Stock code: 8422

Cleanaway Company Limited

2018

Annual Report

ANNUAL REPORT 2018

This English-version annual report is a translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Publication date: April 20, 2019
Report Website: Market Observation Post System (http://mops.twse.com.tw)
Head Office: No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City Mainline: 07 -6228422
Company website: http://www.cleanaway.tw Fax: 07-6235977

I. Name, job title and contact phone number and email of the Company's spokesperson and acting spokesperson:

(I) Company Spokesperson
Name: Tsung-Tien Chen
Title: Chief Financial Officer
Telephone: (07) 622-8422
Email: chen.jack@cleanaway.tw

(II) Acting Spokesperson
Name: Ping-Cheng Hung
Title: Finance Manager
Telephone: (07) 622-8422
Email: hong.roy@cleanaway.tw

II. Addresses and telephone numbers of the head office, branch offices, and plants:

(I) Head office
Address: 1st Floor, No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City
Telephone: (07) 622-8422

(II) Plant
Address: No. 100, Shanxi Road, Gangshan District, Kaohsiung City
Telephone: (07) 628-3865

III. Name, address, website, and telephone of the stock transfer handling institution:
Name: Stock Transfer Agency Unit of Taishin International Bank Co., Ltd.
Address: B1, No. 96, Section 1, Jianguo North Road, Taipei City
Website: http://www.taishinbank.com.tw
Telephone: (02) 2504-8125

IV. Names of certified accountants, address, website, and telephone number of the accounting firm auditing the Company's latest financial report:
Name of CPA firm: Deloitte, Taiwan
Certifying CPAs: Te-Chen Cheng and Kuan-Chung Lai
Address: No. 100, Songren Road, Xinyi District, Taipei City
Telephone: (02) 2725-9988
Website: http://www.deloitte.com.tw

V. Name of any overseas securities trading agency and search name in the said overseas securities trading agency: None

VI. Company website: http://www.cleanaway.tw/

Cleanaway Company Limited

2018 Annual Report Table of Contents

Chapter 1 Letter to Shareholders

I. 2018 Business Report

(I) Results of the implementation of the 2018 Business Plan

The combined revenue of the Company and subsidiaries of the Company in 2018 amounted to NT$3,395,807 thousand which was an increase of 22% from NT$2,785,266 thousand in 2017. After deducting operating costs and operating expenses, we generated NT$1,702,834 thousand in consolidated operating revenue which was an increase of 8% from NT$124,139 thousand in 2017. The growth in revenue and net profit was due to the growth in our business performance.

(II) Budget execution status of 2018

The Company did not prepare a financial forecast for 2018. Therefore, there is no need to disclose execution information.

(III) Analysis of financial revenue and profitability (Consolidated Financial Report)

Item		2018	2017
Financial structure	Liability to asset ratio (%)	18.82	10.73
	Long-term capital to fixed assets ratio (%)	169.55	209.36
Solvency	Current ratio (%)	249.84	655.73
	Quick ratio (%)	248.07	653.05
Profitability	Return on assets (%)	20.53	22.65
	Return on equity (%)	24.13	25.46
	Net margin (%)	38.89	48.95
	Basic earnings per share (NT$)	12.13	12.52

Note: Compiled in accordance with data from the Financial Report (Consolidated)

(IV) Research and development

The Company obtained Republic of China patent certificates for the "waste debris unloading device" and "waste heat treatment device" for soil contaminated by mercury in 2017. In addition, the Company's R&D team shall conduct research on methods for processing soil contaminated by oil. We have obtained preliminary results and filed applications for patents with the competent authority. The R&D team shall continue to expand the Company's research and development in various waste disposal technologies.

The market scale of bottom ash of incinerators has grown each year and the Company continues to advance related research for reusing the resources. For those with reusable value, we develop methods for reuse to create economic value. We have conducted physical property analysis on the bottom ash and used our understanding of the physical property analysis to turn products into resources through the most economic means.

In addition, the Company also initiated related research on incineration in hopes of achieving development in the incineration process sector to expand the Company's diverse processing methods in waste disposal and provide customers with more comprehensive and economic waste disposal services.

II. Overview of 2019 Business Plan

(I) Business strategies and implementation

Multiple major environmental pollution incidents have been reported in the country in recent years and they have occupied headlines on major media outlets. It shows that the domestic environmental protection issues have gradually gained the attention of the people, media, and the government and caused the government to gradually increase its execution of environmental protection policies.

