	6.72	5.53	9.34	7.76
	Return on Equity (%)		9.34	9.07	8.88	7.45	12.11	9.96
	Ratio of Income before Tax to Paid-in Capital (%)		40.90	40.41	43.43	46.54	82.69	74.10
	Profit Margin Before Tax (%)		12.26	16.04	15.02	11.79	27.01	23.88
	Earnings per Share (NT\$)		2.53	2.44	2.65	3.11	6.22	1.17
Cash Flow	Cash Flow Ratio (%)		75.62	33.17	(5.35)	32.62	56.74	15.80
	Cash Flow Adequacy Ratio (%)		144.11	128.41	69.79	42.96	45.36	37.18
	Cash Flow Reinvestment Ratio (%)		6.05	(0.41)	(5.50)	1.21	1.71	1.82
Leveraging	Operating Leverage		1.91	1.92	1.86	1.93	1.66	1.43
	Financial Leverage		1.00	1.00	1.01	1.01	1.00	1.00

Analysis of financial ratios changes over 20% between 2021 and 2022:

1. Current Ratio and Quick Ratio: The current liabilities decreased in 2022 that result in the large variation.
2. Interest Coverage Ratio: The net income after tax increased and the interest expenses decreased respectively in 2022 that result in the large variation.
3. Receivables Turnover Rate and Average Collection Days for Receivables: The average receivables increased in 2022 that result in the large variation.
4. Inventory Turnover Rate and Average Days for Sale: The average inventory increased in 2022 that result in the large variation.
5. Payables Turnover Rate: The operating cost decreased in 2022 that result in the large variation.
6. Total Asset Turnover Rate: The average total assets increased in 2022 that result in the large variation.
7. Return on Assets, Return on Equity and Profit Margin Before Tax: The net income after tax increased in 2022 that result in the large variation.
8. Ratio of Income before Tax to Paid-in Capital: The net income before tax increased in 2022 that result in the large variation.
9. Earnings per Share: The profit and loss attributable to owners of the parent increased in 2022 that result in the large variation.

10. Cash Flow Ratio: The net cash generated from operating activities increased and the current liabilities decreased respectively in 2022 that result in the large variation.
11. Cash Flow Reinvestment Ratio: The net cash generated from operating activities increased and the financial assets at fair value through other comprehensive income - non-current decreased respectively in 2022 that result in the large variation.

Note 1: The consolidated financial statements as of each year have been audited by independent auditors.

Note 2: Until the printing date of annual report, the consolidated financial statements as of March 31, 2023 haven't been reviewed by independent auditors.

The following calculation formulas apply to the analysis items above:

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 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 in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows 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.

6.2.2 Financial Analysis – Based on IFRS (The Company)

Item		Year	Financial Analysis for the Last Five Years (Note 1)				
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt-asset Ratio	17.20	16.90	27.50	17.64	13.39	
	Ratio of Long-term Capital to Property, Plant and Equipment	673.45	541.53	603.94	998.11	951.85	
Solvency (%)	Current Ratio	180.35	171.48	138.74	201.66	297.43	
	Quick Ratio	141.92	142.47	115.28	128.73	189.82	
	Interest Coverage Ratio	250.94	154.93	60.35	86.27	327.94	
Operating Ability	Receivables Turnover Rate (Times)	5.09	9.59	12.27	9.68	6.63	
	Average Collection Days for Receivables	72	38	30	38	55	
	Inventory Turnover Rate (Times)	8.84	7.36	7.94	5.03	2.42	
	Payables Turnover Rate (Times)	5.74	4.25	4.85	5.92	4.50	
	Average Days for Sale	41	50	46	73	151	
	Property, Plant and Equipment Turnover Rate (Times)	4.68	2.87	3.04	4.87	3.85	
	Total Asset Turnover Rate (Times)	0.58	0.40	0.42	0.49	0.34	
Profitability	Return on Assets (%)	6.61	6.31	6.12	5.44	9.79	
	Return on Equity (%)	8.03	7.56	7.82	6.87	11.58	
	Ratio of Income before Tax to Paid-in Capital (%)	27.08	24.67	28.45	33.72	64.35	
	Profit Margin before Tax (%)	11.32	15.51	14.37	11.01	28.70	
	Earnings per Share (NT\$)	2.53	2.44	2.65	3.11	6.22	
Cash Flow	Cash Flow Ratio (%)	44.92	(9.82)	(28.91)	11.98	29.76	
	Cash Flow Adequacy Ratio (%)	72.78	71.09	17.00	1.78	10.47	
	Cash Flow Reinvestment Ratio (%)	2.01	(7.22)	(13.93)	(1.37)	(1.65)	
Leveraging	Operating Leverage	2.65	3.94	2.63	2.38	1.91	
	Financial Leverage	1.01	1.03	1.05	1.02	1.01	

Analysis of financial ratios changes over 20% between 2021 and 2022:

1. Debt-asset Ratio: The current liabilities and the financial assets at fair value through other comprehensive income - non-current decreased in 2022 that result in the large variation.
2. Current Ratio and Quick Ratio: The current liabilities decreased in 2022 that result in the large variation.
3. Interest Coverage Ratio: The net income after tax increased and the interest expenses decreased respectively in 2022 that result in the large variation.
4. Receivables Turnover Rate and Average Collection Days for Receivables: The average receivables increased in 2022 that result in the large variation.
5. Inventory Turnover Rate and Average Days for Sale: The average inventory increased in 2022 that result in the large variation.
6. Payables Turnover Rate: The operating cost decreased in 2022 that result in the large variation.
7. Property, Plant and Equipment Turnover Rate and Total Asset Turnover Rate: The operating revenue decreased in 2022 that result in the large variation.
8. Return on Assets, Return on Equity, Profit Margin Before Tax and Earnings per Share : The net income after tax increased in 2022 that result in the large variation.
9. Ratio of Income before Tax to Paid-in Capital: The net income before tax increased in 2022 that result in the large variation.

10. Cash Flow Ratio: The net cash generated from operating activities increased and the current liabilities decreased respectively in 2022 that result in the large variation.
11. Cash Flow Adequacy Ratio: The net cash generated from operating activities for the most recent five years increased in 2022 that result in the large variation.
12. Cash Flow Reinvestment Ratio: The financial assets at fair value through other comprehensive income - non-current decreased in 2022 that result in the large variation.

Note 1: The parent-company-only financial statements as of each year have been audited by independent auditors.

The following calculation formulas apply to the analysis items above:

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 2)

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 3)

6. Leveraging

(1) Operating Leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 4)

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

Note 2: 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 3: 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 out-flows 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 4: 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 5: 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 Independent Director's Opinion Letter

To:

The Board of Directors of Evergreen Steel Corporation

The Company commissioned the CPA of Deloitte & Touche to audit our 2022 parent company-only financial statement and consolidated financial statement.

The financial statements above have been reviewed by this independent director, who has verified their accuracy. In compliance with Article 8 of Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, this independent has produced this opinion letter.

Respectfully submitted for your approval.

Evergreen Steel Corporation

Independent Director : Lien, Yuan-Lung

Date: March 7, 2023

6.4 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report:

Please refer to page 166~234 Appendix 1.

6.5 The Parent Company Only Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report:

Please refer to page 235~306 Appendix 2.

6.6 The Company Should Disclose the Financial Impact to the Company If the Company and Its Affiliated Companies Have Incurred Financial or Cash Flow Difficulties in 2022 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	2022	2021	Difference	
			Amount	%
Current Assets	12,418,144	12,690,949	(272,805)	(2.15)
Property, Plant and Equipment	3,389,378	3,220,187	169,191	5.25
Intangible Assets	4,959,787	4,223,106	736,681	17.44
Other Assets	11,023,236	14,352,745	(3,329,509)	(23.20)
Total Assets	31,790,545	34,486,987	(2,696,442)	(7.82)
Current Liabilities	3,710,308	4,869,506	(1,159,198)	(23.81)
Non-current Liabilities	3,327,313	3,334,955	(7,642)	(0.23)
Total Liabilities	7,037,621	8,204,461	(1,166,840)	(14.22)
Capital Stock	4,170,915	4,199,820	(28,905)	(0.69)
Capital Surplus	1,319,454	1,340,352	(20,898)	(1.56)
Retained Earnings	10,548,146	9,134,644	1,413,502	15.47
Other Equity Interest	5,567,573	8,584,076	(3,016,503)	(35.14)
Treasury Stock	-	(49,938)	49,938	(100.00)
Non-controlling Interest	3,146,836	3,073,572	73,264	2.38
Total Equity	24,752,924	26,282,526	(1,529,602)	(5.82)

Analysis of changes in financial ratios:

1. Decrease in other assets: Mainly due to the decrease in the fair value of publicly-traded stocks the Group owns.
2. Decrease in current liabilities: Mainly due to the repayments of short-term borrowings and the decrease in short-term bills payable and trade payables.
3. Decrease in other equity interest: Mainly due to the decrease in the fair value of publicly-traded stocks the Group owns.
4. Decrease in treasury stock: Mainly due to the cancellation of treasury stock.

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Operating Revenue	11,439,152	13,608,597	(2,169,445)	(15.94)
Operating Cost	8,486,393	11,252,685	(2,766,292)	(24.58)
Gross Profit	2,952,759	2,355,912	596,847	25.33
Operating Expenses	562,879	601,974	(39,095)	(6.49)
Operating Profit	2,389,880	1,753,938	635,942	36.26
Non-operating Income and Expenses	1,058,920	200,693	858,227	427.63
Profit before Income Tax	3,448,800	1,954,631	1,494,169	76.44
Income Tax Expense	359,639	350,369	9,270	2.65
Profit for the Year	3,089,161	1,604,262	1,484,899	92.56
Other Comprehensive Income	(3,106,607)	7,841,252	(10,947,859)	(139.62)
Total Comprehensive Income for the Year	(17,446)	9,445,514	(9,462,960)	(100.18)

Analysis of changes in financial ratios:

1. Decrease in operating cost: Mainly due to a decrease in the number of tons of steel materials recognized by the steel structure construction projects.
2. Increase in non-operating income and expenses: Mainly due to an increase in dividend income.
3. Decrease in other comprehensive income (net value after tax): Mainly due to a decrease in unrealized gains from investments in equity instruments measured at fair value through other comprehensive income.

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)	Annual 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
4,313,668	2,105,361	(4,862,995)	1,556,034	None	None

1. Analysis of cash flow deviation:

- (1) Operating Activities: Net cash inflow mainly due to cash inflow from operating activities.
- (2) Investment Activities: Net cash outflow mainly due to obtaining financial assets measured at amortized cost.
- (3) Financing Activities: Net cash outflow mainly due to issuance of cash dividends.

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)	Estimated Annual Net Cash Flow from Operating Activities (2)	Estimated 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
1,556,034	3,388,424	(3,610,353)	1,334,105	None	None

1. Analysis of cash flow deviation:

(1) Operating activities: Mainly due to estimated cash inflow from operations.

(2) Investing activities: Net cash outflow mainly due to Ever Ecove Corp. investing in construction of the Taoyuan Biomass Energy Plant, construction project of the new incinerator for Super Max Engineering Enterprise Co., Ltd. and equipment maintenance and upgrade by Hsin Yung Enterprise Corporation.

(3) Financing activities: Mainly due to issuance of cash dividends.

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 Company participated in came from equity funds and bank loans. Our subsidiary Ever Ecove Corporation is responsible for the construction and operation of this plant. The Group has signed a syndicated loan contract with the group of lending banks (led by Hua Nan Bank). Ever Ecove Corporation already began trial operation of the plant in April, 2022 and once the plant begins operation in 2023, Taoyuan City will be able to handle its waste disposal by itself and transform itself into a green and low-carbon city. The new incinerator of the Super Max Engineering Enterprise Co., Ltd. is expected to complete functional testing and construction acceptance by the end of 2023 and complete the review of its trial operation before June, 2024. The new incinerator will increase the company’s processing capacity and overall competitiveness and generate 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 2022 share of profit of associates and joint ventures accounted for using equity method is NT\$46.084 million. In line with the government’s promotion of the green industry, the Group is now exploring solar power generation.

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 equivalent at floating interest rate this Group owns. On the other hand, this Group is in the industry that relies on domestic demands 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 the banks and keeps track of the trends of foreign exchange rates to avoid any adverse effect from the changes in foreign exchange rates. The COVID-19 pandemic, Russia-Ukraine war, spiking interest rates, US-China trade war and other factors have severely disrupted the global supply chain, resulting in rising inflation and fluctuating prices of raw materials. The Group adopts measures such as floating steel prices and advanced procurement to reduce the risk of price fluctuations 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 Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-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 investment. 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

1. Steel structure industry:

The products in our steel structure business are manufactured based on the building structural designs provided by clients (proprietors). When clients are requesting products with high technological requirements or are innovative, the Company will discuss and conduct research on the manufacturing technologies and overcome any challenges in manufacturing by developing or innovating manufacturing technologies to reduce cost, ensure construction quality and complete the project on schedule. The Company is expecting to engage in R&D to update the equipment listed below to boost production efficiency and safety with an estimated budget of NT\$ 30 million:

- (1) In 2022, the Company added a BOX steel plate parallel cutting machine, BOX station crane with attached magnetic lift system and updated the dust collection equipment of Plasma ion cutting machine; as there are multiple cranes to be replaced, they will be replaced in batches over the next few years, beginning 2023.
- (2) The Company has collaborated with the National Center for Research on Earthquake Engineering to develop AI enhanced robotic welding technology for column internal diaphragms between 2022 and 2025. This robotic welding technology incorporates AI, robotic arm, laser scanning and monitoring and welding machine operation. Both parties will continue to keep track of the feasibility of this technology in real-world applications to enhance work efficiency.
- (3) The Company will continue to monitor the latest development of the electronic

labeling system or other identification technologies and will test them to improve the management efficiency for both product production and inventory storage.

- (4) The Xinyin Factory updated the submerged arc welder for its BOX production line. In addition to updating the equipment, the factory will gradually shift from two workers per machine to one worker per machine to enhance efficiency and lower labor costs.
- (5) With the company's steel bridge line taking orders again, the Xinying Factory upgraded its bridge production line drilling operation and updated its steel bridge sheet metal CNC driller to reduce labor costs and improve drilling precision for easier assembly.

2. Environmental protection industry:

By visiting other companies in the environmental protection field and environmental protection equipment suppliers both domestic and abroad, the environmental protection business is able to obtain the latest industrial trends and upgrade its equipment or improve its processing technologies accordingly to boost its efficiency and maintain its competitiveness in the industry.

Hsin Yung Enterprise Corporation spent NT\$128.49 million and added fly ash washing equipment in 2021, which achieved stable operation in early 2023. Hsin Yung will continue to improve the washing process and waste water disposal and is expected to, in order to boost operational efficiency and safety, devote a budget of NT\$414.2 million for:

- (1) Upgrade the pollution prevention equipment with a catalytic system with better pollution prevention efficiency to lower the company's air pollutants in compliance with the latest regulation.
- (2) Replace incinerator grates to improve incineration efficiency.

Super Max Engineering Enterprise Co., Ltd. is currently building its new incinerator with a daily capacity of 43 tons with an estimated budget of NT\$918.1 million. The new incinerator, once built, will increase the waste processing capacity as well as the company's revenue. The construction for Super Max's new fly ash washing equipment (determined on December 2022) is currently underway with a budget of NT\$18.5 million. Once the new fly ash washing equipment becomes operational, the company will apply recycle and reuse project of its processed fly ash instead of the current practice where a third party is commissioned to solidify the fly ash and dispose of it in a landfill. This will help cut down the company's cost of hiring a third party to process the fly ash.

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 the 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 the demand in the environmental protection industry. 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. 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 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 Group has no merger and acquisition plan.

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

- (1) Ever Ecove Corp. was incorporated in August, 2018. The company has worked with Taoyuan City Government on the triple-function (anaerobic digestion, incinerator and solidification landfill) biomass energy plant BOT project on a 4.38-hectare lot reserved for environmental protection facility inside the Taoyuan Science Industrial Park. After the project 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 49,275 metric tons of kitchen waste and more than 25,000 cubic meters capacity of 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). Once the plant put into commercial operation, it will generate profit steadily as this Group's reinvested business. 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, which means that the plant's completion may be delayed. The company has followed the contract provisions to request an extension to the trial runs.
- (2) In response to new environmental regulations and contract requirements set by the Taoyuan City Government, Hsin Yung Enterprise Corporation will maintain, update and upgrade its incinerator system to improve its air pollution prevention efficiency to the agreed level, which will help the company maintain its operational performance and create a steady revenue.
- (3) Super Max Engineering Enterprise Co., Ltd., to increase its production capacity, will newly build a rotary kiln incinerator that can process 43 metric tons of waste daily, which will increase the Company's revenue and profit.

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 pain. The 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, the 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 the Company with consistent supplies. The Company has the following countermeasures for the risk relating to excessive concentration of purchasing sources:

(1) 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 our 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 ensure the supply of materials.

(2) 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 the profit from the 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 operation 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 based on each order. It requires a high amount of capital and longer lead time with revenue being recognized 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, has also signed the contract with Taoyuan City Government and power sales agreement with Taipower. With the main customers being government institutions, the 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 or Shareholders with Shareholdings of over 10%

Evergreen International Corp., a major shareholder holding more than 10% of the Company's shares, already transferred 91,101,257 shares of this Company in its possession. Evergreen International Corp. transferred these shares to meet its internal funding requirements. Since Evergreen International Corp. is not a corporate director of this Company, such transfer of shares does not have any impact on the Company's finances and operations.

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, president, 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 to 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.

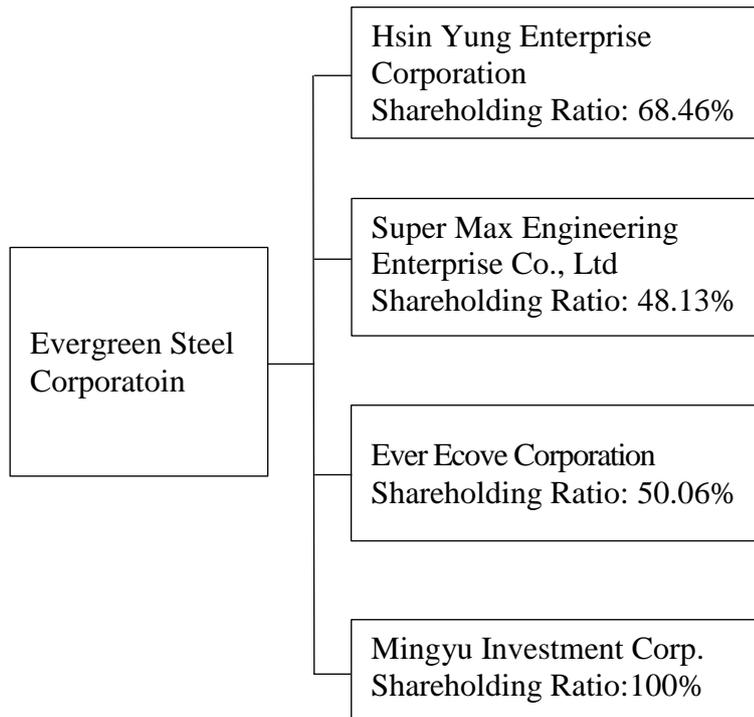
7.7 Other Important Matters: None.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Affiliated Companies Merger Business Report

1. Affiliated Companies Organization Chart (December 31, 2022)



2. Basic Information of Affiliated Companies

December 31, 2022

Unit:NT\$

Company	Date Founded	Address	Capital	Main Business Activites
Hsin Yung Enterprise Corporation	1998.12.22	No. 16, Songjiang N. Rd., Zhongli Dist., Taoyuan City	1,450,000,000	Waste disposal and cogeneration
Super Max Engineering Enterprise Co., Ltd.	1980.01.31	14F-13, No. 79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	501,750,000	Waste clearance and disposal
Ever Ecove Corporation	2018.08.07	No. 16, Songjiang N. Rd., Zhongli Dist., Taoyuan City	1,600,000,000	Waste disposal and cogeneration
Mingyu Investment Corp.	1998.03.31	9F, No. 100, Sec. 2, Chang'an E. Rd., Zhongshan Dist., Taipei City	103,500,000	Investment

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 production 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 a Western date, and the amount of paid-in capital can be expressed in foreign currency (but the exchange rate on the reporting date should be added).

3. Information About Same Shareholders of Entities that Are Presumed to Have a Relationship of Control or Subordination: None.

4. Sectors of Affiliated Companies :

The Company mainly engages in steel structure construction projects while our subsidiaries mainly engage in general/industrial waste clearance and disposal as well as cogeneration. 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, 2022

Unit: Shares

Company	Title (Note 1)	Name and Representative (Note 3)	Shares Holding (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	0.00

Company	Title (Note 1)	Name and Representative (Note 3)	Shares Holding (Note 2)	
			Shares	%
Super Max Engineering Enterprise Co., Ltd.	Chairman and President	Evergreen Steel Corp. Representative: Lin, Jen-Ming	24,147,144	48.13
	Director	Evergreen Steel Corp. Representative: Lin, Keng-Li	24,147,144	48.13
	Director	Evergreen Steel Corp. Representative: Tai, Jin-Chyuan	24,147,144	48.13
	Director	Evergreen Steel Corp. Representative: Chang, Wan-Chuan	24,147,144	48.13
	Director	Hsieh, Chia-Ying	900,000	1.79
	Director	Huang, Jin-Yong	844,308	1.68
	Director	Lee, Sian-Chang	450,000	0.90
	Supervisor	Yeh, Jia-Chyuan	0	0.00
	Supervisor	Lee, Sian-Rong	1,336,537	2.66
Ever Ecove Corporation	Chairman and President	Evergreen Steel Corp. Representative: Chen, Zhi-Zhe	80,100,000	50.06
	Director	Evergreen Steel Corp. Representative: Tai, Jin-Chyuan	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	CTCI Corporation Representative: Liao, Jung-Jhe	39,400,000	24.63
	Director	CTCI Corporation Representative: Lee, Ming-Shyan	39,400,000	24.63
	Supervisor	Evergreen Marine Corp. (Taiwan) Ltd. Representative: Ko, Lee-Ching	30,500,000	19.06
	Supervisor	Ecove Environment Corporation Representative: Ho, Ai-Cheng	8,000,000	5.00

Company	Title (Note 1)	Name and Representative (Note 3)	Shares Holding (Note 2)	
			Shares	%
Mingyu Investment Corp.	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: Chuang, Ting-Ting	10,350,000	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, 2022)

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	3,899,580	124,919	3,774,661	1,190,346	668,219	682,497	4.71
Super Max Engineering Enterprise Co., Ltd.	501,750	2,205,895	176,313	2,029,582	705,854	266,865	265,651	5.29
Ever Ecove Corporation	1,600,000	5,208,667	3,399,467	1,809,200	503,677	350,970	283,191	1.77
Mingyu Investment Corp.	103,500	251,629	419	251,210	59	(168)	2,447	0.24

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.

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: None.

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, 2022

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, 2022 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, 2023

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, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 are described as follows:

Contract Revenue Recognition

The Company's contract revenue mainly comes from providing steel structure engineering contracting business; during the contract period, the contract revenue is recognized based on the degree of completion. Contract revenue recognition from construction depends on the degree of completion of the contract 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 contract revenue recognition with risk characteristics as a key audit matter.

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

1. We obtained an understanding of the design and implementation of the Company's contract revenue evaluation method and control system by performing control tests.
2. We selected samples of the contract revenue with risk characteristics in the current year which are subject to detailed tests including checking the price accepted by the customers with construction contracts, assessing the adequacy of the contract cost estimation, recalculating the degree of completion, and verifying the correctness of the contract revenue recognition.
3. We performed an analytical review of contract revenue and performed a retrospective review of construction costs.

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, 2022 and 2021 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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-Hsia Chang and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,556,034	5	\$ 4,313,668	13
Financial assets at amortized cost - current (Notes 4, 8 and 32)	3,332,682	11	32,894	-
Contract assets - current (Notes 4, 23, 25 and 31)	3,134,531	10	3,272,392	10
Notes receivable, net (Notes 4 and 23)	98,124	-	38,159	-
Trade receivables, net (Notes 4, 9 and 23)	1,101,350	3	1,747,619	5
Trade receivables from related parties, net (Notes 4, 9, 23 and 31)	31,520	-	32,645	-
Other receivables	29,621	-	28,443	-
Inventories (Notes 4, 10 and 23)	3,096,562	10	3,161,609	9
Other current assets (Note 17)	37,720	-	63,520	-
Total current assets	<u>12,418,144</u>	<u>39</u>	<u>12,690,949</u>	<u>37</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	10,287,438	32	13,771,717	40
Financial assets at amortized cost - non-current (Notes 4, 8 and 32)	45,126	-	37,602	-
Investments accounted for using equity method (Notes 4 and 12)	175,944	1	157,509	1
Property, plant and equipment (Notes 4, 13 and 32)	3,389,378	11	3,220,187	9
Right-of-use assets (Notes 4 and 14)	48,983	-	26,378	-
Investment properties (Notes 4, 15 and 32)	100,805	-	103,528	-
Intangible assets (Notes 4 and 16)	4,959,787	16	4,223,106	12
Deferred tax assets (Notes 4 and 27)	68,397	-	61,366	-
Refundable deposits	14,489	-	9,784	-
Net defined benefit assets - non-current (Notes 4 and 22)	62,444	-	3,522	-
Other non-current assets (Note 17)	219,610	1	181,339	1
Total non-current assets	<u>19,372,401</u>	<u>61</u>	<u>21,796,038</u>	<u>63</u>
TOTAL	<u>\$ 31,790,545</u>	<u>100</u>	<u>\$ 34,486,987</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ -	-	\$ 100,000	-
Short-term bills payable (Note 18)	-	-	449,937	2
Contract liabilities - current (Notes 4, 23 and 25)	1,050,122	3	1,388,916	4
Notes payable, net (Note 23)	268,080	1	394,003	1
Trade payables, net (Notes 19, 23 and 31)	1,195,535	4	1,740,979	5
Other payables (Notes 20 and 31)	730,860	2	445,656	1
Current tax liabilities (Notes 4 and 27)	184,369	1	214,091	1
Provisions - current (Notes 4 and 21)	71,737	-	61,408	-
Lease liabilities - current (Notes 4 and 14)	24,903	-	13,626	-
Current portion of long-term borrowings (Note 18)	150,000	1	-	-
Other current liabilities	34,702	-	60,890	-
Total current liabilities	<u>3,710,308</u>	<u>12</u>	<u>4,869,506</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	3,165,824	10	3,194,646	10
Deferred tax liabilities (Notes 4 and 27)	83,046	-	71,262	-
Lease liabilities - non-current (Notes 4 and 14)	20,798	-	11,278	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	7,244	-	8,579	-
Guarantee deposits received	24,393	-	25,399	-
Other non-current liabilities	26,008	-	23,791	-
Total non-current liabilities	<u>3,327,313</u>	<u>10</u>	<u>3,334,955</u>	<u>10</u>
Total liabilities	<u>7,037,621</u>	<u>22</u>	<u>8,204,461</u>	<u>24</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital				
Ordinary shares	4,170,915	13	4,199,820	12
Capital surplus	1,319,454	4	1,340,352	4
Retained earnings				
Legal reserve	2,441,847	8	2,294,939	6
Unappropriated earnings	8,106,299	25	6,839,705	20
Total retained earnings	10,548,146	33	9,134,644	26
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(362)	-	(470)	-
Unrealized gain on financial assets at fair value through other comprehensive income	5,567,935	18	8,584,546	25
Total other equity	5,567,573	18	8,584,076	25
Treasury shares	-	-	(49,938)	-
Total equity attributable to owners of the Company	21,606,088	68	23,208,954	67
NON-CONTROLLING INTERESTS				
Total equity	<u>24,752,924</u>	<u>78</u>	<u>26,282,526</u>	<u>76</u>
TOTAL	<u>\$ 31,790,545</u>	<u>100</u>	<u>\$ 34,486,987</u>	<u>100</u>

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 31)	\$ 11,439,152	100	\$ 13,608,597	100
OPERATING COSTS (Notes 10, 22, 26 and 31)	<u>(8,486,393)</u>	<u>(74)</u>	<u>(11,252,685)</u>	<u>(83)</u>
GROSS PROFIT	<u>2,952,759</u>	<u>26</u>	<u>2,355,912</u>	<u>17</u>
OPERATING EXPENSES (Notes 22, 26 and 31)				
Selling and marketing expenses	(297,682)	(3)	(314,054)	(2)
General and administrative expenses	(277,050)	(2)	(248,198)	(2)
Expected credit gain (loss) (Notes 9 and 25)	<u>11,853</u>	<u>-</u>	<u>(39,722)</u>	<u>-</u>
Total operating expenses	<u>(562,879)</u>	<u>(5)</u>	<u>(601,974)</u>	<u>(4)</u>
PROFIT FROM OPERATIONS	<u>2,389,880</u>	<u>21</u>	<u>1,753,938</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	40,825	-	24,858	-
Other income (Notes 26 and 31)	974,799	9	172,044	1
Other gains (losses) (Note 26)	5,487	-	(11,470)	-
Finance costs (Note 26)	(8,275)	-	(16,630)	-
Share of profit of associates (Note 12)	<u>46,084</u>	<u>-</u>	<u>31,891</u>	<u>-</u>
Total non-operating income and expenses	<u>1,058,920</u>	<u>9</u>	<u>200,693</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,448,800	30	1,954,631	14
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(359,639)</u>	<u>(3)</u>	<u>(350,369)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>3,089,161</u>	<u>27</u>	<u>1,604,262</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	30,184	-	2,213	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(3,131,008)	(27)	7,839,240	57
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>(6,037)</u>	<u>-</u>	<u>(443)</u>	<u>-</u>
	<u>(3,106,861)</u>	<u>(27)</u>	<u>7,841,010</u>	<u>57</u>

(Continued)

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 351	-	\$ (181)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 27)	(97)	-	423	-
	<u>254</u>	<u>-</u>	<u>242</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(3,106,607)</u>	<u>(27)</u>	<u>7,841,252</u>	<u>57</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (17,446)</u>	<u>-</u>	<u>\$ 9,445,514</u>	<u>69</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,594,677	23	\$ 1,278,260	9
Non-controlling interests	<u>494,484</u>	<u>4</u>	<u>326,002</u>	<u>3</u>
	<u>\$ 3,089,161</u>	<u>27</u>	<u>\$ 1,604,262</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (351,727)	(3)	\$ 8,886,972	65
Non-controlling interests	<u>334,281</u>	<u>3</u>	<u>558,542</u>	<u>4</u>
	<u>\$ (17,446)</u>	<u>-</u>	<u>\$ 9,445,514</u>	<u>69</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 6.22</u>		<u>\$ 3.11</u>	
Diluted	<u>\$ 6.22</u>		<u>\$ 3.11</u>	

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company										
	Share Capital		Capital Surplus	Retained Earnings		Other Equity		Treasury Stock	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2021	399,426	\$ 3,994,260	\$ 396,542	\$ 2,190,673	\$ 6,347,269	\$ (648)	\$ 1,166,832	\$ (93,113)	\$ 14,001,815	\$ 2,795,754	\$ 16,797,569
Appropriation and distribution of 2020 retain earnings											
Legal reserve	-	-	-	104,266	(104,266)	-	-	-	-	-	-
Cash dividend to shareholders	-	-	-	-	(872,378)	-	-	-	(872,378)	-	(872,378)
Dividends from claims extinguished by prescription	-	-	100	-	-	-	-	-	100	-	100
Net profit for the year ended December 31, 2021	-	-	-	-	1,278,260	-	-	-	1,278,260	326,002	1,604,262
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	915	178	7,607,619	-	7,608,712	232,540	7,841,252
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,279,175	178	7,607,619	-	8,886,972	558,542	9,445,514
Issuance of ordinary shares for cash	20,556	205,560	837,090	-	-	-	-	-	1,042,650	-	1,042,650
Disposal of treasury shares	-	-	106,620	-	-	-	-	43,175	149,795	-	149,795
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	(1)	(1)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(280,723)	(280,723)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	189,905	-	(189,905)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	419,982	4,199,820	1,340,352	2,294,939	6,839,705	(470)	8,584,546	(49,938)	23,208,954	3,073,572	26,282,526
Appropriation and distribution of 2021 retain earnings											
Legal reserve	-	-	-	146,908	(146,908)	-	-	-	-	-	-
Cash dividend to shareholders	-	-	-	-	(1,251,274)	-	-	-	(1,251,274)	-	(1,251,274)
Dividends from claims extinguished by prescription	-	-	135	-	-	-	-	-	135	-	135
Net profit for the year ended December 31, 2022	-	-	-	-	2,594,677	-	-	-	2,594,677	494,484	3,089,161
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	22,270	108	(2,968,782)	-	(2,946,404)	(160,203)	(3,106,607)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,616,947	108	(2,968,782)	-	(351,727)	334,281	(17,446)
Cancelation of treasury shares	(2,891)	(28,905)	(21,033)	-	-	-	-	49,938	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(261,017)	(261,017)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	47,829	-	(47,829)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	417,091	\$ 4,170,915	\$ 1,319,454	\$ 2,441,847	\$ 8,106,299	\$ (362)	\$ 5,567,935	\$ -	\$ 21,606,088	\$ 3,146,836	\$ 24,752,924

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,448,800	\$ 1,954,631
Adjustments for:		
Depreciation expense	372,480	397,178
Amortization expense	4,246	4,465
Expected credit (reversed) loss recognized on trade receivables	(11,853)	39,722
Finance costs	8,275	16,630
Interest income	(40,825)	(24,858)
Dividend income	(960,613)	(140,612)
Ordinary shares transferred to employees at cost	-	39,660
Share of profit of associates	(46,084)	(31,891)
Gain on disposal of property, plant and equipment	(910)	(3,913)
Gain on disposal of investment properties	(6,517)	-
Net loss on disposal of inventories	10,491	2,159
Gain on lease modification	(14)	(7)
Other income	(679)	-
Changes in operating assets and liabilities		
Decrease in contract assets	150,482	878,682
(Increase) decrease in notes receivable	(59,965)	88,751
Decrease (increase) in trade receivables	646,626	(883,493)
Decrease in other receivables	758	14,905
Decrease (increase) in inventories	54,556	(2,155,010)
Decrease in other current assets	25,800	112,277
Increase in net defined benefit assets	(29,879)	(848)
(Decrease) increase in contract liabilities	(338,794)	1,006,107
(Decrease) increase in notes payable	(125,923)	38,620
(Decrease) increase in trade payables	(545,444)	568,002
(Decrease) increase in other payables	(23,460)	37,357
Increase in provisions	10,329	616
(Decrease) increase in other current liabilities	(26,188)	3,993
Decrease in net defined benefit liabilities	(194)	(27,906)
Increase in other non-current liabilities	2,217	8,275
Cash generated from operations	2,517,718	1,943,492
Interest received	38,889	24,978
Interest paid	(60,504)	(53,418)
Income tax paid	(390,742)	(326,390)
Net cash generated from operating activities	<u>2,105,361</u>	<u>1,588,662</u>

(Continued)

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (2,732)	\$ (5,240)
Proceeds from sale of financial assets at fair value through other comprehensive income	81,082	848,274
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	274,921	-
Purchase of financial assets at amortized cost	(3,307,312)	(47,844)
Proceeds from sale of financial assets at amortized cost	-	800
Payments for property, plant and equipment	(507,172)	(194,488)
Proceeds from disposal of property, plant and equipment	910	5,541
Increase in refundable deposits	(4,705)	(1,781)
Payments for intangible assets	(388,981)	(1,449,532)
Proceeds from disposal of investment properties	7,238	-
Increase in other non-current assets	(38,271)	(63,935)
Other dividends received	960,613	140,612
Dividends received from associates	<u>28,000</u>	<u>25,000</u>
Net cash used in investing activities	<u>(2,896,409)</u>	<u>(742,593)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(100,000)	(590,000)
Repayments of bills payable	(449,937)	(1,349,234)
Proceeds from long-term borrowings	121,178	1,601,177
Repayments of long-term borrowings	-	(400,000)
(Decrease) increase in guarantee deposits	(1,006)	165
Repayment of principal portion of lease liabilities	(24,665)	(13,575)
Repayments of cash dividend	(1,251,274)	(872,378)
Proceeds from issuance of ordinary shares	-	1,002,990
Proceeds from disposal of treasury shares	-	149,795
Decrease in non-controlling interests	-	(1)
Dividends paid to non-controlling interests	(261,017)	(280,723)
Dividends from claims extinguished by prescription	<u>135</u>	<u>100</u>
Net cash used in financing activities	<u>(1,966,586)</u>	<u>(751,684)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,757,634)	94,385
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,313,668</u>	<u>4,219,283</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,556,034</u>	<u>\$ 4,313,668</u>

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 10, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

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

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

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occurred on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

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

The Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

In 2020, 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.