The Global Views magazine once conducted related reports on industrial waste in Taiwan titled "Industrial Waste Out of Control as the Entire Taiwan Becomes Illegal Disposal Sites" which illustrates the current difficulties of waste disposal in Taiwan. The article pointed out that the severe imbalance in the supply and demand in the waste landfill market was mainly caused by insufficient final landfill institutions. New landfills built with private investment face continuous protests and progress became delayed. The private-run landfills currently in operations only include a handful of landfills such as the Company's Chi Wei and Da Ning landfills. In addition, with the exception of landfills owned by the Company, the capacities of other private-run landfills remain relatively low which has caused a severe imbalance of supply and demand on the market and contributed to fluctuations of market prices. In addition, legal disposal channels are also crowded and caused industries to continue to pile waste inside their plants. More unlawful operators use legal methods to convert waste into a series of illegal disposal sites.

The amendments to the Waste Disposal Act voted and passed in December 2016 no longer exempts waste disposal companies from liabilities by virtue of owning certification documents for adequate processing and disposal facilities. The new legislation requires companies to perform their duties of supervision on waste processing or they shall bear joint liabilities for disposal and improvements. The legislation caused severe impact on what was known as resource recycling but has since lost market value — recycled products. However, the legislation was favorable to waste disposal operators that strictly abide by environmental protection standards such as our Company and we hope that the legislation can free us from malicious price competition from recycling operators.

The Company provides high quality processing procedures, outstanding waste disposal records, and authorized processing volume that is greater than our competitors. We also provide customers with professional overall plans for waste disposal. We maintain existing waste disposal customers and actively participate in improvement tender projects for illegal waste disposal sites. The Company also actively pursues investment opportunities for incineration processing and recycling and reuse in the midstream sector of the waste disposal industry. Although there remain obstacles to overcome, the Company has implemented related adjustments to respond to such needs. We also actively pursue related environmental protection projects in hopes of bringing customers more comprehensive waste disposal services and generate stable momentum for growth for the Company.

(II) Projected Sales Volume

The volume in the waste processing market for hazardous industrial waste is currently at low levels while general industrial waste is steadily growing. The Company shall gradually adjust business operations in 2019 and increase waste processing methods of the Group to increase the final landfill price. We shall transfer waste that are not suitable for direct final landfill to more suitable processing methods and gradually reduce the final landfill quantity to maximize the final landfill output.

(III) Important production and marketing strategies

With regard to production, the Company shall focus on the feasibility test of solid metal-containing waste solidification ratio, improvement of the existing solidification technology, and the reduction of solidification ratio. We shall use the customer waste treatment ratio database to strengthen the waste disposal capacity of the Company. The Company shall use multiple technical exchanges and cooperation platforms for industry-academia collaboration to improve processing technologies for hazardous waste to reduce the unit processing cost and increase the threshold for competitive processing technology.

In terms of sales, as the government and the public gradually pay more attention to corporate social responsibility, companies must be more careful in waste disposal to protect their interests and meet the expectations of the people. The Company's future sales strategy will focus on the cleanup of various waste and contaminated sites and develop stable new industrial waste for customers. The Company also strengthened cooperation with existing customers and use comprehensive services and updated environmental protection laws to increase the customers' willingness to process waste and develop potential customers.

III. Future corporate development strategy

The Company's future development strategies shall be focused on enhancing the division of labor in the group to provide customers with one-stop waste disposal services. The Company has incorporated business diversification concepts and actively promotes other types of processing methods other than intermediate solidification and treatment. The Company obtained the optimal investor qualifications in the privatization project of Dafa Industrial Waste Processing Plant of R.S.E.A. Engineering Corporation in April 2018. The Company shall form a new company with R.S.E.A. Engineering Corporation and Taiwan Sheng Ta International Waste Processing Co., Ltd. to take charge of future operations of Dafa Plant. Dafa Plant is an incineration and solidification plant for hazardous industrial waste. The addition of the intermediate treatment process for waste will greatly improve the Company's capacity for providing customers with more comprehensive waste disposal services in the future. In terms of development in Mainland China, the environmental impact assessment in Zoucheng, Shandong was reviewed and passed in 2014 and the Company is now carefully planning the construction schedule. However, there remain many uncertain factors in plant construction and investment in China and the Company shall adopt stable strategies to gradually implement our plans.

IV. Impact of the Competitive Environment, Regulatory Environment, and Overall Business Environment

The Company's regular business operations are carried out in accordance with related domestic laws and regulations. We also pay close attention to important domestic and foreign political development trends changes in laws. We collect related information for the management as reference for decision making and adjustments of the Company's related business strategies. To date, the Company's finances and businesses have not been affected by major changes in policies and laws of domestic or foreign governments.

The number of sites that require clean-up has grown as land acquisition becomes increasingly difficult and residents' environmental protection awareness has increased. For Cleanaway Group, our professional technologies and one-stop waste disposal, processing, and landfill have given us advantages in the cost of operations and professional services. The Company has begun planning the development of waste treatment technologies and environmentally-friendly new recycled products. We have established a comprehensive business system with the aim of promoting environmental protection businesses.