In 2020, the amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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 (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. 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 6 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 Group'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 Group 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.

Except for freehold land which is not depreciated, the 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. Operating concession asset is measured initially at cost model and then amortized during the concession period. Major additions, replacement and improvements are capitalized, while maintenance and repairs are expensed currently. On derecognition of operating concession asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or 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.

1. 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 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 Group'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. When assessing whether a contract is onerous, before 2021 (inclusive), the cost of fulfilling a contract includes the incremental costs of fulfilling that contract; since 2022, includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

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.

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.

1) 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.

2) 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.

3) 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 will charge waste treatment service fee. Meanwhile, it will bring out revenue of power generation from Taiwan Power Company.

4) 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 (asset) 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 occurs. 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 (asset) represents the actual deficit (surplus) 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 stock option granted 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 issued ordinary shares for cash which are reserved for employees is the date on which the employees are informed.

s. Taxation

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

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

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 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, total 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 25 for related information.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 3,366	\$ 3,138
Checking accounts and demand deposits	315,529	365,088
Cash equivalents		
Time deposits	999,592	3,590,198
Commercial paper	<u>237,547</u>	<u>355,244</u>
	<u>\$ 1,556,034</u>	<u>\$ 4,313,668</u>

7. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 9,258,913	\$ 12,826,389
Unlisted shares	869,705	824,115
Foreign investments		
Unlisted shares	<u>158,820</u>	<u>121,213</u>
	<u>\$ 10,287,438</u>	<u>\$ 13,771,717</u>

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

The Group sold its investments in 2022 and 2021 and transferred a gain of \$47,829 thousand and \$189,905 thousand, respectively, from other equity to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Domestic investments		
Pledge deposits	\$ 13,647	\$ 20,661
Restricted bank deposits	14,641	12,233
Time deposits with original maturities of more than 3 months	<u>3,304,394</u>	<u>-</u>
	<u>\$ 3,332,682</u>	<u>\$ 32,894</u>
<u>Non-current</u>		
Domestic investments		
Pledge deposits	<u>\$ 45,126</u>	<u>\$ 37,602</u>

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

9. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Trade receivables (including trade receivables from related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 1,133,638	\$ 1,780,264
Less: Allowance for impairment loss	<u>(768)</u>	<u>-</u>
	<u>\$ 1,132,870</u>	<u>\$ 1,780,264</u>

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

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

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable, e.g. when the debtor has been placed under liquidation, or when the trade receivables are over 365 days past due, whichever occurs earlier. The Group directly recognizes the impairment loss of related accounts receivable. The Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2022

	<u>Amount Without Sign of Default</u>				<u>Amount with Sign of Default</u>	<u>Total</u>
	<u>0 to 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>		
Expected credit loss rate	0.05%	1.00%	-	-	-	
Gross carrying amount	\$ 1,115,555	\$ 18,083	\$ -	\$ -	\$ -	\$ 1,133,638
Loss allowance (Lifetime ECL)	<u>(588)</u>	<u>(180)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(768)</u>
Amortized cost	<u>\$ 1,114,967</u>	<u>\$ 17,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,132,870</u>

December 31, 2021

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

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

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ -	\$ 177
Add: Net remeasurement of loss allowance (reversed)	<u>768</u>	<u>(177)</u>
Balance at December 31	<u>\$ 768</u>	<u>\$ -</u>

10. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Raw material	\$ 3,069,957	\$ 3,141,252
Supplies	<u>26,605</u>	<u>20,357</u>
	<u>\$ 3,096,562</u>	<u>\$ 3,161,609</u>

The cost of inventories recognized as operating cost for the years ended December 31, 2022 and 2021 were \$7,373,578 thousand and \$10,261,039 thousand, respectively. The cost of goods sold which included the inventory write-downs for the years ended December 31, 2022 and 2021 were \$10,491 thousand and \$2,159 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The entities included in the consolidated statements are listed below.

Investor	Investee	Main Business	% of Ownership		Remark
			2022	2021	
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	48.13	*
	Ever Ecove Corporation	Waste treatment, disposal and cogeneration	50.06	50.06	-
	Ming Yu Investment Corporation	Investment activities	100.00	100.00	-

Remark:

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

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

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Associates that are not individually material		
Kun Lin Engineering Co., Ltd.	\$ 175,944	\$ 157,509
	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2022	2021
Kun Lin Engineering Co., Ltd.	50%	50%
<u>Aggregate information of associates that are not individually material</u>		
	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net income for the year	\$ 46,084	\$ 31,891

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

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment to Be Inspected	Total
Cost								
Balance at January 1, 2022	\$ 1,797,045	\$ 164,600	\$ 2,492,516	\$ 4,848,987	\$ 126,433	\$ 114,277	\$ 15,797	\$ 9,559,655
Additions	-	-	10,811	200,437	17,634	29,000	252,506	510,388
Disposals	-	-	-	(30,958)	(2,501)	(2,839)	-	(36,298)
Reclassification	-	-	16,283	1,350	-	(3,555)	(8,347)	5,731
Balance at December 31, 2022	<u>\$ 1,797,045</u>	<u>\$ 164,600</u>	<u>\$ 2,519,610</u>	<u>\$ 5,019,816</u>	<u>\$ 141,566</u>	<u>\$ 136,883</u>	<u>\$ 259,956</u>	<u>\$ 10,039,476</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$ 134,875	\$ 1,827,124	\$ 4,231,755	\$ 85,459	\$ 60,255	\$ -	\$ 6,339,468
Disposals	-	-	-	(30,958)	(2,501)	(2,839)	-	(36,298)
Depreciation expense	-	5,299	90,716	226,875	13,428	10,610	-	346,928
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 140,174</u>	<u>\$ 1,917,840</u>	<u>\$ 4,427,672</u>	<u>\$ 96,386</u>	<u>\$ 68,026</u>	<u>\$ -</u>	<u>\$ 6,650,098</u>
Carrying amount at December 31, 2022	<u>\$ 1,797,045</u>	<u>\$ 24,426</u>	<u>\$ 601,770</u>	<u>\$ 592,144</u>	<u>\$ 45,180</u>	<u>\$ 68,857</u>	<u>\$ 259,956</u>	<u>\$ 3,389,378</u>
Cost								
Balance at January 1, 2021	\$ 1,797,045	\$ 164,600	\$ 2,490,931	\$ 4,732,313	\$ 109,799	\$ 90,242	\$ -	\$ 9,384,930
Additions	-	-	1,585	48,391	17,337	30,421	15,797	113,531
Disposals	-	-	-	(16,124)	(703)	(2,936)	-	(19,763)
Reclassification	-	-	-	84,407	-	(3,450)	-	80,957
Balance at December 31, 2021	<u>\$ 1,797,045</u>	<u>\$ 164,600</u>	<u>\$ 2,492,516</u>	<u>\$ 4,848,987</u>	<u>\$ 126,433</u>	<u>\$ 114,277</u>	<u>\$ 15,797</u>	<u>\$ 9,559,655</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$ 129,356	\$ 1,729,623	\$ 3,988,749	\$ 74,729	\$ 54,063	\$ -	\$ 5,976,520
Disposals	-	-	-	(14,496)	(703)	(2,936)	-	(18,135)
Depreciation expense	-	5,519	97,501	257,502	11,433	9,128	-	381,083
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 134,875</u>	<u>\$ 1,827,124</u>	<u>\$ 4,231,755</u>	<u>\$ 85,459</u>	<u>\$ 60,255</u>	<u>\$ -</u>	<u>\$ 6,339,468</u>
Carrying amount at December 31, 2021	<u>\$ 1,797,045</u>	<u>\$ 29,725</u>	<u>\$ 665,392</u>	<u>\$ 617,232</u>	<u>\$ 40,974</u>	<u>\$ 54,022</u>	<u>\$ 15,797</u>	<u>\$ 3,220,187</u>

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

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

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Land	\$ 47,911	\$ 24,503
Other equipment	<u>1,072</u>	<u>1,875</u>
	<u>\$ 48,983</u>	<u>\$ 26,378</u>
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 48,977</u>	<u>\$ 20,925</u>
Depreciation charge for right-of-use assets		
Land	\$ 22,747	\$ 13,139
Other equipment	<u>803</u>	<u>954</u>
	<u>\$ 23,550</u>	<u>\$ 14,093</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Carrying amount		
Current	<u>\$ 24,903</u>	<u>\$ 13,626</u>
Non-current	<u>\$ 20,798</u>	<u>\$ 11,278</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
	0.878%-1.47%	0.878%-1.1%

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

The Group leases land and equipment for the use of plants and manufacturing with lease term of 2 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land at the end of the lease term. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 14,233</u>	<u>\$ 18,718</u>
Total cash outflow for leases	<u>\$ 39,318</u>	<u>\$ 32,530</u>

15. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2022	\$ 302,004
Additions	-
Disposals	<u>(9,349)</u>
Balance at December 31, 2022	<u>\$ 292,655</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (198,476)
Disposals	8,628
Depreciation expense	<u>(2,002)</u>
Balance at December 31, 2022	<u>\$ (191,850)</u>
Carrying amount at December 31, 2022	<u>\$ 100,805</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 302,004
Additions	-
Balance at December 31, 2021	<u>\$ 302,004</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ (196,474)
Depreciation expense	<u>(2,002)</u>
Balance at December 31, 2021	<u>\$ (198,476)</u>
Carrying amount at December 31, 2021	<u>\$ 103,528</u>

The investment properties are depreciated using the straight-line method in 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	
	2022	2021
Fair value	<u>\$ 182,268</u>	<u>\$ 190,503</u>

The Group sold part of the investment properties, which resulted in gain on disposal of \$6,517 thousand stated as other gain (loss) in 2022.

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

16. INTANGIBLE ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Service concession arrangements*	\$ 4,952,881	\$ 4,216,463
Computer software	<u>6,906</u>	<u>6,643</u>
	<u>\$ 4,959,787</u>	<u>\$ 4,223,106</u>

* The subsidiary - Ever Ecove Corporation signed a construction contract of "Building, Operation and Transfer of Taoyuan City Biomass Energy Center" with Taoyuan City Government, and the price of the right to charge public service users which was built by Ever Ecove Corporation, is classified as intangible assets - service concession arrangements. The construction period was from October 2018 to October 2021. Ever Ecove Corporation was able to apply to Taoyuan City Government for a one-time extension. The extension period is limited to 1 year with the consent of Taoyuan City Government. Upon completion of construction, Ever Ecove Corporation shall provide operational services until October 2043. Upon expiration of the service concession arrangement, Ever Ecove Corporation shall return the right of management according to the contract and transfer the ownership of the built biomass energy center and related auxiliary facilities to Taoyuan City Government free of charge.

17. OTHER ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Prepayments	\$ 24,386	\$ 38,896
Prepaid expenses	12,441	18,204
Tax credit	<u>893</u>	<u>6,420</u>
	<u>\$ 37,720</u>	<u>\$ 63,520</u>
<u>Non-current</u>		
Prepayments for equipment	<u>\$ 219,610</u>	<u>\$ 181,339</u>

18. BORROWINGS

a. Short-term borrowings

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

b. Short-term bills payable

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

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

c. Long-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Secured borrowings</u>		
Bank loans	\$ 3,330,000	\$ 3,210,000
Less: Current portion of long-term borrowing	(150,000)	-
Unamortized discount	<u>(14,176)</u>	<u>(15,354)</u>
	<u>\$ 3,165,824</u>	<u>\$ 3,194,646</u>
Expiry date	These borrowings are gradually expiring before the end of October 2034.	These borrowings are gradually expiring before the end of October 2034.
Interest rate range	1.60%-2.05%	0.89%-1.79%

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

19. TRADE PAYABLES

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

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

20. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payables for equipment	\$ 446,708	\$ 138,970
Payables for compensation of employees and remuneration of directors	43,111	28,753
Payables for annual leave	39,673	38,384
Payables for taxes	18,798	41,237
Payables for transportation fees	18,345	57,228
Payables for insurance expenses	13,408	12,773
Payables for repairs and maintenance fees	11,627	38,432
Payable for professional fees	4,739	5,816
Payables for salaries or bonus	3,150	8,598
Others	<u>131,301</u>	<u>75,465</u>
	<u>\$ 730,860</u>	<u>\$ 445,656</u>

21. PROVISIONS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Warranties*	\$ 62,493	\$ 61,070
Onerous contract - loss on construction	<u>9,244</u>	<u>338</u>
	<u>\$ 71,737</u>	<u>\$ 61,408</u>

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

22. RETIREMENT BENEFIT PLANS

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 3%-15% 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	
	2022	2021
Present value of defined benefit obligation	<u>\$ 403,039</u>	<u>\$ 425,921</u>
Fair value of plan assets	<u>\$ (458,239)</u>	<u>\$ (420,864)</u>
Net defined benefit asset	<u>\$ (62,444)</u>	<u>\$ (3,522)</u>
Net defined benefit liability	<u>\$ 7,244</u>	<u>\$ 8,579</u>

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	Net Defined Benefit Asset
Balance at January 1, 2022	\$ 425,921	\$ (420,864)	\$ 8,579	\$ (3,522)
Service cost				
Current service cost	6,290	-	1,072	5,218
Net interest expense (income)	<u>2,613</u>	<u>(2,668)</u>	<u>46</u>	<u>(101)</u>
Recognized in profit or loss	<u>8,903</u>	<u>(2,668)</u>	<u>1,118</u>	<u>5,117</u>
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(32,653)	(2,422)	(30,231)
Actuarial income - changes in financial assumptions	(9,314)	-	(1,275)	(8,039)
Actuarial loss - experience adjustments	<u>11,783</u>	<u>-</u>	<u>2,556</u>	<u>9,227</u>
Recognized in other comprehensive income	<u>2,469</u>	<u>(32,653)</u>	<u>(1,141)</u>	<u>(29,043)</u>
Contributions from the employer	-	(28,580)	(1,312)	(27,268)
Benefits paid	(26,526)	26,526	-	-
Company paid	<u>(7,728)</u>	<u>-</u>	<u>-</u>	<u>(7,728)</u>
Balance at December 31, 2022	<u>\$ 403,039</u>	<u>\$ (458,239)</u>	<u>\$ 7,244</u>	<u>\$ (62,444)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability	Net Defined Benefit Asset
Balance at January 1, 2021	\$ 446,051	\$ (410,027)	\$ 8,549	\$ 27,475
Service cost				
Current service cost	6,756	-	1,264	5,492
Net interest expense (income)	<u>2,062</u>	<u>(1,972)</u>	<u>29</u>	<u>61</u>
Recognized in profit or loss	<u>8,818</u>	<u>(1,972)</u>	<u>1,293</u>	<u>5,553</u>
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(5,426)	(439)	(4,987)
Actuarial loss - changes in demographic assumptions	8,783	-	834	7,949
Actuarial income - changes in financial assumptions	(4,906)	-	(640)	(4,266)
Actuarial loss (income) - experience adjustments	<u>(664)</u>	<u>-</u>	<u>707</u>	<u>(1,371)</u>
Recognized in other comprehensive income	<u>3,213</u>	<u>(5,426)</u>	<u>462</u>	<u>(2,675)</u>
Contributions from the employer	-	(33,022)	(1,478)	(31,544)
Benefits paid	(29,583)	29,583	-	-
Company paid	<u>(2,578)</u>	<u>-</u>	<u>(247)</u>	<u>(2,331)</u>
Balance at December 31, 2021	<u>\$ 425,921</u>	<u>\$ (420,864)</u>	<u>\$ 8,579</u>	<u>\$ (3,522)</u> (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	
	2022	2021
Operating cost	\$ 3,019	\$ 3,319
Operating expenses	<u>3,216</u>	<u>3,527</u>
	<u>\$ 6,235</u>	<u>\$ 6,846</u>

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	
	2022	2021
Discount rate(s)	1.060%-1.375%	0.375%-0.625%
Expected rate(s) of salary increase	2.25%-3%	2%-3%
Turnover rate	0.1%-7.5%	0.1%-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 will decrease (increase) as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (7,233)</u>	<u>\$ (8,307)</u>
0.25% decrease	<u>\$ 7,453</u>	<u>\$ 8,574</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 7,244</u>	<u>\$ 8,312</u>
0.25% decrease	<u>\$ (7,067)</u>	<u>\$ (8,097)</u>

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	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 27,688</u>	<u>\$ 30,150</u>
Average duration of the defined benefit obligation	4-7.7 years	4.2-8.2 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
<u>December 31, 2022</u>			
Assets			
Notes receivable	\$ 97,624	\$ -	\$ 97,624
Trade receivables	985,508	-	985,508
Inventories	3,073,889	-	3,073,889
Contract assets - current	<u>1,738,743</u>	<u>1,256,599</u>	<u>2,995,342</u>
	<u>\$ 5,895,764</u>	<u>\$ 1,256,599</u>	<u>\$ 7,152,363</u>
Liabilities			
Notes payable	\$ 260,508	\$ -	\$ 260,508
Trade payables	947,474	83,260	1,030,734
Contract liabilities - current	<u>1,038,140</u>	<u>-</u>	<u>1,038,140</u>
	<u>\$ 2,246,122</u>	<u>\$ 83,260</u>	<u>\$ 2,329,382</u>
<u>December 31, 2021</u>			
Assets			
Notes receivable	\$ 38,136	\$ -	\$ 38,136
Trade receivables	1,539,150	-	1,539,150
Inventories	3,141,925	-	3,141,925
Contract assets - current	<u>1,791,378</u>	<u>1,481,014</u>	<u>3,272,392</u>
	<u>\$ 6,510,589</u>	<u>\$ 1,481,014</u>	<u>\$ 7,991,603</u>
Liabilities			
Notes payable	\$ 383,758	\$ -	\$ 383,758
Trade payables	1,481,001	141,896	1,622,897
Contract liabilities - current	<u>1,380,717</u>	<u>-</u>	<u>1,380,717</u>
	<u>\$ 3,245,476</u>	<u>\$ 141,896</u>	<u>\$ 3,387,372</u>

24. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Number of shares authorized (in thousands)	<u>440,000</u>	<u>440,000</u>
Shares authorized	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>
Number of shares issued and fully paid (in thousands)	<u>417,091</u>	<u>419,982</u>
Shares issued	<u>\$ 4,170,915</u>	<u>\$ 4,199,820</u>

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

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

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

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
May be used to offset a deficit, distributed as <u>cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital		
Issuance of ordinary shares	\$ 834,085	\$ 839,865
From business combinations	51,598	51,956
Treasury share transactions	424,933	439,828
<u>Only be used to offset a deficit</u>		
Changes in ownership interests in subsidiaries (2)	8,510	8,510
Unclaimed dividends	<u>328</u>	<u>193</u>
	<u>\$ 1,319,454</u>	<u>\$ 1,340,352</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

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

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

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

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

The appropriations of earnings for 2021 and 2020 which were approved in the shareholders' meetings on June 10, 2022 and July 23, 2021, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	2021	2020	2021	2020
Legal reserve	\$ 146,908	\$ 104,266		
Cash dividends	1,251,274	872,378	\$3.00	\$2.09

The appropriation of earnings for 2022, which were proposed by the Company's board of directors on March 10, 2023, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 266,478	
Cash dividends	2,085,457	\$5.00

The appropriation of earnings for 2022 is subject to resolution in the shareholders' meeting to be held on June 20, 2023.