Cleanaway Company Limited

Chairman Ching-Hsiang Yang

Chapter 2 Company Profile

I. Date of Establishment: May 4, 1999

II. Company history:

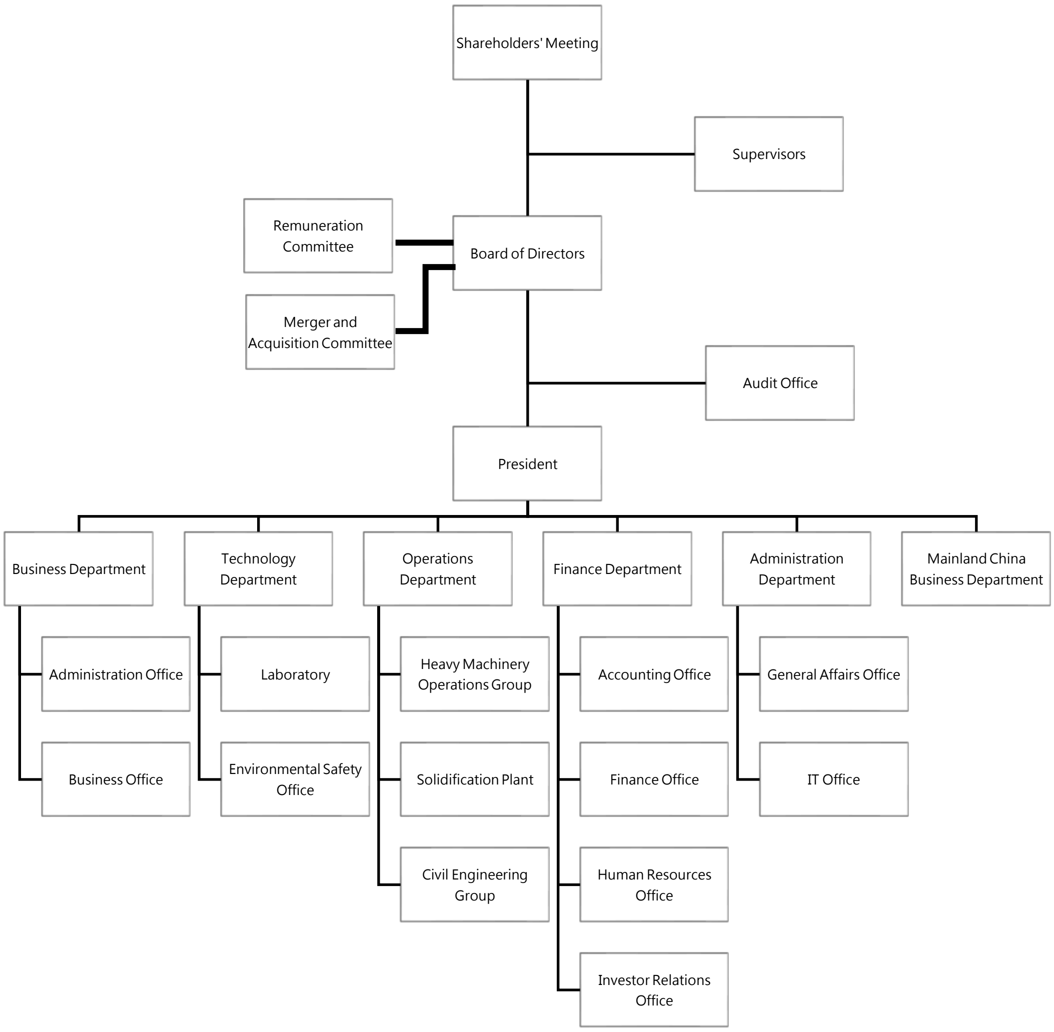
1999	◆The subsidiary of Brambles Heavy Contracting Limited (Australia) and one of the Company's shareholders jointly invested and established the Company. The Company was classified as a Class A intermediate treatment solidification plant authorized by the Environmental Protection Administration to process hazardous industrial waste that contains heavy metals The paid-up capital was NT$ 50,000 thousand
2000	◆Cash capital increase of NT$ 30,000 thousand and the paid-up capital was NT$ 80,000 thousand after the capital increase ◆Cash capital increase of NT$ 20,000 thousand and the paid-up capital was NT$ 100,000 thousand after the capital increase ◆Cash capital increase of NT$ 21,000 thousand and the paid-up capital was NT$ 121,000 thousand after the capital increase
2001	◆Cash capital increase of NT$ 48,000 thousand and the paid-up capital was NT$ 169,000 thousand after the capital increase ◆Received ISO9001, ISO14001, and OHSAS18001 certification ◆Cash capital increase of NT$ 11,000 thousand and the paid-up capital was NT$ 180,000 thousand after the capital increase
2003	◆Cash capital increase of NT$ 10,000 thousand and the paid-up capital was NT$ 190,000 thousand after the capital increase
2009	◆Cash capital increase of NT$ 200 thousand and the paid-up capital was NT$ 190,200 thousand after the capital increase ◆Cash capital increase of NT$ 200 thousand and the paid-up capital was NT$ 190,400 thousand after the capital increase ◆Renamed the Company to Cleanaway Company Limited
2010	◆Merged and capital increase of NT$424,136 thousand through the issuance of new shares. The paid-up capital was NT$ 614,536 thousand. The Company owns 100% of Kang Lien Enterprise Company Limited (Kang Lien), Da Tsang Industrial Company Limited (Da Tsang), and Cleanaway Enterprise Company Limited (Cleanaway Enterprise) to establish one-stop service for waste clearing, solidification, and landfill. ◆Cash capital increase of NT$ 340,000 thousand through the conversion of capital reserve and the paid-up capital was NT$ 954,536 thousand after the capital increase ◆Cash capital increase of NT$ 30,000 thousand and the paid-up capital was NT$ 984,536 thousand after the capital increase ◆The Company's stocks were approved for public issuance ◆Stocks registered on the emerging market for sales ◆Invested and established Chi Wei Company Limited
2011	◆Cash capital increase of NT$104,344 thousand and the paid-up capital was NT$1,088,880 thousand after the capital increase ◆Stocks were listed on the Taiwan Stock Exchange ◆Invested NT$650,000 thousand and NT$930,000 thousand in 100%-owned subsidiaries Chi Wei Company Limited and Da Tsang Industrial Company Limited
2012	◆Invested and established Cleanaway Investment Company Limited with NT$ 80,000 thousand ◆Subsidiary invested and established CCL Investment Holding Company Limited (Samoa) ◆Subsidiary invested and established Cleanaway Shanghai Management Holding Company Limited (Samoa) ◆Subsidiary invested and established Cleanaway (Shanghai) Company Limited
2013	◆Subsidiary invested and established Cleanaway Zhejiang Holding Company Limited (Samoa) ◆Subsidiary invested and established Cleanaway Zoucheng Holding Company Limited (Samoa)
2014	◆Subsidiary invested and established Cleanaway Zoucheng Co., Ltd. ◆Subsidiary invested and established Cleanaway Zoucheng Holding Company Limited