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, 2022	2,891	-	2,891
Additions	-	-	-
Less	<u>(2,891)</u>	<u>-</u>	<u>(2,891)</u>
Number of shares at December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of shares at January 1, 2021	2,891	2,499	5,390
Additions	-	-	-
Less	<u>-</u>	<u>(2,499)</u>	<u>(2,499)</u>
Number of shares at December 31, 2021	<u>2,891</u>	<u>-</u>	<u>2,891</u>
Carrying amount at December 31, 2021	<u>\$ 49,938</u>	<u>\$ -</u>	<u>\$ 49,938</u>

For the year ended December 31, 2021, the Company's shares were held by its subsidiary-Ming Yu Investment Corporation. Ming Yu Investment Corporation sold 2,499 thousand shares to unrelated parties.

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

25. REVENUE

	For the Year Ended December 31	
	2022	2021
Construction contract revenue	\$ 8,857,305	\$ 11,449,741
Revenue from waste treatment	1,883,119	1,565,346
Energy revenue	516,173	428,811
Revenue from containers repair	<u>182,555</u>	<u>164,699</u>
	<u>\$ 11,439,152</u>	<u>\$ 13,608,597</u>

a. Contract balances

	December 31	
	2022	2021
Contract assets		
Properties construction	\$ 931,051	\$ 1,471,732
Retention receivable	2,129,618	1,878,608
Energy	139,189	-
Less: Allowance for impairment loss	<u>(65,327)</u>	<u>(77,948)</u>
	<u>\$ 3,134,531</u>	<u>\$ 3,272,392</u>
Contract liabilities		
Properties construction	\$ 1,038,140	\$ 1,380,717
Waste treatment	<u>11,982</u>	<u>8,199</u>
	<u>\$ 1,050,122</u>	<u>\$ 1,388,916</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 77,948	\$ 38,049
Add: Net remeasurement of loss allowance (reversed)	<u>(12,621)</u>	<u>39,899</u>
Balance at December 31	<u>\$ 65,327</u>	<u>\$ 77,948</u>

b. Partially completed contracts

As of December 31, 2022 and 2021, the transaction price allocated to contract performance obligations that have not been completed totaled NT\$16,255,276 thousand and NT\$14,884,417 thousand. The Group shall gradually recognize revenues based on the completion status of the projects. The revenues from the contracts are expected to be recognized before the end of 2024.

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	\$ 960,613	\$ 140,612
Rental income	9,281	13,022
Others (Note 31)	<u>4,905</u>	<u>18,410</u>
	<u>\$ 974,799</u>	<u>\$ 172,044</u>

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain on disposal of investment property	\$ 6,517	\$ -
Gain on disposal of property, plant and equipment	910	3,913
Net foreign exchange losses	(659)	(11,349)
Others	<u>(1,281)</u>	<u>(4,034)</u>
	<u>\$ 5,487</u>	<u>\$ (11,470)</u>

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 60,453	\$ 49,014
Interest on commercial paper	557	5,702
Interest on lease liabilities	420	237
Less: Amounts included in the cost of qualifying assets	<u>(53,155)</u>	<u>(38,323)</u>
	<u>\$ 8,275</u>	<u>\$ 16,630</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest amount	<u>\$ 53,155</u>	<u>\$ 38,323</u>
Capitalization rate	1.92%-2.05%	1.3%-1.79%

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 346,928	\$ 381,083
Investment property	2,002	2,002
Right-of-use assets	23,550	14,093
Intangible assets	<u>4,246</u>	<u>4,465</u>
	<u>\$ 376,726</u>	<u>\$ 401,643</u>
An analysis of deprecation by function		
Operating costs	\$ 357,287	\$ 383,902
Operating expenses	<u>15,193</u>	<u>13,276</u>
	<u>\$ 372,480</u>	<u>\$ 397,178</u>
An analysis of amortization by function		
Operating costs	\$ 735	\$ 867
Operating expenses	<u>3,511</u>	<u>3,598</u>
	<u>\$ 4,246</u>	<u>\$ 4,465</u>

e. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 21,304	\$ 18,923
Defined benefit plans (Note 22)	6,235	6,846
Other employee benefits	<u>817,359</u>	<u>797,037</u>
Total employee benefits expense	<u>\$ 844,898</u>	<u>\$ 822,806</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 417,204	\$ 385,226
Operating expenses	<u>427,694</u>	<u>437,580</u>
	<u>\$ 844,898</u>	<u>\$ 822,806</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 10, 2023 and March 21, 2022, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2022	2021
Compensation of employees	0.50%	0.50%
Remuneration of directors	0.26%	0.35%

Amount

	<u>For the Year Ended December 31</u>	
	2022	2021
Compensation of employees	\$ 13,600	\$ 7,141
Remuneration of directors	7,000	5,000

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.

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

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

27. INCOME TAXES

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 472,238	\$ 364,473
Income tax on unappropriated earnings	7,998	2,226
Shareholders' investment tax credits	(115,399)	-
Land value increment tax	550	-
Adjustment for prior year	<u>(4,367)</u>	<u>(2,133)</u>
	<u>361,020</u>	<u>364,566</u>
Deferred tax		
In respect of the current year	23,220	(14,197)
Shareholders' investment tax credits	<u>(24,601)</u>	<u>-</u>
	<u>(1,381)</u>	<u>(14,197)</u>
Income tax expense recognized in profit or loss	<u>\$ 359,639</u>	<u>\$ 350,369</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 3,448,800</u>	<u>\$ 1,954,631</u>
Income tax expense calculated at the statutory rate	\$ 689,760	\$ 390,926
Nondeductible expenses in determining taxable income	8,419	651
Tax-exempt income	(202,636)	(34,453)
Additional income tax under the Alternative Minimum Tax Act	-	6,984
Income tax on unappropriated earnings	7,998	2,226
Loss on investments	-	(4,069)
Unrecognized deductible temporary differences	-	(9,642)
Shareholders' investment tax credits	(140,000)	-
Land value increment tax	550	-
Adjustments for prior years' tax	(4,367)	(2,133)
Others	<u>(85)</u>	<u>(121)</u>
Income tax expense recognized in profit or loss	<u>\$ 359,639</u>	<u>\$ 350,369</u>

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, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 1,694	\$ (16)	\$ (229)	\$ 1,449
Payable for annual leave	7,295	228	-	7,523
Amortization of repairs and maintenance expenses	3,617	(3,617)	-	-
Unrealized exchange losses	1,327	(101)	-	1,226
Unrealized provisions	12,214	285	-	12,499
Unrealized expenses	6,418	(6,180)	-	238
Unrealized loss on inventories	4,455	2,098	-	6,553
Bad debts in excess of the limit	9,285	(1,171)	-	8,114
Government grants	553	(125)	-	428
Exchange differences on translation of the financial statements of foreign operations	423	-	(97)	326
Loss carryforwards	14,085	(14,085)	-	-
Shareholders' investment tax credits	-	24,601	-	24,601
Others	-	5,440	-	5,440
	<u>\$ 61,366</u>	<u>\$ 7,357</u>	<u>\$ (326)</u>	<u>\$ 68,397</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 65,995	\$ -	\$ -	\$ 65,995
Defined benefit plans	5,267	5,976	5,808	17,051
	<u>\$ 71,262</u>	<u>\$ 5,976</u>	<u>\$ 5,808</u>	<u>\$ 83,046</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 2,613	\$ (1,012)	\$ 93	\$ 1,694
Payable for annual leave	6,903	392	-	7,295
Amortization of repairs and maintenance expenses	3,701	(84)	-	3,617
Unrealized exchange losses	24	1,303	-	1,327
Unrealized provisions	12,145	69	-	12,214
Unrealized expenses	8,303	(1,885)	-	6,418
Unrealized loss on inventories	-	4,455	-	4,455
Bad debts in excess of the limit	-	9,285	-	9,285
Government grants	-	553	-	553
Exchange differences on translation of the financial statements of foreign operations	-	-	423	423
Loss carryforwards	<u>8,425</u>	<u>5,660</u>	<u>-</u>	<u>14,085</u>
	<u>\$ 42,114</u>	<u>\$ 18,736</u>	<u>\$ 516</u>	<u>\$ 61,366</u>

Deferred tax liabilities

Temporary differences				
Unrealized exchange gains	\$ 192	\$ (192)	\$ -	\$ -
Land value increment tax	65,995	-	-	65,995
Defined benefit plans	<u>-</u>	<u>4,731</u>	<u>536</u>	<u>5,267</u>
	<u>\$ 66,187</u>	<u>\$ 4,539</u>	<u>\$ 536</u>	<u>\$ 71,262</u>

- c. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Deductible temporary differences		
Impairment loss on financial assets	<u>\$ 122,669</u>	<u>\$ 124,736</u>

- d. Income tax assessments

The income tax of the Group through 2020 have been assessed by the Tax Authorities.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2022	2021
Basic earnings per share	\$ <u>6.22</u>	\$ <u>3.11</u>
Diluted earnings per share	\$ <u>6.22</u>	\$ <u>3.11</u>

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

Net profit for the year

	<u>For the Year Ended December 31</u>	
	2022	2021
Profit for the year attributable to owners of the Company	\$ <u>2,594,677</u>	\$ <u>1,278,260</u>

Shares

Unit: In Thousand Shares

	<u>For the Year Ended December 31</u>	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	417,091	410,803
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>290</u>	<u>153</u>
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	<u>417,381</u>	<u>410,956</u>

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

29. CAPITAL MANAGEMENT

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

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

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

30. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

Fair value hierarchy as of December 31, 2022

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

Fair value hierarchy as of December 31, 2021

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

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 6,208,946	\$ 6,234,915
Financial assets at FVTOCI		
Equity instruments	10,287,438	13,771,717
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (2)	5,412,316	6,217,083
Lease liabilities	45,701	24,904

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

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

Sensitivity analysis

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

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

	USD Impact		EUR Impact	
	For the Year Ended December 31			
	2022	2021	2022	2021
Profit or loss	\$ <u>433*</u>	\$ <u>735*</u>	\$ <u>60*</u>	\$ <u>762*</u>

	JPY Impact		RMB Impact	
	For the Year Ended December 31			
	2022	2021	2022	2021
Profit or loss	\$ <u>215*</u>	\$ <u>2,668*</u>	\$ <u>(175)*</u>	\$ <u>(206)*</u>

* This was mainly attributable to the exposure on outstanding demand deposits and payables in USD, EUR, JPY and RMB in cash flow hedges at the end of the 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	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 1,658,930	\$ 855,586
Financial liabilities	45,701	574,841
Cash flow interest rate risk		
Financial assets	3,157,831	3,354,491
Financial liabilities	3,315,824	3,194,646

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$790 thousand and increased/decreased \$799 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, time deposits and demand deposits.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 3% higher/lower, pre-tax profit for years ended December 31, 2022 and 2021 would have increased/decreased by \$308,623 thousand and \$413,152 thousand, respectively, as a result of the changes in fair value of financial assets as FVTOCI.

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

2) Credit risk

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

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

The Group's concentration of credit risk of 10% and 41% of total trade receivables as of December 31, 2022 and 2021, respectively, was related to the Group's five largest customers. The credit concentration risk of the remaining trade receivables is relatively insignificant.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized bank loan facilities set out in (b) below.

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

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

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

December 31, 2022

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

December 31, 2021

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

b) Financing facilities

	<u>December 31</u>	
	2022	2021
Unsecured bank facilities		
Amount used	\$ 366,317	\$ 1,051,335
Amount unused	<u>6,597,683</u>	<u>6,362,665</u>
	<u>\$ 6,964,000</u>	<u>\$ 7,414,000</u>

(Continued)

	December 31	
	2022	2021
Secured bank facilities		
Amount used	\$ 4,380,000	\$ 3,660,000
Amount unused	<u>1,418,400</u>	<u>1,930,000</u>
	<u>\$ 5,798,400</u>	<u>\$ 5,590,000</u> (Concluded)

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and their relationships

<u>Related Party</u>	<u>Relationship with the Group</u>
Evergreen Marine Corporation	Investor that has significant influence over the Group (related party in substance prior to October 2022)
Chang Yung-Fa Foundation	Became related party in substance in November 2022
Evergreen International Storage & Transport Corporation	Became related party in substance in November 2022
Evergreen International Corporation	Related party in substance (investor that has significant influence over the Group prior to October 2022)
Evergreen Security Corporation	Related party in substance
Ever Accord Construction Corporation	Related party in substance
EVA Airways Corporation	Related party in substance
Kun Lin Engineering Corporation	Associate

b. Operating revenue

	For the Year Ended December 31	
Related Party	2022	2021
Investor that has significant influence over the Group	\$ 29,584	\$ 746
Related party in substance	<u>145,248</u>	<u>667,487</u>
	<u>\$ 174,832</u>	<u>\$ 668,233</u>

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

c. Other income

	For the Year Ended December 31	
Related Party	2022	2021
Associate	<u>\$ 230</u>	<u>\$ 180</u>

d. Purchases of goods and expenses

Related Party	For the Year Ended December 31	
	2022	2021
Investor that has significant influence over the Group	\$ 4,192	\$ 9,425
Related party in substance	23,720	20,497
Associate	<u>310</u>	<u>-</u>
	<u>\$ 28,222</u>	<u>\$ 29,922</u>

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

e. Contract assets

Related Party	December 31	
	2022	2021
Related party in substance	<u>\$ 66,126</u>	<u>\$ 108,229</u>

For the years ended December 31, 2022 and 2021, allowance for of \$894 thousand and \$4,654 thousand, respectively, were recognized for contract assets from related parties.

f. Receivables from related parties

Trade receivables

Related Party	December 31	
	2022	2021
Investor that has significant influence over the Group	\$ 31,092	\$ 157
Related party in substance	<u>428</u>	<u>32,488</u>
	<u>\$ 31,520</u>	<u>\$ 32,645</u>

For the year ended December 31, 2022, impairment loss of \$19 thousand for accounts receivable.

The outstanding trade receivables from related parties are unsecured.

g. Payables to related parties

Trade payables

Related Party	December 31	
	2022	2021
Related party in substance	<u>\$ 319</u>	<u>\$ -</u>

Other payables

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Related Party		
Investor that has significant influence over the Group	\$ 1	\$ 1,479
Related party in substance	<u>3,243</u>	<u>2,505</u>
	<u>\$ 3,244</u>	<u>\$ 3,984</u>

The outstanding trade payables to related parties are unsecured.

h. Compensation of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 51,568	\$ 44,384
Post-employment benefits	587	932
Share-based payments	<u>-</u>	<u>656</u>
	<u>\$ 52,155</u>	<u>\$ 45,972</u>

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Property, plant, and equipment, net	\$ 2,229,484	\$ 2,274,924
Investment properties	93,703	95,705
Financial assets at amortized cost	<u>73,414</u>	<u>70,496</u>
	<u>\$ 2,396,601</u>	<u>\$ 2,441,125</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2022 and 2021 were as follows:

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

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

Currency	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
NTD	\$ 198,364	\$ 283,947

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

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

Currency	December 31	
	2022	2021
JPY	\$ 380,000	\$ 583,346
NTD	356,595	1,066,408
EUR	1,183	1,633
USD	500	668

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

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

Currency	December 31	
	2022	2021
NTD	\$ 715,275	\$ 40,289
EUR	663	1,283

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Subsidiary - Hsin Yung Enterprise Corporation, in response to the new contract functional standards and environmental protection laws and regulations with the Taoyuan City Government, implemented the renovation and upgrading of the incineration plant system by the resolution of the board of directors on March 3, 2023. The investment amount was about \$1,266 million, with improving the efficiency of pollution prevention and control complies with the performance regulations.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 332	30.71 (USD:NTD)	\$ 10,204
EUR	184	32.72 (EUR:NTD)	6,020
JPY	214,344	0.2324 (JPY:NTD)	49,814
(Continued)			

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 50	30.71 (USD:NTD)	\$ 1,547
EUR	147	32.72 (EUR:NTD)	4,815
JPY	195,833	0.2324 (JPY:NTD)	45,512
RMB	793	4.408 (RMB:NTD)	3,495
			(Concluded)

December 31, 2021

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 531	27.68 (USD:NTD)	\$ 14,698
EUR	487	31.32 (EUR:NTD)	15,238
JPY	221,854	0.2405 (JPY:NTD)	53,356
<u>Financial liabilities</u>			
Monetary items			
RMB	949	4.344 (RMB:NTD)	4,121

36. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

- 1) Financing provided: None.
- 2) Endorsements/guarantees provided: See Table 1 below.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 2 below.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisitions of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: See Table 3 below.
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4 below.