2015	◆Invested RMB 6,000 thousand in 100%-owned subsidiary CCL Investment Holding Company Limited (Samoa) ◆Invested RMB 3,000 thousand in 100%-owned subsidiary Cleanaway Zhejiang Holding Company Limited (Samoa)
2016	◆Invested US$ 500 thousand in 100%-owned CCL Investment Holding Company Limited (Samoa)
2017	◆Invested US$ 500 thousand in 100%-owned CCL Investment Holding Company Limited (Samoa)
2018	◆Invested US$ 500 thousand in 100%-owned CCL Investment Holding Company Limited (Samoa) ◆Invested NT$ 650,000 thousand in Cleanaway SUEZ Environmental Resources Limited ◆Invested NT$ 650,000 thousand in Chase Environmental Co., Ltd.

Chapter 3 Corporate Governance Report

I. Organization

(I) Organization structure



(II) Responsibilities and functions of major departments

Major Department	Main Responsibilities and Functions
Mainland China Business Department	Plan and execute operations in China.
Business Department	Plan and execution the Company's business development strategies. Provide complete customer service and plan marketing strategies. Maintenance of customer relationships.
Technology Department	Introduce developments of core technologies into the production process. Application and management of intellectual property rights and patents. Establish quality systems and advance quality management plans. Product quality and safety related tests and management of related certifications for safety specifications.
Operations Department	Production plan schedules and lead time management. Plant equipment, machinery security, and tools management. Improve and enhance production technology and production efficiency. Adjust and negotiate procurement quantity, price, and delivery time based on the procurement strategy. Supplier management and collection and custody of various raw materials.
Finance Department	The Company's overall financial plans, fund allocation, and investment risk management. Planning and formulation of the Company's finance system and operating procedures. Accounting, taxation, shareholder service management and operations, decision-making support analyses and reports. Organizational development/human resources: Personnel management, planning, and implementation of salaries and benefits, manpower planning, and the establishment and implementation of a talent cultivation system. Communication on the capital market and maintenance of investor relations.
Administration Department	The Company's internal support system and operations including: Review and file management of the Company's contracts and document, processing litigation and non-litigation cases, and the maintenance and planning of general affairs. Information management: Computer network and application system development and maintenance, computer hardware, peripheral equipment, information file maintenance and management, and planning and execution of system security. Supplier management and execution of procurement and contracts.
Audit Office	Business activities, routine audits of operating procedures, implementation and improvement of internal control systems, and provisions of related analyses and reports to the management.

II. Information on Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and heads of departments and branches

(I) Directors and Supervisors

1. Information on Directors and Supervisors

April 20, 2019

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Primary work or academic experiences	Titles also held at the Company and other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Chairman	R.O.C.	Ching-Hsiang Yang (Note 1)	Male	July 1, 2016	3 years	88.4.22	16,612,350	15.26%	12,112,350	11.12%	37	0.00%	-	-	Studied in the Department of Business Administration, Dayeh University	Chairman of Da Ning, Director of Cleanaway Zoucheng Holding and MHS Technology Co., Ltd.	-	-	-
Director	R.O.C.	Kang Lien Enterprise Co., Ltd.	-	July 1, 2016	3 years	91.3.22	5,526,223	5.08%	5,526,223	5.08%	-	-	-	-	-	Director and Supervisor of Kao Lien Cleanaway Company Ltd. and Xiong Wei Co., Ltd.	-	-	-
		Representative: Cheng-Lun Tao	Male	July 1, 2016	3 years	88.4.22	80,000	0.07%	80,000	0.07%	-	-	-	-	Department of Business Administration, Tamsui Oxford University College, EMBA, National Sun Yat-sen University	Chairman of Kang Lien, Da Tsang, Chi Wei, Cleanaway Zoucheng, and Cleanaway (Shanghai); Director of Cleanaway Investment, Da Ning, and Cleanaway Zoucheng Holding	-	-	-
Director	British Virgin Islands	Jocris Ltd. (BVI)	-	July 1, 2016	3 years	99.8.10	5,832,522	5.36%	5,832,522	5.36%	-	-	-	-	-	-	-	-	-
	Singapore	Representative: Chong-Meng Li	Male	July 1, 2016	3 years	96.6.29	-	-	-	-	-	-	4,572,789	4.20%	UCLA, MBA President, Asia, Brambles Heavy Contracting Limited (Australia)	Director of Kang Lien, Da Tsang, Cleanaway Enterprise, Chi Wei, Cleanaway Investment, Da Ning, Cleanaway Zoucheng, and Cleanaway (Shanghai)	-	-	-
Director	R.O.C.	Kun-Yu Chang	Male	July 1, 2016	3 years	100.1.19	281,000	0.26%	150,000	0.14%	-	-	-	-	Department of Finance, Fortune Institute of Technology	Director, MHS Technology Co., Ltd.	-	-	-
Independent Director	R.O.C.	Wen-Tsai Yang	Male	July 1, 2016	3 years	100.1.19	-	-	-	-	4,000	0.00%	-	-	Master from the Graduate Institute of Finance, Chaoyang Yunlin University of Technology;	Director, Kaohsiung Red Cross Nursery Center; Independent Director,	-	-	-

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Primary work or academic experiences	Titles also held at the Company and other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
															Director, National Taxation Bureau of Kaohsiung City, Ministry of Finance	Southeast Cement Corporation			
Independent Director	R.O.C.	Ta-Tai Chen	Male	July 1, 2016	3	January 19, 2011	-	-	-	-	-	-	-	-	Department of Political Science, School of Law, Soochow University; Adjunct Associate Professor, China Medical University	None	-	-	-
Independent Director	R.O.C.	Chien-Hsun Wu	Male	July 1, 2016	3	April 17, 2012	6,000	0.01%	6,000	0.01%			-	-	Department of Law of Fujen University; Judge of Taiwan Changhua and Kaohsiung District Courts and Taiwan High Court Kaohsiung Branch	Attorney of the Bar Associations of Kaohsiung, Pingtun, and Taichung Independent Director of Yung Chi Paint & Varnish Mfg. Co., Ltd.	-	-	-
Supervisors	R.O.C.	Jung-Hsien Hou	Male	July 1, 2016	3	January 19, 2011	11,000	0.01%	6,000	0.01%	10,000	0.01%	-	-	Graduate Institute of Finance, National Cheng Kung University; Adjunct Lecturer, Department of Accountancy, Cheng Kung University; Practitioner, Ernst & Young	Independent Director of Sheh Fung Screws Co., Ltd., Hong Ho Precision Textile Co., Ltd., T.Y.C. Brother Industrial Co., Ltd., Jiyuan Packaging Holdings Limited; Supervisor of Jih Lin Technology Co., Ltd. E&R Engineering Corporation; Director of Gamma Optical Co., Ltd., Family Tree Co., Ltd.	-	-	-
Supervisors	R.O.C.	Cheng-Han Hsu	Male	July 1, 2016	3	January 19, 2011	-	-	-	-	-	-	-	-	Executive Management Course, EMBA, I-Shou University	Chairman, Fu-Kuo Development Co., Ltd., Director of Baiham Enterprise Co., Ltd., MuNi Kang Co., Ltd., Chan Lien Co., Ltd.	-	-	-
Supervisors	R.O.C.	Kang Hsin Investment, Ltd.	-	July 1, 2016	3	January 19, 2011	1,000,000	0.92%	1,000,000	0.92%	-	-	-	-	-	-	-	-	-
		Legal Representative: Chin-Hui Ling	Female	July 1, 2016	3	January 19, 2011	-	-	-	-	52,000	0.05%	-	-	Distribution Management Department, Nanying Vocational High School	Chairman, Kang Hsin Investment, Ltd.	-	-	-