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

37. SEGMENT INFORMATION

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

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	Hsin Yung Enterprise Corporation	Super Max Engineering Enterprise Co., Ltd.	Ever Ecove Corporation	Others	Eliminations	Total
<u>For the year ended December 31, 2022</u>							
Revenue from external customers	\$ 8,857,305	\$ 1,190,346	\$ 705,269	\$ 503,677	\$ 182,555	\$ -	\$ 11,439,152
Inter-segment revenue	-	-	585	-	-	(585)	-
Segment revenue	<u>\$ 8,857,305</u>	<u>\$ 1,190,346</u>	<u>\$ 705,854</u>	<u>\$ 503,677</u>	<u>\$ 182,555</u>	<u>\$ (585)</u>	<u>\$ 11,439,152</u>
Segment income	<u>\$ 1,123,000</u>	<u>\$ 668,219</u>	<u>\$ 266,865</u>	<u>\$ 350,970</u>	<u>\$ 28,866</u>	<u>\$ 5,796</u>	\$ 2,443,716
Administration cost							(53,836)
Interest income							40,825
Other income							974,799
Other gains and losses							5,487
Finance costs							(8,275)
Share of profit of associates and joint ventures accounted for using equity method							46,084
Profit before tax							<u>\$ 3,448,800</u>
<u>For the year ended December 31, 2021</u>							
Revenue from external customers	<u>\$ 11,449,741</u>	<u>\$ 1,238,458</u>	<u>\$ 755,699</u>	<u>\$ -</u>	<u>\$ 164,699</u>	<u>\$ -</u>	<u>\$ 13,608,597</u>
Segment income	<u>\$ 769,394</u>	<u>\$ 717,890</u>	<u>\$ 317,861</u>	<u>\$ (29,391)</u>	<u>\$ 21,706</u>	<u>\$ 4,702</u>	\$ 1,802,162
Administration cost							(48,224)
Interest income							24,858
Other income							172,044
Other gains and losses							(11,470)
Finance costs							(16,630)
Share of profit of associates and joint ventures accounted for using equity method							31,891
Profit before tax							<u>\$ 1,954,631</u>

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

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:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Customer A	<u>\$ 1,548,337</u>	<u>\$ 2,108,545</u>

38. OTHERS

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

Due to the impact of the epidemic, the subsidiary Ever Ecove Corporation is still in the trial operation period, and the construction schedule has been applied to the Taoyuan City Government for an extension. As of the financial report date, Ever Ecove Corporation has not yet obtained the operating license approved by the Taoyuan City Government.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Amount Provided To Each Guarantee Party	Maximum Amount Endorsed/ Guaranteed During the Period	Ending Balance	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Evergreen Steel Corporation	Ever Ecove Corporation	Subsidiary	\$ 10,803,044	\$ 3,087,000	\$ 2,842,000	\$ 2,226,000	\$ -	13.15	\$ 10,803,044	Y	-	-	Note 2
		Evergreen Heavy Industrial Corp. (Malaysia) Berhad	All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages	10,803,044	250,187	238,499	20,560	-	1.10	10,803,044	-	-	-	Note 2
1	Ming Yu Investment Corporation	Evergreen Steel Corporation	Parent company	5,024,200	1,201,220	1,201,220	1,201,220	-	478.17	5,024,200	-	Y	-	Note 3

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

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

Note 2: The limit on endorsements or guarantees provided to each guaranteed party is up to 50% of the net worth value of the latest financial statements of the Company. However, the amount of the Company's endorsements or guarantees for subsidiaries holding more than 50% of the shares is not limited by the above ratio, but the maximum shall not exceed 50% of the net value of the most recent financial statements of the Company.

Note 3: According to endorsement or guarantee provided regulation formulated by subsidiaries, the total amount of endorsement or guarantee that the Company is allowed to provide is up to 2,000% of the net worth value of the latest financial statements of the Company.

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

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Evergreen Steel Corporation	<u>Ordinary shares</u> EVA Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	204,672,763	\$ 5,761,539	3.82	\$ 5,761,539	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,931,339	69,558	0.05	69,558	
	Evergreen Marine Corporation	Investor that has significant influence over the Group	Financial assets at FVTOCI - non-current	15,304,681	2,494,663	0.72	2,494,663	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTOCI - non-current	16,000,000	460,000	0.28	460,000	
	Taiwan Terminal Services Corporation	Related party in substance	Financial assets at FVTOCI - non-current	100,000	1,063	1.00	1,063	
	Taiwan Aerospace Corporation	-	Financial assets at FVTOCI - non-current	5,502,847	64,163	4.06	64,163	
	Pacific Resources Corporation	-	Financial assets at FVTOCI - non-current	383,906	4,231	2.56	4,231	
	Taiwan Incubator SME Development Corporation	-	Financial assets at FVTOCI - non-current	7,689,240	66,281	10.90	66,281	
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Related party in substance	Financial assets at FVTOCI - non-current	6,678,735	158,820	13.39	158,820	
	Dongwei Transportation Co., Ltd.	-	Financial assets at FVTOCI - non-current	660,000	8,376	18.86	8,376	
	Ever Accord Construction Corporation	Related party in substance	Financial assets at FVTOCI - non-current	7,499,972	84,450	12.50	84,450	
	UNI Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	56,474,992	640,991	14.99	640,991	
	Evergreen Security Corporation	Related party in substance	Financial assets at FVTOCI - non-current	10,000	150	0.05	150	
	Hsin Yung Enterprise Corporation	Evergreen Marine Corporation	Investor that has significant influence over the Group	Financial assets at FVTOCI - non-current	2,885,519	470,338	0.14	470,338
Super Max Engineering Enterprise Co., Ltd.	P.T. Super Max Indonesia	-	Financial assets at FVTOCI - non-current	-	-	11.00	-	
Ming Yu Investment Corporation	EVA Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	100,000	2,815	-	2,815	

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, 2022

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

Buyer	Property	Event Date (Note 3)	Transaction Amount (Note 3)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Super Max Engineering Enterprise Co., Ltd.	New construction of incinerator	March 15, 2022	\$ 918,100	\$ 263,322	Grand Chateau Engineering Co., Ltd. Altogether Enterprise Co., Ltd. Tai June Enterprise Co., Ltd. etc.	-	-	-	-	\$ -	Price comparison and bargaining	Construction for own use	None

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

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

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

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

**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, 2022
(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	Investor that has significant influence over the Group	Sale	\$ 170,122	1.88	15-45 days	Note	No significant difference	\$ 31,092	2.79	

Note: No similar prices on revenue from containers repair to compare with significant impact investor.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Evergreen Steel Corporation	Hsin Yung Enterprise Corporation Ever Ecove Corporation	a a	Other income	\$ 1,081	According to mutual agreements	0.01
				Other income	610	According to mutual agreements	0.01
1	Hsin Yung Enterprise Corporation	Ever Ecove Corporation	c c	Rental income	360	According to mutual agreements	-
				Other payables	3,870	According to mutual agreements	0.01
2	Super Max Engineering Enterprise Co., Ltd.	Evergreen Steel Corporation	b	Operating revenue	585	According to mutual agreements	0.01
3	Ever Ecove Corporation	Hsin Yung Enterprise Corporation	c	Other income	3,686	According to mutual agreements	0.03

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, 2022. For profit or loss items, cumulative amounts are shown as percentages to the consolidated total operating revenue for the year ended December 31, 2022.

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

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ACCOUNTED FOR
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Evergreen Steel Corporation	Hsin Yung Enterprise Corporation	Taiwan	Waste treatment, disposal and cogeneration	\$ 992,666	\$ 992,666	99,266,577	68.46	\$ 1,893,245	\$ 682,497	\$ 467,235	Subsidiary
	Super Max Engineering Enterprise Co., Ltd.	Taiwan	Waste collection, treatment and disposal	594,441	594,441	24,147,144	48.13	976,753	265,651	127,847	Subsidiary
	Ever Ecove Corporation	Taiwan	Waste treatment, disposal and cogeneration	801,000	801,000	80,100,000	50.06	905,731	283,191	141,773	Subsidiary
	Ming Yu Investment Corporation	Taiwan	Investment activities	239,487	239,487	10,350,000	100.00	251,210	2,447	2,447	Subsidiary
Super Max Engineering Enterprise Co., Ltd.	Kun Lin Engineering Co., Ltd.	Taiwan	Planning of wastewater, air and noise prevention; design, construction, sale, operation and maintenance of related equipment	18,000	18,000	4,999,999	50.00	175,944	92,169	46,084	Accounted for using equity method

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

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Foreign Currency Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profit (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Kunshan Weisheng Environmental Equipment Engineering Co., Ltd.	Design, manufacture and installation of waste water, waste gas equipment and various piping	\$ 12,284 (US\$ 400)	c.	\$ 12,284 (US\$ 400)	\$ -	\$ -	\$ 12,284 (US\$ 400)	\$ 41,697 (RMB 9,429)	24.07	\$ 10,034	\$ 26,688	\$ 46,926 (US\$ 1,528)	

Accumulated Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 12,284 (US\$ 400)	\$ 12,284 (US\$ 400)	\$ 14,851,754

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

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

Note 2: The amount was recognized based on the audited financial statements.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES**INFORMATION ON MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Evergreen Marine Corporation	79,248,000	19.00
Chang, Kuo-Ming	26,950,000	6.46
Chang, Kuo-Hua	25,756,820	6.17
Continental Engineering Corporation	25,645,907	6.14
Chang Yung-Fa Foundation	25,008,820	5.99
Chang, Kuo-Cheng	25,008,820	5.99

Note 1: The information on the major shareholder listed in the table above is based on the total number of ordinary and preference shares (including treasury shares) owned by the shareholder at a minimum shareholding percentage of 5%, and which have been delivered as non-physical securities to the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The actual number of shares delivered as non-physical securities and the number of shares recorded in the Company's consolidated financial statements may be different due to differences in the basis of preparation and calculation.

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

【Appendix 2】

Parent Company Only Financial Statements and Report of Independent Accountants for the Year Ended December 31, 2022

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, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 are described as follows:

Contract Revenue Recognition

The Company's contract revenue mainly comes from providing steel structure engineering contracting business; during the contract period, the project revenue is recognized based on the degree of completion. Contract revenue recognition from construction depends on the degree of completion of the contract 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 contract revenue recognition with risk characteristics as a key audit matter.

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

1. We obtained an understanding of the design and implementation of the Company's contract revenue evaluation method and control system by performing control tests.
2. We selected samples of the contract revenue with risk characteristics in the current year which are subject to detailed tests including checking the price accepted by the customers with construction contracts, assessing the adequacy of the contract cost estimation, recalculating the degree of completion, and verifying the correctness of the contract revenue recognition.
3. We performed an analytical review of contract revenue and performed a retrospective review of construction costs.

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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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-Hsia Chang and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 774,052	3	\$ 739,752	3
Financial assets at amortized cost - current (Notes 4, 8 and 30)	569,600	2	3,600	-
Contract assets - current (Notes 4, 21, 23 and 29)	2,995,342	12	3,272,392	12
Notes receivable, net (Notes 4 and 21)	97,624	1	38,159	-
Trade receivables, net (Notes 4, 9 and 21)	986,739	4	1,540,748	5
Trade receivables from related parties, net (Notes 4, 9, 21 and 29)	31,111	-	32,275	-
Other receivables (Note 29)	27,487	-	21,796	-
Inventories (Notes 4, 10 and 21)	3,075,372	12	3,143,166	11
Other current assets (Note 15)	32,339	-	56,829	-
Total current assets	<u>8,589,666</u>	<u>34</u>	<u>8,848,717</u>	<u>31</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	9,814,285	40	12,743,751	45
Investments accounted for using equity method (Notes 4 and 11)	4,026,939	16	4,106,942	15
Property, plant and equipment (Notes 4, 12 and 30)	2,317,450	10	2,383,645	9
Right-of-use assets (Notes 4 and 13)	48,983	-	26,378	-
Investment properties (Notes 4 and 14)	7,102	-	7,823	-
Intangible assets (Note 4)	4,670	-	5,688	-
Deferred tax assets (Notes 4 and 25)	63,479	-	32,094	-
Refundable deposits	9,565	-	7,071	-
Net defined benefit assets - non-current (Notes 4 and 20)	54,217	-	548	-
Other non-current assets (Note 15)	10,261	-	16,636	-
Total non-current assets	<u>16,356,951</u>	<u>66</u>	<u>19,330,576</u>	<u>69</u>
TOTAL	<u>\$ 24,946,617</u>	<u>100</u>	<u>\$ 28,179,293</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ -	-	\$ 100,000	-
Short-term bills payable (Note 16)	-	-	449,937	2
Contract liabilities - current (Notes 4, 21 and 23)	1,038,140	4	1,380,717	5
Notes payable, net (Note 21)	267,916	1	390,502	2
Trade payables, net (Notes 17 and 21 and 29)	1,045,623	4	1,638,382	6
Other payables (Notes 18 and 29)	214,936	1	214,832	1
Current tax liabilities (Notes 4 and 25)	42,921	-	105,662	-
Provisions - current (Notes 4 and 19)	71,737	-	61,408	-
Lease liabilities - current (Notes 4 and 13)	24,903	-	13,626	-
Current portion of long-term borrowings (Note 16)	150,000	1	-	-
Other current liabilities	31,825	-	32,892	-
Total current liabilities	<u>2,888,001</u>	<u>11</u>	<u>4,387,958</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	350,000	2	500,000	2
Deferred tax liabilities (Notes 4 and 25)	81,400	-	70,667	-
Lease liabilities - non-current (Notes 4 and 13)	20,798	-	11,278	-
Other non-current liabilities	330	-	436	-
Total non-current liabilities	<u>452,528</u>	<u>2</u>	<u>582,381</u>	<u>2</u>
Total liabilities	<u>3,340,529</u>	<u>13</u>	<u>4,970,339</u>	<u>18</u>
EQUITY (Note 22)				
Share capital				
Ordinary shares	4,170,915	17	4,199,820	15
Capital surplus	1,319,454	5	1,340,352	5
Retained earnings				
Legal reserve	2,441,847	10	2,294,939	8
Unappropriated earnings	8,106,299	32	6,839,705	24
Total retained earnings	10,548,146	42	9,134,644	32
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(362)	-	(470)	-
Unrealized gain on financial assets at fair value through other comprehensive income	5,567,935	23	8,584,546	30
Total other equity	5,567,573	23	8,584,076	30
Treasury shares	-	-	(49,938)	-
Total equity	<u>21,606,088</u>	<u>87</u>	<u>23,208,954</u>	<u>82</u>
TOTAL	<u>\$ 24,946,617</u>	<u>100</u>	<u>\$ 28,179,293</u>	<u>100</u>

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

EVERGREEN STEEL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 29)	\$ 9,039,860	100	\$ 11,614,440	100
OPERATING COSTS (Notes 10, 20, 24 and 29)	<u>(7,515,827)</u>	<u>(83)</u>	<u>(10,394,215)</u>	<u>(90)</u>
GROSS PROFIT	<u>1,524,033</u>	<u>17</u>	<u>1,220,225</u>	<u>10</u>
OPERATING EXPENSES (Notes 20, 24 and 29)				
Selling and marketing expenses	(280,987)	(3)	(297,454)	(3)
General and administrative expenses	(156,642)	(2)	(139,938)	(1)
Expected credit gain (loss)	<u>11,853</u>	<u>-</u>	<u>(39,722)</u>	<u>-</u>
Total operating expenses	<u>(425,776)</u>	<u>(5)</u>	<u>(477,114)</u>	<u>(4)</u>
PROFIT FROM OPERATIONS	<u>1,098,257</u>	<u>12</u>	<u>743,111</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	10,321	-	6,086	-
Other income (Notes 24 and 29)	838,635	10	151,502	1
Other gains (losses) (Note 24)	5,843	-	1,615	-
Finance costs (Note 24)	(8,210)	-	(16,607)	-
Share of profit of subsidiaries	<u>739,302</u>	<u>8</u>	<u>530,361</u>	<u>5</u>
Total non-operating income and expenses	<u>1,585,891</u>	<u>18</u>	<u>672,957</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	2,684,148	30	1,416,068	12
INCOME TAX EXPENSE (Note 25)	<u>(89,471)</u>	<u>(1)</u>	<u>(137,808)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>2,594,677</u>	<u>29</u>	<u>1,278,260</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	25,207	-	282	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(2,968,782)	(33)	7,607,619	66
Share of the other comprehensive income of subsidiaries accounted for using the equity method	2,104	-	690	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(5,041)</u>	<u>-</u>	<u>(57)</u>	<u>-</u>
	<u>(2,946,512)</u>	<u>(33)</u>	<u>7,608,534</u>	<u>66</u>

(Continued)

EVERGREEN STEEL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 135	-	\$ 60	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	(27)	-	118	-
	<u>108</u>	<u>-</u>	<u>178</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(2,946,404)</u>	<u>(33)</u>	<u>7,608,712</u>	<u>66</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (351,727)</u>	<u>(4)</u>	<u>\$ 8,886,972</u>	<u>77</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 6.22</u>		<u>\$ 3.11</u>	
Diluted	<u>\$ 6.22</u>		<u>\$ 3.11</u>	