Note 1: Ching-Hsiang Yang's first term as a Director began on April 22, 1999. He has served as the Chairman since March 19, 2009.

Note 2: The data on the shareholding ratio as of April 7, 2019 (book closure date) is calculated and rounded to the second decimal.

2. Major shareholders of corporate shareholders

April 20, 2019

Name of corporate shareholder	Major shareholders of corporate shareholders
Kang Lien Enterprise Co., Ltd.	Ching-Hsiang Yang (61.71%), Pi-Lien Yang Li (19.90%), Shu-Fen Yang (15.66%), Wei Ho Industry Co., Ltd. (2.14%), Kuo-Fu Wang (0.59%)
Jocris Ltd. (BVI)	Chong-Meng Li (100.00%)
Kang Hsin Investment, Ltd.	Chin-Hui Ling (100.00%)

Name of corporate shareholder	Major shareholders of corporate shareholders
Wei Ho Industry Co., Ltd.	Hsiu-Han Yang (99.99%), Yu-Ching Yang (0.01%)

3. Professional qualifications and independence of the Directors and Supervisors

Directors and Supervisors

Qualifications / Name	Has more than 5 years of work experience and the following professional qualifications			Meets the independence criteria (Note 1)										Number of other public companies the person serves as an independent director
	Serve in lecturer roles or above in public or private college institutions in one of the following departments: business administration, law, finance, accounting, or another discipline relevant to the company's operations	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license.	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	
Ching-Hsiang Yang			✓	✓				✓		✓	✓	✓	✓	0
Kang Lien Enterprise Co., Ltd. Cheng-Lun Tao														0
Chong-Meng Li, Jocris Ltd. (BVI)														0
Kun-Yu Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wen-Tsai Yang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ta-Tai Chen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chien-Hsun Wu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Jung-Hsien Hou	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Cheng-Han Hsu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kang Hsin Investment, Ltd. Chin-Hui Ling														0

Note 1: Insert "V " in the box if a Director or Supervisor meets the following criteria during his/her term of office and two years prior to the date elected.✓

(1) Not employed by the Company or an affiliated business.

(2) Not serving as a director or supervisor of any of the Company's affiliated companies (this restriction does not apply to independent directors in the Company or its parent company or subsidiaries, which have been appointed in accordance with local laws or laws of the registered country).

(3) Not a natural person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person’s spouse, minor children or in the name of others.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within five degrees of kinship in the 3 preceding items.

(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top 5 in terms of quantity of shares held.

(6) Not a director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding more than 5% of shares of a specified company or institution that has a financial or business relationship with the Company.

(7) Not a business owner, partner, director (member of the governing board), supervisor (member of the supervising board), managerial officer, or spouse of a professional, sole proprietorship, partnership, corporation or organization that receives business, legal, financial, or accounting service or consultation from the Company or affiliates. However, this restriction does not apply to any member of the Remuneration Committee who exercises powers pursuant to Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter

(8) Not a spouse or a relative within the second degree of kinship with any Director.

(9) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

(10) Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.

(II) Information on Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and heads of departments and branches