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings		Other Equity		Treasury Shares	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	399,426	\$ 3,994,260	\$ 396,542	\$ 2,190,673	\$ 6,347,269	\$ (648)	\$ 1,166,832	\$ (93,113)	\$ 14,001,815
Appropriation of 2020 earnings									
Legal reserve	-	-	-	104,266	(104,266)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(872,378)	-	-	-	(872,378)
Dividends from claims extinguished by prescription	-	-	100	-	-	-	-	-	100
Net profit for the year ended December 31, 2021	-	-	-	-	1,278,260	-	-	-	1,278,260
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	915	178	7,607,619	-	7,608,712
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,279,175	178	7,607,619	-	8,886,972
Issuance of ordinary shares for cash	20,556	205,560	837,090	-	-	-	-	-	1,042,650
Disposal of treasury shares	-	-	106,620	-	-	-	-	43,175	149,795
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	189,905	-	(189,905)	-	-
BALANCE AT DECEMBER 31, 2021	419,982	4,199,820	1,340,352	2,294,939	6,839,705	(470)	8,584,546	(49,938)	23,208,954
Appropriation of 2021 earnings									
Legal reserve	-	-	-	146,908	(146,908)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,251,274)	-	-	-	(1,251,274)
Dividends from claims extinguished by prescription	-	-	135	-	-	-	-	-	135
Net profit for the year ended December 31, 2022	-	-	-	-	2,594,677	-	-	-	2,594,677
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	22,270	108	(2,968,782)	-	(2,946,404)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,616,947	108	(2,968,782)	-	(351,727)
Cancelation of treasury shares	(2,891)	(28,905)	(21,033)	-	-	-	-	49,938	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	47,829	-	(47,829)	-	-
BALANCE AT DECEMBER 31, 2022	417,091	\$ 4,170,915	\$ 1,319,454	\$ 2,441,847	\$ 8,106,299	\$ (362)	\$ 5,567,935	\$ -	\$ 21,606,088

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

EVERGREEN STEEL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,684,148	\$ 1,416,068
Adjustments for:		
Depreciation expense	154,170	144,241
Amortization expense	3,207	3,278
Expected credit (reversed) loss recognized on trade receivables	(11,853)	39,722
Finance costs	8,210	16,607
Interest income	(10,321)	(6,086)
Dividend income	(830,706)	(122,674)
Ordinary shares transferred to employees at cost	-	39,660
Share of profit of subsidiaries	(739,302)	(530,361)
Gain on disposal of property, plant and equipment	(178)	(5,124)
Gain on disposal of investment properties	(6,517)	-
Net loss on disposal of inventories	10,491	2,159
Realized gain on the transactions with subsidiaries	-	(955)
Gain on lease modification	(14)	(7)
Other income	(679)	-
Changes in operating assets and liabilities		
Decrease in contract assets	289,671	878,682
(Increase) decrease in notes receivable	(59,465)	88,066
Decrease (Increase) in trade receivables	554,405	(909,841)
Increase in other receivables	(5,053)	(6,832)
Decrease (increase) in inventories	57,303	(2,157,298)
Decrease in other current assets	24,490	107,641
Increase in net defined benefit assets	(28,462)	(267)
(Decrease) increase in contract liabilities	(342,577)	1,056,962
(Decrease) increase in notes payable	(122,586)	40,936
(Decrease) increase in trade payables	(592,759)	506,199
(Decrease) increase in other payables	(8,949)	68,029
Increase in provisions	10,329	616
Decrease in deferred revenue	(61)	(94)
(Decrease) increase in other current liabilities	(1,067)	861
Decrease in net defined benefit liabilities	-	(23,033)
Cash generated from operations	1,035,875	647,155
Interest received	9,683	6,047
Interest paid	(8,136)	(16,922)
Income tax paid	(177,932)	(110,499)
Net cash generated from operating activities	<u>859,490</u>	<u>525,781</u>

(Continued)

EVERGREEN STEEL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (5,240)
Proceeds from sale of financial assets at fair value through other comprehensive income	81,082	657,812
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	231,637	-
Purchase of financial assets at amortized cost	(566,000)	-
Acquisition of investments accounted for using the equity method	-	(1)
Payments for property, plant and equipment	(55,446)	(130,112)
Proceeds from disposal of property, plant and equipment	178	5,177
Increase in refundable deposits	(2,494)	(388)
Payments for intangible assets	(2,189)	(5,405)
Proceeds from disposal of investment properties	7,238	-
Decrease in other non-current assets	6,375	63,011
Dividends received	830,706	122,674
Dividends received from subsidiaries	<u>469,509</u>	<u>764,627</u>
Net cash generated from investing activities	<u>1,000,596</u>	<u>1,472,155</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(100,000)	(590,000)
Repayments of bills payable	(449,937)	(1,349,234)
Proceeds from long-term borrowings	-	300,000
Repayments of long-term borrowings	-	(400,000)
Decrease in guarantee deposits	(45)	-
Repayment of principal portion of lease liabilities	(24,665)	(13,575)
Repayments of cash dividend	(1,251,274)	(872,378)
Proceeds from issuance of ordinary shares	-	1,002,990
Dividends from claims extinguished by prescription	<u>135</u>	<u>100</u>
Net cash used in financing activities	<u>(1,825,786)</u>	<u>(1,922,097)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,300	75,839
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>739,752</u>	<u>663,913</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 774,052</u>	<u>\$ 739,752</u>

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, 2022 AND 2021

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

1. GENERAL INFORMATION

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

The 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, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

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

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

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

The Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

In 2020, 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.

In 2020, 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.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations 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 assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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.

Except for freehold land which is not depreciated, the 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 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.

1. 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. When assessing whether a contract is onerous, before 2021 (inclusive), the cost of fulfilling a contract includes the incremental costs of fulfilling that contract; since 2022, includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

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) 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.

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.

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 asset 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 asset represents the actual surplus 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 stock option granted 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 issued ordinary shares for cash which are reserved for employees is the date on which the employees are informed.

q. Taxation

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

1) Current tax

Income tax payable is based on taxable profit for the year determined in accordance with the applicable tax laws of each tax jurisdiction.

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 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 unit, 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	
	2022	2021
Cash on hand	\$ 2,915	\$ 2,815
Checking accounts and demand deposits	121,137	170,937
Cash equivalents		
Time deposits	<u>650,000</u>	<u>566,000</u>
	<u>\$ 774,052</u>	<u>\$ 739,752</u>

7. FINANCIAL ASSETS AT FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 8,785,760	\$ 11,798,423
Unlisted shares	869,705	824,115
Foreign investments		
Unlisted shares	<u>158,820</u>	<u>121,213</u>
	<u>\$ 9,814,285</u>	<u>\$ 12,743,751</u>

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 in 2022 and 2021, and transferred a gain of \$47,829 thousand and \$189,905 thousand, respectively, from other equity to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Domestic investments		
Pledge deposits	\$ 3,600	\$ 3,600
Time deposits with original maturities of more than 3 months	<u>566,000</u>	<u>-</u>
	<u>\$ 569,600</u>	<u>\$ 3,600</u>

Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Trade receivables (including trade receivables from related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 1,018,618	\$ 1,573,023
Less: Allowance for impairment loss	<u>(768)</u>	<u>-</u>
	<u>\$ 1,017,850</u>	<u>\$ 1,573,023</u>

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 impairment loss refers to the past arrears records of the counterparty and the analysis of its current financial status to estimate the amount that cannot be recovered.

Except for individual customers who provide provision for losses when there is an obvious sign of impairment, the 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 Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2022

	Amount Without Sign of Default				Amount with Sign of Default	Total
	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	0.06%	1.42%	-	-	-	
Gross carrying amount	\$ 1,005,925	\$ 12,693	\$ -	\$ -	\$ -	\$ 1,018,618
Loss allowance (Lifetime ECL)	(588)	(180)	-	-	-	(768)
Amortized cost	<u>\$ 1,005,337</u>	<u>\$ 12,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,017,850</u>

December 31, 2021

	Amount Without Sign of Default				Amount with Sign of Default	Total
	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 1,422,296	\$ 150,706	\$ 21	\$ -	\$ -	\$ 1,573,023
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 1,422,296</u>	<u>\$ 150,706</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,573,023</u>

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

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ -	\$ 177
Add: Net remeasurement of loss allowance (reversed)	<u>768</u>	<u>(177)</u>
Balance at December 31	<u>\$ 768</u>	<u>\$ -</u>

10. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Raw material	\$ 3,069,957	\$ 3,141,252
Supplies	<u>5,415</u>	<u>1,914</u>
	<u>\$ 3,075,372</u>	<u>\$ 3,143,166</u>

The cost of inventories recognized as operating cost for the years ended December 31, 2022 and 2021 were \$7,373,578 thousand and \$10,261,039 thousand, respectively. The cost of goods sold which included the inventory write-downs for the years ended December 31, 2022 and 2021 were \$10,491 thousand and \$2,159 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Subsidiaries

Name of Subsidiaries	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Hsin Yung Enterprise Corporation	\$ 1,893,245	\$ 2,174,561
Super Max Engineering Enterprise Co., Ltd.	976,753	919,737
Ever Ecove Corporation	905,731	763,964
Ming Yu Investment Corporation	<u>251,210</u>	<u>248,680</u>
	<u>\$ 4,026,939</u>	<u>\$ 4,106,942</u>

	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Hsin Yung Enterprise Corporation	68.46%	68.46%
Super Max Engineering Enterprise Co., Ltd.	48.13%	48.13%
Ever Ecove Corporation	50.06%	50.06%
Ming Yu Investment Corporation	100.00%	100.00%

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, 2022 and 2021 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
<u>Cost</u>							
Balance at January 1, 2022	\$ 1,375,099	\$ 156,372	\$ 1,480,975	\$ 857,548	\$ 70,251	\$ 65,964	\$ 4,006,209
Additions	-	-	4,213	25,348	6,203	12,965	48,729
Disposals	-	-	-	(9,743)	(610)	(2,161)	(12,514)
Reclassification	-	-	<u>7,936</u>	<u>1,350</u>	-	<u>6,410</u>	<u>15,696</u>
Balance at December 31, 2022	<u>\$ 1,375,099</u>	<u>\$ 156,372</u>	<u>\$ 1,493,124</u>	<u>\$ 874,503</u>	<u>\$ 75,844</u>	<u>\$ 83,178</u>	<u>\$ 4,058,120</u>

(Continued)

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Total
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 127,998	\$ 937,513	\$ 462,831	\$ 50,030	\$ 44,192	\$ 1,622,564
Disposals	-	-	-	(9,743)	(610)	(2,161)	(12,514)
Depreciation expense	-	4,544	44,973	66,502	6,807	7,794	130,620
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 132,542</u>	<u>\$ 982,486</u>	<u>\$ 519,590</u>	<u>\$ 56,227</u>	<u>\$ 49,825</u>	<u>\$ 1,740,670</u>
Carrying amount at December 31, 2022	<u>\$ 1,375,099</u>	<u>\$ 23,830</u>	<u>\$ 510,638</u>	<u>\$ 354,913</u>	<u>\$ 19,617</u>	<u>\$ 33,353</u>	<u>\$ 2,317,450</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 1,375,099	\$ 156,372	\$ 1,479,390	\$ 767,675	\$ 61,246	\$ 51,873	\$ 3,891,655
Additions	-	-	1,585	24,770	9,005	15,105	50,465
Disposals	-	-	-	(14,544)	-	(1,014)	(15,558)
Reclassification	-	-	-	79,647	-	-	79,647
Balance at December 31, 2021	<u>\$ 1,375,099</u>	<u>\$ 156,372</u>	<u>\$ 1,480,975</u>	<u>\$ 857,548</u>	<u>\$ 70,251</u>	<u>\$ 65,964</u>	<u>\$ 4,006,209</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 123,390	\$ 892,039	\$ 408,178	\$ 44,352	\$ 39,178	\$ 1,507,137
Disposals	-	-	-	(13,707)	-	(1,014)	(14,721)
Depreciation expense	-	4,608	45,474	68,360	5,678	6,028	130,148
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 127,998</u>	<u>\$ 937,513</u>	<u>\$ 462,831</u>	<u>\$ 50,030</u>	<u>\$ 44,192</u>	<u>\$ 1,622,564</u>
Carrying amount at December 31, 2021	<u>\$ 1,375,099</u>	<u>\$ 28,374</u>	<u>\$ 543,462</u>	<u>\$ 394,717</u>	<u>\$ 20,221</u>	<u>\$ 21,772</u>	<u>\$ 2,383,645</u>

(Concluded)

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

Land improvements	10 years
Buildings	2-55 years
Machinery and equipment	3-20 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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Land	\$ 47,911	\$ 24,503
Other equipment	<u>1,072</u>	<u>1,875</u>
	<u>\$ 48,983</u>	<u>\$ 26,378</u>

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 48,977</u>	<u>\$ 20,925</u>
Depreciation charge for right-of-use assets		
Land	\$ 22,747	\$ 13,139
Other equipment	<u>803</u>	<u>954</u>
	<u>\$ 23,550</u>	<u>\$ 14,093</u>

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, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	<u>\$ 24,903</u>	<u>\$ 13,626</u>
Non-current	<u>\$ 20,798</u>	<u>\$ 11,278</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
	0.878%-1.47%	0.878%-1.10%

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

The Company leases land and equipment for the use of plants and manufacturing with lease term of 2 to 5 years. The Company does not have bargain purchase options to acquire the leasehold land 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	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 9,146</u>	<u>\$ 14,586</u>
Total cash outflow for leases	<u>\$ 34,231</u>	<u>\$ 28,398</u>

14. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2022	\$ 150,995
Additions	-
Disposals	<u>(9,349)</u>
Balance at December 31, 2022	<u>\$ 141,646</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (143,172)
Disposals	<u>8,628</u>
Balance at December 31, 2022	<u>\$ (134,544)</u>
Carrying amount at December 31, 2022	<u>\$ 7,102</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 150,995
Additions	<u>-</u>
Balance at December 31, 2021	<u>\$ 150,995</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ (143,172)
Impairment loss	<u>-</u>
Balance at December 31, 2021	<u>\$ (143,172)</u>
Carrying amount at December 31, 2021	<u>\$ 7,823</u>

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Fair value	<u>\$ 9,207</u>	<u>\$ 17,441</u>

The Company sold part of the investment properties, which resulted in gain on disposal of \$6,517 thousand stated as other gain (loss) in 2022.

15. OTHER ASSETS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Prepayments	\$ 22,886	\$ 37,396
Prepaid expenses	9,453	15,546
Tax credit	<u>-</u>	<u>3,887</u>
	<u>\$ 32,339</u>	<u>\$ 56,829</u>
<u>Non-current</u>		
Prepayments for equipment	<u>\$ 10,261</u>	<u>\$ 16,636</u>

16. BORROWINGS

a. Short-term borrowings

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

b. Short-term bills payable

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

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

c. long-term borrowings

	<u>December 31</u>	
	2022	2021
<u>Secured borrowings</u>		
Bank loans	\$ 500,000	\$ 500,000
Less: Current portions of long-term borrowing	<u>(150,000)</u>	<u>-</u>
	<u>\$ 350,000</u>	<u>\$ 500,000</u>

(Continued)

	December 31	
	2022	2021
Expiry date	These borrowings are gradually expiring before the end of June 2024.	These borrowings are gradually expiring before the end of June 2024.
Interest rate range	1.60%-1.78%	0.89%-0.92% (Concluded)

Please refer to Note 30 for details of the collaterals pledged for the above long-term borrowings.