April 20, 2019

Title	Nationality	Name	Gender	Date of appointment	Number of shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Primary work or academic experiences	Positions currently held in other companies	Managers who have spousal or second-degree family relationships within the Company		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
President (appointed on November 9, 2018)	R.O.C.	Yung-Fa Yang	Male	November 9, 2018	-	-	-	-	1,500,000	1.38%	Master in Brand Management, European Business School London	Chairman of Cleanaway Investment, George Yang Co., Ltd., Director of Cleanaway SUEZ Environmental Resources Limited, Cleanaway Energy, Wei Ho Industry, Hao Ta Industry, Cleanaway Zoucheng, President of Da Tsang, Cleanaway Enterprise, Chi Wei, Kang Lien, Da Ning, Cleanaway Investment	-	-	-
President (dismissed on November 9, 2018)	R.O.C.	Cheng-Lun Tao	Male	May 4, 1999	80,000	0.07%	-	-	-	-	Department of Business Administration, Tamsui Oxford University College, EMBA, National Sun Yat-sen University	Chairman of Kang Lien, Da Tsang, Chi Wei, Cleanaway Zoucheng, and Cleanaway (Shanghai); Director of Cleanaway Investment, Da Ning, and Cleanaway Zoucheng Holding	-	-	-
Vice President - Marketing & Sales	R.O.C.	Jen-Cheng Tsai	Male	January 1, 2000	30,000	0.03%	-	-	-	-	Department of Tourism, Shih-Hsin University; Sales Manager, Brambles Heavy Contracting Limited (Australia)	Vice President of Marketing & Sales of Da Tsang, Cleanaway Enterprise, Kang Lien, Chi Wei, Da Ning, Director of Cleanaway SUEZ	-	-	-
Vice President - Administration	R.O.C.	Chi-Nan Chen	Male	July 1, 2000	2,000	0.00%	-	-	-	-	Department of Industrial Engineering, Tunghai University, EMBA, Seton Hall University, Assistant Manager, Fornet Enterprise Co., Ltd.	Vice President - Administration of Da Tsang, Cleanaway Enterprise, Kang Lien, Chi Wei, Da Ning, Cleanaway Investment, Director of Chung Tai Resource Technology Corp.	-	-	-
Vice President - Operations	R.O.C.	Yu-Tsung Tai	Male	October 4, 1999	23,000	0.02%	-	-	-	-	Master of Environmental Engineering, Tamkang University, Operation Manager, Fan Tai Environmental Protection Engineering Co., Ltd.	Vice President - Operations of Da Tsang, Cleanaway Enterprise, Kang Lien, Chi Wei, Da Ning, Director of Da Tsang, Cleanaway Enterprise, Kang Lien, Chi Wei, Kao Lien Cleanaway Company Ltd., and Xiong Wei Co., Ltd.	-	-	-
Vice President-Technology	R.O.C.	Lwon-Kuo Sung	Male	November 1, 2002	-	-	-	-	-	-	PhD in Environmental Engineering, University of Central Florida, Manager, Lien Mei Consultancy Co., Ltd.	Vice President-Technology of Da Tsang, Cleanaway Enterprise, Kang Lien, Chi Wei, and Da Ning	-	-	-
Chief Financial Officer	R.O.C.	Tsung-Tien Chen	Male	May 21, 2008	30,000	0.03%	-	-	-	-	Department of Public Finance, National Chengchi University, Spokesperson, Chien Tai Cement Co., Ltd.	Chief Financial Officer of Da Tsang, Cleanaway Enterprise, Kang Lien, Chi Wei, Da Ning, Cleanaway Investment, Director of Chung Tai Resource Technology Corp., Director of Cleanaway (Shanghai), Cleanaway Zoucheng Holding, Cleanaway Zoucheng, Supervisor of Cleanaway SUEZ, Chung Tai Resource Technology Corp.	-	-	-
Chief Auditor	R.O.C.	Mei-Chih Kao	Female	February 14, 2011	-	-	-	-	-	-	Department of Agribusiness Management, National Pingtung University of Technology, Auditor of First Copper Technology Co., Ltd., Finance Section Chief of Shin Tai Industry Co., Ltd.	Chief Auditor of Da Tsang, Cleanaway Enterprise, Kang Lien, Chi Wei, Da Ning, Cleanaway Investment	-	-	-

Note 1: The data on the number of shares held is accurate as of April 7, 2019 (book closure date).

(III) Remuneration of Directors, Supervisors, President, and Vice Presidents

1. Remunerations to Directors, Supervisors, President, and Vice Presidents in the most recent year (2018)

(1) Remuneration of Directors (including Independent Directors)