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	
	2022	2021
<u>Current</u>		
Other payables		
Payables for annual leave	\$ 30,886	\$ 30,105
Payables for compensation of employees and remuneration of directors	20,600	12,141
Payables for transportation fees	18,345	57,228
Payables for taxes	14,433	29,969
Payables for insurance expenses	11,054	10,624
Payables for equipment	8,978	-
Payables for repairs and maintenance fees	6,943	5,624
Payable for professional fees	3,339	4,042
Payables for salaries or bonus	3,148	8,595
Others	<u>97,210</u>	<u>56,504</u>
	<u>\$ 214,936</u>	<u>\$ 214,832</u>

19. PROVISIONS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Warranties*	\$ 62,493	\$ 61,070
Onerous contract - loss on construction	<u>9,244</u>	<u>338</u>
	<u>\$ 71,737</u>	<u>\$ 61,408</u>

- * 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:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Present value of defined benefit obligation	\$ 317,812	\$ 339,563
Fair value of plan assets	<u>(372,029)</u>	<u>(340,111)</u>
Net defined benefit asset	<u>\$ (54,217)</u>	<u>\$ (548)</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2022	\$ 339,563	\$ (340,111)	\$ (548)
Service cost			
Current service cost	5,029	-	5,029
Net interest expense (income)	<u>2,122</u>	<u>(2,207)</u>	<u>(85)</u>
Recognized in profit or loss	<u>7,151</u>	<u>(2,207)</u>	<u>4,944</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(26,190)	(26,190)
Actuarial income - changes in financial assumptions	(6,465)	-	(6,465)
Actuarial loss - experience adjustments	<u>7,448</u>	<u>-</u>	<u>7,448</u>
Recognized in other comprehensive income	<u>983</u>	<u>(26,190)</u>	<u>(25,207)</u>
Contributions from the employer	-	(25,678)	(25,678)
Benefits paid	(22,157)	22,157	-
Company paid	<u>(7,728)</u>	<u>-</u>	<u>(7,728)</u>
Balance at December 31, 2022	<u>\$ 317,812</u>	<u>\$ (372,029)</u>	<u>\$ (54,217)</u>
Balance at January 1, 2021	\$ 349,257	\$ (326,224)	\$ 23,033
Service cost			
Current service cost	5,220	-	5,220
Net interest expense (income)	<u>1,746</u>	<u>(1,698)</u>	<u>48</u>
Recognized in profit or loss	<u>6,966</u>	<u>(1,698)</u>	<u>5,268</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,135)	(4,135)
Actuarial loss - changes in demographic assumptions	7,949	-	7,949
Actuarial income - changes in financial assumptions	(3,414)	-	(3,414)
Actuarial income - experience adjustments	<u>(682)</u>	<u>-</u>	<u>(682)</u>
Recognized in other comprehensive income	<u>3,853</u>	<u>(4,135)</u>	<u>(282)</u>
Contributions from the employer	-	(26,236)	(26,236)
Benefits paid	(18,182)	18,182	-
Company paid	<u>(2,331)</u>	<u>-</u>	<u>(2,331)</u>
Balance at December 31, 2021	<u>\$ 339,563</u>	<u>\$ (340,111)</u>	<u>\$ (548)</u>

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	
	2022	2021
Operating cost	\$ 2,554	\$ 2,631
Operating expenses	<u>2,390</u>	<u>2,637</u>
	<u>\$ 4,944</u>	<u>\$ 5,268</u>

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	
	2022	2021
Discount rate(s)	1.375%	0.625%
Expected rate(s) of salary increase	2.5%	2.0%
Turnover rate	3%-7.5%	3%-7.5%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will decrease (increase) as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (5,924)</u>	<u>\$ (6,807)</u>
0.25% decrease	<u>\$ 6,107</u>	<u>\$ 7,027</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 5,930</u>	<u>\$ 6,810</u>
0.25% decrease	<u>\$ (5,782)</u>	<u>\$ (6,631)</u>

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	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 25,435</u>	<u>\$ 26,197</u>
Average duration of the defined benefit obligation	7.7 years	8.2 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
<u>December 31, 2022</u>			
Assets			
Notes receivable	\$ 97,624	\$ -	\$ 97,624
Trade receivables	985,508	-	985,508
Inventories	3,073,889	-	3,073,889
Contract assets - current	<u>1,738,743</u>	<u>1,256,599</u>	<u>2,995,342</u>
	<u>\$ 5,895,764</u>	<u>\$ 1,256,599</u>	<u>\$ 7,152,363</u>
Liabilities			
Notes payable	\$ 260,508	\$ -	\$ 260,508
Trade payables	947,474	83,260	1,030,734
Contract liabilities - current	<u>1,038,140</u>	<u>-</u>	<u>1,038,140</u>
	<u>\$ 2,246,122</u>	<u>\$ 83,260</u>	<u>\$ 2,329,382</u>
<u>December 31, 2021</u>			
Assets			
Notes receivable	\$ 38,136	\$ -	\$ 38,136
Trade receivables	1,539,150	-	1,539,150
Inventories	3,141,925	-	3,141,925
Contract assets - current	<u>1,791,378</u>	<u>1,481,014</u>	<u>3,272,392</u>
	<u>\$ 6,510,589</u>	<u>\$ 1,481,014</u>	<u>\$ 7,991,603</u>
Liabilities			
Notes payable	\$ 383,758	\$ -	\$ 383,758
Trade payables	1,481,001	141,896	1,622,897
Contract liabilities - current	<u>1,380,717</u>	<u>-</u>	<u>1,380,717</u>
	<u>\$ 3,245,476</u>	<u>\$ 141,896</u>	<u>\$ 3,387,372</u>

22. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Number of shares authorized (in thousands)	<u>440,000</u>	<u>440,000</u>
Shares authorized	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>
Number of shares issued and fully paid (in thousands)	<u>417,091</u>	<u>419,982</u>
Shares issued	<u>\$ 4,170,915</u>	<u>\$ 4,199,820</u>

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

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

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

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
May be used to offset a deficit, distributed as <u>cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital		
Issuance of ordinary shares	\$ 834,085	\$ 839,865
From business combinations	51,598	51,956
Treasury share transactions	424,933	439,828
<u>Only be used to offset a deficit</u>		
Changes in ownership interests in subsidiaries (2)	8,510	8,510
Unclaimed dividends	<u>328</u>	<u>193</u>
	<u>\$ 1,319,454</u>	<u>\$ 1,340,352</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on distribution of compensation of employees and remuneration of directors before and after amendment, refer to f. employee benefits expense in Note 24.

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

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

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

The appropriations of earnings for 2021 and 2020 which were approved in the shareholders' meetings on June 10, 2022 and July 23, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Legal reserve	\$ 146,908	\$ 104,266		
Cash dividends	1,251,274	872,378	\$ 3.00	\$ 2.09

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 10, 2023, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 266,478	
Cash dividends	2,085,457	\$ 5.00

The appropriation of earnings for 2022 is subject to resolution in the shareholders' meeting to be held on June 20, 2023.

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, 2022	2,891	-	2,891
Additions	-	-	-
Less	<u>(2,891)</u>	<u>-</u>	<u>(2,891)</u>
Number of shares at December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of shares at January 1, 2021	2,891	2,499	5,390
Additions	-	-	-
Less	<u>-</u>	<u>(2,499)</u>	<u>(2,499)</u>
Number of shares at December 31, 2021	<u>2,891</u>	<u>-</u>	<u>2,891</u>
Carrying amount at December 31, 2021	<u>\$ 49,938</u>	<u>\$ -</u>	<u>\$ 49,938</u>

For the years ended December 31, 2021, the Company's shares were held by its subsidiary - Ming Yu Investment Corporation. Ming Yu Investment Corporation sold 2,499 thousand shares to unrelated parties.

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

23. REVENUE

	For the Year Ended December 31	
	2022	2021
Construction contract revenue	\$ 8,857,305	\$ 11,449,741
Revenue from containers repair	<u>182,555</u>	<u>164,699</u>
	<u>\$ 9,039,860</u>	<u>\$ 11,614,440</u>

a. Contract balances

	December 31	
	2022	2021
Contract assets		
Properties construction	\$ 931,051	\$ 1,471,732
Retention receivable	2,129,618	1,878,608
Less: Allowance for impairment loss	<u>(65,327)</u>	<u>(77,948)</u>
	<u>\$ 2,995,342</u>	<u>\$ 3,272,392</u>
Contract liabilities		
Properties construction	<u>\$ 1,038,140</u>	<u>\$ 1,380,717</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 77,948	\$ 38,049
Add: Net remeasurement of loss allowance (reversed)	<u>(12,621)</u>	<u>39,899</u>
Balance at December 31	<u>\$ 65,327</u>	<u>\$ 77,948</u>

b. Partially completed contracts

As of December 31, 2022 and 2021, the transaction price allocated to contract performance obligations that have not been completed totaled NT\$16,255,276 thousand and NT\$14,884,417 thousand. The Company shall gradually recognize revenues based on the completion status of the projects. The revenues from the contracts are expected to be recognized before the end of 2024.

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	\$ 830,706	\$ 122,674
Rental income	3,028	7,642
Others (Note 29)	<u>4,901</u>	<u>21,186</u>
	<u>\$ 838,635</u>	<u>\$ 151,502</u>

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain on disposal of investment property	\$ 6,517	\$ -
Gain on disposal of property, plant and equipment	178	5,124
Net foreign exchange (losses) gains	(67)	31
Others	<u>(785)</u>	<u>(3,540)</u>
	<u>\$ 5,843</u>	<u>\$ 1,615</u>

c. Finance costs

For the Year Ended December 31

	2022	2021
Interest on bank loans	\$ 7,233	\$ 10,668
Interest of commercial paper	557	5,702
Interest on lease liabilities	<u>420</u>	<u>237</u>
	<u>\$ 8,210</u>	<u>\$ 16,607</u>

d. Depreciation and amortization

For the Year Ended December 31

	2022	2021
Property, plant and equipment	\$ 130,620	\$ 130,148
Right-of-use assets	23,550	14,093
Intangible assets	<u>3,207</u>	<u>3,278</u>
	<u>\$ 157,377</u>	<u>\$ 147,519</u>
 An analysis of deprecation by function		
Operating costs	\$ 148,091	\$ 138,437
Operating expenses	<u>6,079</u>	<u>5,804</u>
	<u>\$ 154,170</u>	<u>\$ 144,241</u>
 An analysis of amortization by function		
Operating costs	\$ 137	\$ 271
Operating expenses	<u>3,070</u>	<u>3,007</u>
	<u>\$ 3,207</u>	<u>\$ 3,278</u>

e. Employee benefits expense

For the Year Ended December 31

	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 16,800	\$ 14,880
Defined benefit plans (Note 20)	4,944	5,268
Other employee benefits	<u>658,496</u>	<u>654,611</u>
Total employee benefits expense	<u>\$ 680,240</u>	<u>\$ 674,759</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 338,791	\$ 315,934
Operating expenses	<u>341,449</u>	<u>358,825</u>
	<u>\$ 680,240</u>	<u>\$ 674,759</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 10, 2023 and March 21, 2022, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Compensation of employees	0.50%	0.50%
Remuneration of directors	0.26%	0.35%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	\$ 13,600	\$ 7,141
Remuneration of directors	7,000	5,000

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.

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

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

25. INCOME TAXES

a. Income tax recognized in profit or loss

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	\$ 230,798	\$ 148,027
Income tax on unappropriated earnings	2,233	783
Shareholders' investment tax credits	(115,399)	-
Land value increment tax	550	-
Adjustment for prior year	<u>(2,991)</u>	<u>(1,483)</u>
	<u>115,191</u>	<u>147,327</u>

(Continued)

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year	\$ (1,119)	\$ (9,519)
Shareholders' investment tax credits	<u>(24,601)</u>	<u>-</u>
	<u>(25,720)</u>	<u>(9,519)</u>
Income tax expense recognized in profit or loss	<u>\$ 89,471</u>	<u>\$ 137,808</u>
		(Concluded)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 2,684,148</u>	<u>\$ 1,416,068</u>
Income tax expense calculated at the statutory rate	\$ 536,830	\$ 283,214
Nondeductible expenses in determining taxable income	8,239	4
Tax-exempt income	(315,305)	(130,607)
Income tax on unappropriated earnings	2,233	783
Loss on investments	-	(4,069)
Unrecognized deductible temporary differences	-	(9,913)
Shareholders' investment tax credits	(140,000)	-
Land value increment tax	550	-
Adjustments for prior years' tax	(2,991)	(1,483)
Others	<u>(85)</u>	<u>(121)</u>
Income tax expense recognized in profit or loss	<u>\$ 89,471</u>	<u>\$ 137,808</u>

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, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Bad debts in excess of the limit	\$ 9,285	\$ (1,171)	\$ -	\$ 8,114
Payable for annual leave	6,021	156	-	6,177
Unrealized loss on inventories	4,455	2,098	-	6,553
Unrealized exchange loss	1	3	-	4
Provision for warranties	12,214	285	-	12,499
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Exchange differences on translation of the financial statements of foreign operations	\$ 118	\$ -	\$ (27)	\$ 91
Shareholders' investment tax credits		24,601	-	24,601
Others	<u>-</u>	<u>5,440</u>	<u>-</u>	<u>5,440</u>
	<u>\$ 32,094</u>	<u>\$ 31,412</u>	<u>\$ (27)</u>	<u>\$ 63,479</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 65,995	\$ -	\$ -	\$ 65,995
Defined benefit plans	<u>4,672</u>	<u>5,692</u>	<u>5,041</u>	<u>15,405</u>
	<u>\$ 70,667</u>	<u>\$ 5,692</u>	<u>\$ 5,041</u>	<u>\$ 81,400</u> (Concluded)

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Bad debts in excess of the limit	\$ -	\$ 9,285	\$ -	\$ 9,285
Payable for annual leave	5,632	389	-	6,021
Unrealized loss on inventories	-	4,455	-	4,455
Defined benefit plans	41	(41)	-	-
Unrealized exchange loss	24	(23)	-	1
Provision for warranties	12,145	69	-	12,214
Exchange differences on translation of the financial statements of foreign operations	<u>-</u>	<u>-</u>	<u>118</u>	<u>118</u>
	<u>\$ 17,842</u>	<u>\$ 14,134</u>	<u>\$ 118</u>	<u>\$ 32,094</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 65,995	\$ -	\$ -	\$ 65,995
Defined benefit plans	<u>-</u>	<u>4,615</u>	<u>57</u>	<u>4,672</u>
	<u>\$ 65,995</u>	<u>\$ 4,615</u>	<u>\$ 57</u>	<u>\$ 70,667</u>

- c. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Deductible temporary differences		
Impairment loss on financial assets	<u>\$ 122,669</u>	<u>\$ 124,736</u>

- d. Income tax assessments

The income tax of the Company through 2020 has been assessed by the Tax Authorities.

26. EARNINGS PER SHARE

Units: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Basic earnings per share	<u>\$ 6.22</u>	<u>\$ 3.11</u>
Diluted earnings per share	<u>\$ 6.22</u>	<u>\$ 3.11</u>

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

Net profit for the year

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Profit for the year	<u>\$ 2,594,677</u>	<u>\$ 1,278,260</u>

Shares

Unit: In Thousand Shares

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	417,091	410,803
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>290</u>	<u>153</u>
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	<u>417,381</u>	<u>410,956</u>

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 will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 8,785,760	\$ -	\$ -	\$ 8,785,760
Unlisted shares - ROC	-	-	869,705	869,705
Unlisted shares in other country	-	-	158,820	158,820
	<u>\$ 8,785,760</u>	<u>\$ -</u>	<u>\$ 1,028,525</u>	<u>\$ 9,814,285</u>

Fair value hierarchy as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 11,798,423	\$ -	\$ -	\$ 11,798,423
Unlisted shares - ROC	-	-	824,115	824,115
Unlisted shares in other country	-	-	121,213	121,213
	<u>\$ 11,798,423</u>	<u>\$ -</u>	<u>\$ 945,328</u>	<u>\$ 12,743,751</u>

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

2) Reconciliation of Level 3 fair value measurements of financial instruments: None

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

c. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 2,496,178	\$ 2,383,401
Financial assets at FVTOCI		
Equity instruments	9,814,285	12,743,751
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (2)	1,945,582	3,199,762
Lease liabilities	45,701	24,904

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Fair value interest rate risk		
Financial assets	\$ 650,000	\$ -
Financial liabilities	45,701	574,841
Cash flow interest rate risk		
Financial assets	582,909	574,312
Financial liabilities	500,000	500,000

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.

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, 2022 and 2021 would have increased/decreased by \$415 thousand and \$372 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 3% higher/lower, pre-tax profit for years ended December 31, 2022 and 2021 would have increased/decreased by \$294,429 thousand and \$382,313 thousand, respectively, as a result of the changes in fair value of financial assets as FVTOCI.

The Company's sensitivity to equity prices decreased due to the impact of equity price fluctuations.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the 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 12% and 42% of total trade receivables as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the 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, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,362,298	\$ 83,284	\$ -
Lease liabilities	25,275	21,013	-
Variable interest rate liabilities	<u>150,097</u>	<u>357,810</u>	<u>-</u>
	<u>\$ 1,537,670</u>	<u>\$ 462,107</u>	<u>\$ -</u>

December 31, 2021

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 2,007,859	\$ 141,965	\$ -
Lease liabilities	13,793	11,339	-
Variable interest rate liabilities	-	510,066	-
Fixed interest rate liabilities	<u>549,958</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,571,610</u>	<u>\$ 663,370</u>	<u>\$ -</u>

b) Financing facilities

	<u>December 31</u>	
	2022	2021
Unsecured bank facilities		
Amount used	\$ 366,317	\$ 1,051,335
Amount unused	<u>5,917,683</u>	<u>5,732,665</u>
	<u>\$ 6,284,000</u>	<u>\$ 6,784,000</u>
Secured bank facilities		
Amount used	\$ 1,200,000	\$ 600,000
Amount unused	<u>180,000</u>	<u>780,000</u>
	<u>\$ 1,380,000</u>	<u>\$ 1,380,000</u>

29. TRANSACTIONS WITH RELATED PARTIES

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

<u>Related Party</u>	<u>Relationship with the Company</u>
Evergreen Marine Corporation	Investor that has significant influence over the Company (related party in substance prior to October 2022)
Chang Yung-Fa Foundation	Became related party in substance in November 2022
Evergreen International Storage & Transport Corporation	Became related party in substance in November 2022
Evergreen International Corporation	Related party in substance (investor that has significant influence over the Company prior to October 2022)
Evergreen Security Corporation	Related party in substance
Ever Accord Construction Corporation	Related party in substance
EVA Airways Corporation	Related party in substance
Hsin Yung Enterprise Corporation	Subsidiary
Super Max Engineering Enterprise Co., Ltd.	Subsidiary
Ever Ecove Corporation	Subsidiary
Ming Yu Investment Corporation	Subsidiary

b. Operating revenue

Related Party	For the Year Ended December 31	
	2022	2021
Investor that has significant influence over the Company	\$ 28,961	\$ -
Related party in substance	<u>143,866</u>	<u>666,239</u>
	<u>\$ 172,827</u>	<u>\$ 666,239</u>

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

c. Other income

Related Party	For the Year Ended December 31	
	2022	2021
Subsidiaries	<u>\$ 1,751</u>	<u>\$ 2,603</u>

d. Purchases of goods and expenses

Related Party	For the Year Ended December 31	
	2022	2021
Investor that has significant influence over the Company	\$ 3,388	\$ 8,434
Subsidiaries	585	-
Related party in substance	<u>18,082</u>	<u>14,960</u>
	<u>\$ 22,055</u>	<u>\$ 23,394</u>

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

e. Contract assets

Related Party	December 31	
	2022	2021
Related party in substance	<u>\$ 66,126</u>	<u>\$ 108,229</u>

For the years ended December 31, 2022 and 2021, allowance for loss of \$894 thousand and \$4,654 thousand, respectively, was recognized for contract assets from related parties.

f. Receivables from related parties

Trade receivables

Related Party	December 31	
	2022	2021
Investor that has significant influence over the Company	\$ 31,092	\$ -
Related party in substance	<u>19</u>	<u>32,275</u>
	<u>\$ 31,111</u>	<u>\$ 32,275</u>

For the years ended December 31, 2022, impairment loss of \$19 thousand for accounts receivable.

Other receivables

Related Party	December 31	
	2022	2021
Subsidiaries	<u>\$ 126</u>	<u>\$ 126</u>

The outstanding trade receivables from related parties are unsecured.

g. Payables to related parties

Trade payables

Related Party	December 31	
	2022	2021
Related party in substance	<u>\$ 319</u>	<u>\$ -</u>

Other payables

Related Party	December 31	
	2022	2021
Investor that has significant influence over the Company	\$ 1	\$ 1,368
Related party in substance	<u>1,888</u>	<u>1,301</u>
	<u>\$ 1,889</u>	<u>\$ 2,669</u>

The outstanding trade payables to related parties are unsecured.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 24,294	\$ 22,879
Post-employment benefits	587	933
Share-based payments	<u>-</u>	<u>656</u>
	<u>\$ 24,881</u>	<u>\$ 24,468</u>

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.

	<u>December 31</u>	
	2022	2021
Property, plant, and equipment, net	\$ 1,909,567	\$ 1,946,935
Financial assets at amortized cost	<u>3,600</u>	<u>3,600</u>
	<u>\$ 1,913,167</u>	<u>\$ 1,950,535</u>

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, 2022 and 2021 were as follows:

As of December 31, 2022 and 2021, unused letters of credit for purchasing of materials are as follows:

Currency	<u>December 31</u>	
	2022	2021
NTD	\$ 198,364	\$ 283,947

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:

December 31, 2022

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 37	30.71 (USD:NTD)	\$ 1,134
<u>Financial liabilities</u>			
Monetary items			
RMB	793	4.408 (RMB:NTD)	3,495

December 31, 2021

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 119	27.68 (USD:NTD)	\$ 3,289
<u>Financial liabilities</u>			
Monetary items			
RMB	949	4.344 (RMB:NTD)	4,121

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: None.
- 9) Trading in derivative instruments: None.
- 10) Names, locations, and related information of investees accounted for: See Table 4 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 5 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 6 attached.

34. OTHERS

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

EVERGREEN STEEL CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	\$ 10,803,044	\$ 3,087,000	\$ 2,842,000	\$ 2,226,000	\$ -	13.15	\$ 10,803,044	Y	-	-	Note 2
		Evergreen Heavy Industrial Corp. (Malaysia) Berhad	All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages	10,803,044	250,187	238,499	20,560	-	1.10	10,803,044	-	-	-	Note 2
1	Ming Yu Investment Corporation	Evergreen Steel Corporation	Parent company	5,024,200	1,201,220	1,201,220	1,201,220	-	478.17	5,024,200	-	Y	-	Note 3

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

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

Note 2: The limit on endorsements or guarantees provided to each guaranteed party is up to 50% of the net worth value of the latest financial statements of the Company. However, the amount of the Company's endorsements or guarantees for subsidiaries holding more than 50% of the shares is not limited by the above ratio, but the maximum shall not exceed 50% of the net value of the most recent financial statements of the Company.

Note 3: According to endorsement or guarantee provided regulation formulated by subsidiaries, the total amount of endorsement or guarantee that the Company is allowed to provide is up to 2,000% of the net worth value of the latest financial statements of the Company.

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

EVERGREEN STEEL CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Evergreen Steel Corporation	<u>Ordinary shares</u>							
	EVA Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	204,672,763	\$ 5,761,539	3.82	\$ 5,761,539	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,931,339	69,558	0.05	69,558	
	Evergreen Marine Corporation	Investor that has significant influence over the Company	Financial assets at FVTOCI - non-current	15,304,681	2,494,663	0.72	2,494,663	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTOCI - non-current	16,000,000	460,000	0.28	460,000	
	Taiwan Terminal Services Corporation	Related party in substance	Financial assets at FVTOCI - non-current	100,000	1,063	1.00	1,063	
	Taiwan Aerospace Corporation	-	Financial assets at FVTOCI - non-current	5,502,847	64,163	4.06	64,163	
	Pacific Resources Corporation	-	Financial assets at FVTOCI - non-current	383,906	4,231	2.56	4,231	
	Taiwan Incubator SME Development Corporation.	-	Financial assets at FVTOCI - non-current	7,689,240	66,281	10.90	66,281	
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Related party in substance	Financial assets at FVTOCI - non-current	6,678,735	158,820	13.39	158,820	
	Dongwei Transportation Co., Ltd.	-	Financial assets at FVTOCI - non-current	660,000	8,376	18.86	8,376	
	Ever Accord Construction Corporation	Related party in substance	Financial assets at FVTOCI - non-current	7,499,972	84,450	12.50	84,450	
	UNI Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	56,474,992	640,991	14.99	640,991	
Evergreen Security Corporation	Related party in substance	Financial assets at FVTOCI - non-current	10,000	150	0.05	150		

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, 2022
(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	Investor that has significant influence over the Company	Sale	\$ 170,122	1.88	15-45 days	Note	No significant difference	\$ 31,092	2.79	

Note: No similar prices on revenue from containers repair to compare with significant impact investor.

EVERGREEN STEEL CORPORATION

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ACCOUNTED FOR
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Evergreen Steel Corporation	Hsin Yung Enterprise Corporation	Taiwan	Waste treatment, disposal and cogeneration	\$ 992,666	\$ 992,666	99,266,577	68.46	\$ 1,893,245	\$ 682,497	\$ 467,235	Subsidiary
	Super Max Engineering Enterprise Co., Ltd.	Taiwan	Waste collection, treatment and disposal	594,441	594,441	24,147,144	48.13	976,753	265,651	127,847	Subsidiary
	Ever Ecove Corporation	Taiwan	Waste treatment, disposal and cogeneration	801,000	801,000	80,100,000	50.06	905,731	283,191	141,773	Subsidiary
	Ming Yu Investment Co., Ltd.	Taiwan	Investment activities	239,487	239,487	10,350,000	100.00	251,210	2,447	2,447	Subsidiary
Super Max Engineering Enterprise Co., Ltd.	Kun Lin Engineering Co., Ltd.	Taiwan	Planning of wastewater, air and noise prevention; design, construction, sale, operation and maintenance of related equipment	18,000	18,000	4,999,999	50.00	175,944	92,169	46,084	Accounted for using equity method

Note: Refer to Table 5 for information on investments in mainland China.

EVERGREEN STEEL CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Foreign Currency Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profit (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Kunshan Weisheng Environmental Equipment Engineering Co., Ltd.	Design, manufacture and installation of waste water, waste gas equipment and various piping	\$ 12,284 (US\$ 400)	c	\$ 12,284 (US\$ 400)	\$ -	\$ -	\$ 12,284 (US\$ 400)	\$ 41,697 (RMB 9,429)	24.07	\$ 10,034	\$ 26,688	\$ 46,926 (US\$ 1,528)	

Accumulated Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 12,284 (US\$ 400)	\$ 12,284 (US\$ 400)	\$ 14,851,754

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

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

Note 2: The amount was recognized based on the audited financial statements.

TABLE 6**EVERGREEN STEEL CORPORATION****INFORMATION ON MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Evergreen Marine Corporation	79,248,000	19.00
Chang, Kuo-Ming	26,950,000	6.46
Chang, Kuo-Hua	25,756,820	6.17
Continental Engineering Corporation	25,645,907	6.14
Chang Yung-Fa Foundation	25,008,820	5.99
Chang, Kuo-Cheng	25,008,820	5.99

Note 1: The information on the major shareholder listed in the table above is based on the total number of ordinary and preference shares (including treasury shares) owned by the shareholder at a minimum shareholding percentage of 5%, and which have been delivered as non-physical securities to the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The actual number of shares delivered as non-physical securities and the number of shares recorded in the Company's financial statements may be different due to differences in the basis of preparation and calculation.

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

EVERGREEN STEEL CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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Statement of changes in investments accounted for using equity method	6
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EVERGREEN STEEL CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Remark	Amount
Cash on hand		\$ 2,915
Cash in banks		
Checking accounts and demand deposits	Note	121,137
Time deposits		<u>650,000</u>
		<u>\$ 774,052</u>

Note: Includes US\$37 thousand at \$30.71.

EVERGREEN STEEL CORPORATION**STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Annual Interest Rates (%)	Maturity Date	Amount
Time deposits with original maturities of more than 3 months	1.45	2022.03.02-2023.05.20	\$ 566,000
Pledged deposits	1.44	2022.03.15-2023.11.02	<u>3,600</u>
			<u>\$ 569,600</u>

EVERGREEN STEEL CORPORATION**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Client A	\$ 240,780
Client B	110,145
Client C	109,410
Client D	60,494
Client E	52,940
Client F	51,907
Others (Note)	<u>392,942</u>
	1,018,618
Less: Allowance for impairment loss	<u>(768)</u>
	<u>\$ 1,017,850</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

EVERGREEN STEEL CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 3,096,987	\$ 3,069,957
Supplies	<u>11,148</u>	<u>5,415</u>
	<u>\$ 3,108,135</u>	<u>\$ 3,075,372</u>

EVERGREEN STEEL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Investees	Balance at January 1, 2022		Additions in Investment (Note 1)		Decrease in Investment (Note 2)		Balance at December 31, 2022		Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	
EVA Airways Corporation	206,972,763	\$ 5,784,889	-	\$ 9,903	(2,300,000)	\$ (33,253)	204,672,763	\$ 5,761,539	N/A
Shin Kong Financial Holding Co., Ltd.	7,931,339	87,641	-	-	-	(18,083)	7,931,339	69,558	N/A
Evergreen Marine Corporation	38,261,703	5,452,293	-	-	(22,957,022)	(2,957,630)	15,304,681	2,494,663	N/A
Taiwan High Speed Rail Corporation	16,000,000	473,600	-	-	-	(13,600)	16,000,000	460,000	N/A
Taiwan Terminal Services Corporation	100,000	1,035	-	28	-	-	100,000	1,063	N/A
Taiwan Aerospace Corporation	5,502,847	62,522	-	1,641	-	-	5,502,847	64,163	N/A
Pacific Resources Corporation.	590,625	-	-	4,231	(206,719)	-	383,906	4,231	N/A
Taiwan Incubator SME Development Corporation	7,689,240	65,342	-	939	-	-	7,689,240	66,281	N/A
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	6,678,735	121,213	-	37,607	-	-	6,678,735	158,820	N/A
Dongwei Transportation Co., Ltd.	660,000	7,940	-	436	-	-	660,000	8,376	N/A
Ever Accord Construction Corporation	7,499,972	70,755	-	13,695	-	-	7,499,972	84,450	N/A
UNI Airways Corporation	56,474,992	616,375	-	24,616	-	-	56,474,992	640,991	N/A
Evergreen Security Corporation	10,000	146	-	4	-	-	10,000	150	N/A
		<u>\$ 12,743,751</u>		<u>\$ 93,100</u>		<u>\$ (3,022,566)</u>		<u>\$ 9,814,285</u>	

Note 1: The increase in unrealized (loss) gain on financial assets at FVTOCI was \$93,100 thousand.

Note 2: The decrease in investment from the disposal of financial assets at FVTOCI was 2,300,000 thousand shares which amounted to \$33,253 thousand, and the unrealized (loss) gain on financial assets at FVTOCI was \$2,759,743 thousand, and the investee's capital reduction was 23,163,741 thousand ordinary shares and the amount of \$229,570 thousand was refunded.

EVERGREEN STEEL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Investees	Balance at January 1, 2022		Additions in Investment		Decrease in Investment		Increase (Decrease) in Using the Equity Method	Balance at December 31, 2022			Market Value or Net Assets Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount		Number of Shares	Percentage of Ownership %	Amount		
Hsin Yung Enterprise Corporation (Note 1)	99,266,577	\$ 2,174,561	-	\$ 634	-	\$ (749,185)	\$ 467,235	99,266,577	68.46	\$ 1,893,245	\$ 1,893,245	N/A
Super Max Engineering Enterprise Co., Ltd. (Note 2)	24,147,144	919,737	-	1,611	-	(72,442)	127,847	24,147,144	48.13	976,753	976,753	N/A
Ever Ecove Corporation (Note 3)	80,100,000	763,964	-	-	-	(6)	141,773	80,100,000	50.06	905,731	905,731	N/A
Ming Yu Investment Corporation (Note 4)	10,350,000	<u>248,680</u>	-	<u>83</u>	-	<u>-</u>	<u>2,447</u>	10,350,000	100.00	<u>251,210</u>	<u>251,210</u>	N/A
		<u>\$ 4,106,942</u>		<u>\$ 2,328</u>		<u>\$ (821,633)</u>	<u>\$ 739,302</u>	-		<u>\$ 4,026,939</u>	<u>\$ 4,026,939</u>	

Note 1: The increase in investment based on the net defined benefit was \$634 thousand. The decrease in investment based on the unrealized (losses) gains on financial assets at FVTOCI was \$352,118 thousand.; and based on issued cash dividends was \$397,067 thousand.

Note 2: The increase in investment based on the proportion of net defined benefits was \$1,476 thousand; and on the foreign currency exchange was \$135 thousand. The decrease in investment was based issued cash dividends was \$72,442 thousand.

Note 3: The decrease in investment based on the net defined benefit was \$6 thousand.

Note 4: The increase in investment based on the unrealized (losses) gains on financial assets at FVTOCI was \$83 thousand.

EVERGREEN STEEL CORPORATION

STATEMENT OF TRADE PAYABLES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Vendor A	\$ 184,494	
Vendor B	66,587	
Vendor C	55,661	
Others	<u>738,881</u>	Note
	<u>\$ 1,045,623</u>	

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

EVERGREEN STEEL CORPORATION**STATEMENT OF REVENUE
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Tonnage	Amount
Construction contract revenue	130,599	\$ 8,857,305
Revenue from container repair	-	187,065
Less: Sales return		<u>(4,510)</u>
		<u>\$ 9,039,860</u>

EVERGREEN STEEL CORPORATION**STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Amount
Inventory balance at the beginning of the year	\$ 3,286
Add: Purchases, net	18,822
Less: Inventory balance at the end of the year	(3,330)
Others	<u>(4,318)</u>
Materials consumed	14,460
Direct labor	61,474
Manufacturing expenses	<u>66,951</u>
Manufacturing cost	142,885
Other cost of goods sold	
Add: Sales of material	63
Less: Sales scraps	(502)
Inventory write-downs reversed	<u>(197)</u>
Cost of goods sold for manufacturing sector	<u>142,249</u>
Invested construction cost	7,356,004
Other cost of goods sold	
Add: Others	83,237
Loss on disposal of inventories	10,688
Less: Sales scraps	<u>(76,351)</u>
Cost of goods sold for construction sector	<u>7,373,578</u>
	<u>\$ 7,515,827</u>

EVERGREEN STEEL CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Total
Payroll and related expenses	\$ 209,414	\$ 84,872	\$ 294,286
Insurance expenses	25,353	5,465	30,818
Professional fees	1,038	23,960	24,998
Others (not exceeding 5%)	<u>45,182</u>	<u>42,345</u>	<u>87,527</u>
	<u>\$ 280,987</u>	<u>\$ 156,642</u>	<u>\$ 437,629</u>

EVERGREEN STEEL CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022			2021		
	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	\$ 274,537	\$ 278,105	\$ 552,642	\$ 254,002	\$ 301,434	\$ 555,436
Labor and health insurance	26,394	19,315	45,709	24,613	17,492	42,105
Pension	10,516	11,228	21,744	9,737	10,411	20,148
Board compensation	-	16,181	16,181	-	12,520	12,520
Others	<u>27,344</u>	<u>16,620</u>	<u>43,964</u>	<u>27,582</u>	<u>16,968</u>	<u>44,550</u>
	<u>\$ 338,791</u>	<u>\$ 341,449</u>	<u>\$ 680,240</u>	<u>\$ 315,934</u>	<u>\$ 358,825</u>	<u>\$ 674,759</u>
Depreciation	<u>\$ 148,091</u>	<u>\$ 6,079</u>	<u>\$ 154,170</u>	<u>\$ 138,437</u>	<u>\$ 5,804</u>	<u>\$ 144,241</u>
Amortization	<u>\$ 137</u>	<u>\$ 3,070</u>	<u>\$ 3,207</u>	<u>\$ 271</u>	<u>\$ 3,007</u>	<u>\$ 3,278</u>

Note:

1. As of December 31, 2022 and 2021, the Company had 587 and 596 employees, respectively. Among them 7 directors did not serve concurrently as employees for both years.
2.
 - a. For the years ended December 31, 2022 and 2021, the average labor cost was \$1,145 thousand and \$1,124 thousand, respectively.
 - b. For the years ended December 31, 2022 and 2021, the average salary was \$953 thousand and \$943 thousand, respectively.
 - c. The change in average salary was 1.06%.
 - d. The Company had set an independent director, so it did not have supervisors for the years ended December 31, 2022 and 2021.
 - e. The remuneration policies of the Company's directors, managers and employees are described as follows:
 - 1) General directors and independent directors

In accordance with the Articles of Incorporation and the remuneration payment regulations for directors, if the Company has distributable profit of the current year, the ratio set for directors' remuneration shall not be higher than 2% of distributable profit; and in the total amount of directors' remuneration, individual directors' remuneration shall be allocated according to the degree of each directors' participation in the operation of the Company and the value of their contributions, as well as take into account the general pay levels of the industry.
 - 2) Remuneration of the general manager and the vice general manager is regulated in accordance with the remuneration payment regulations for managerial officers and is paid according to the Company's overall operating situation and the results of personal performance assessment.
 - 3) Fixed remuneration of the Company's employees is paid in accordance with the salary standard of each position and is adjusted according to the Company's revenue status, the general pay levels of the market and personal performance. In addition, variable remuneration such as employees' compensation and year-end bonus is paid in accordance with the Articles of Incorporation or the Company's operating result and personal performance.
 - 4) Remuneration of the directors and managerial officers shall be reviewed by the Company's remuneration committee and approved by the board of directors.



長榮鋼鐵股份有限公司
EVERGREEN STEEL CORPORATION

Taipei Office: 11F., No. 100, Sec. 2, Chang'an E. Rd., Zhongshan Dist.,
Taipei City 104, Taiwan

TEL: 886-2-25135701

FAX: 886-2-25135799

E-mail: finacs@evergreenet.com



Official Website