Unit: NT$1,000

Title	Name	Remuneration of Directors								Sum of items A, B, C and D to NIAT Ratio (Note 10)		Remuneration paid to concurrent employees								A-G Total		Percentage of the total of 7 items A, B, C, D, E, F and G to net income after taxes (Note 10)		Whether or not the person receives remuneration from other non-subsidiary companies that this company has invested in (Note 11)
		Remuneration (A) (Note 2)		Severance pay and pension (B)		Remuneration for distribution of earning (C) (Note 3)		Business expenses (D) (Note 4)				Salaries, bonuses and special allowances (E) (Note 5)		Severance pay and pension (F)		Employee remuneration (G) (Note 6)								
																The Company		All companies in the Financial Report (Note 7)						
		The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	
Chairman	Ching-Hsiang Yang	0	0	0	0	5,600	5,600	290	290	0.45%	0.45%	0	0	0	0	0	0	0	0	5,890	5,890	0.45%	0.45%	None
Director	Chong-Meng Li, representative of Jocris Ltd. (BVI)																							
Director	Kun-Yu Chang																							
Independent Director	Wen-Tsai Yang																							
Independent Director	Ta-Tai Chen																							
Independent Director	Chien-Hsun Wu																							
Director	Kang Lien Enterprise Company Limited	0	0	0	0	26,800	26,800	0	0	2.03%	2.03%	0	0	0	0	0	0	0	0	26,800	26,800	2.03%	2.03%	
	Representative Cheng-Lun Tao	0	0	0	0	0	0	0	0	0.00%	0.00%	9,807	9,807	0	0	10,000	0	10,000	0	19,807	19,807	1.50%	1.50%	
Total		0	0	0	0	32,400	32,400	290	290	2.48%	2.48%	9,807	9,807	0	0	10,000	0	10,000	0	52,497	52,497	3.98%	3.98%	

Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g. acting as a non-employee consultant) rendered to the Company: Jocris Ltd. (BVI) collected technology consulting fees of NT$10 million in 2018.

Director remuneration range table

Remuneration range for each Director (representative of Institutional Director) of the Company	Name of Director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in consolidated statements (Note 9) H	The Company (Note 8)	All companies in consolidated statements (Note 9) H
Less than NT$2,000,000	Ching-Hsiang Yang, Chong-Meng Li, Kun-Yu Chang, Ta-Tai Chen, Wen-Tsai Yang, Chien-Hsun Wu, Cheng-Lun Tao	Ching-Hsiang Yang, Chong-Meng Li, Kun-Yu Chang, Ta-Tai Chen, Wen-Tsai Yang, Chien-Hsun Wu, Cheng-Lun Tao	Ching-Hsiang Yang, Chong-Meng Li, Kun-Yu Chang, Ta-Tai Chen, Wen-Tsai Yang, Chien-Hsun Wu	Ching-Hsiang Yang, Chong-Meng Li, Kun-Yu Chang, Ta-Tai Chen, Wen-Tsai Yang, Chien-Hsun Wu
NT$2,000,000 (inclusive) to NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	Kang Lien Enterprise Co., Ltd.	Kang Lien Enterprise Co., Ltd.	Kang Lien Enterprise Co., Ltd., Cheng-Lun Tao	Kang Lien Enterprise Co., Ltd., Cheng-Lun Tao
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-	-	-
More than NT$100,000,000	-	-	-	-
Total	8 persons	8 persons	8 persons	8 persons

Note 1: The names of directors shall be listed separately (names of institutional shareholders and representatives shall be listed separately), and the payment amounts shall be disclosed collectively. If a Director concurrently serves as President or Vice President, information shall be provided in this table and the tables (3-1) or (3-2) below.

Note 2: Remuneration of Directors in 2018 (including salaries, job remuneration, pension, severance, bonuses, and rewards).

Note 3: The amount is the proposed remuneration to Directors according to the 2018 earnings distribution that has been approved by the Board of Directors but has not been submitted to the shareholders meeting.

Note 4: Business expenses paid out to Directors in 2018 (including transportation, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the company, excluding remuneration, in a separate note.

Note 5: Remuneration for directors concurrently holding positions in the company in the most recent year (for positions that include the President, Vice Presidents, other managerial officers, or employees) shall include salaries, job remuneration, pension, severance, bonuses, rewards, transportation fees, special expenses, various subsidies, accommodation, vehicles, and other of physical items, etc. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the company, excluding remuneration, in a separate note. Any salary listed under IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares and cash capital increase by stock subscription shall also be included in remuneration.

Note 6: For directors concurrently holding positions in the company in 2018 (including the President, Vice Presidents, other managerial officers, or employees) and receiving the remuneration, the employee remuneration paid in the most recent year upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, the remuneration to be distributed in the most recent year shall be based on the proportion of the remuneration distributed last year and filled in Table 6.

Note 7: Total remuneration in various items paid out to the Company's Directors by all companies (including this Company) listed in the consolidated statements shall be disclosed.

Note 8: The name of each director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.

Note 9: The total amount of all the remuneration paid to each Director of the company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each Director shall be disclosed in the remuneration range.

Note 10: Net profit after tax means the net profit after tax in 2018. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 11: a. This field shall clearly indicate whether the Director of the Company receives remuneration from investees other than subsidiaries of the Company and the amount.

b. If Directors of the Company received remuneration from investees other than subsidiaries of the Company, the remuneration received by Directors of the Company from investees other than subsidiaries of the Company may be voluntarily included in D column of the Remuneration Range Table and the name of the field shall be changed to "All Reinvestment Enterprises".

c. Compensations refers to rewards, remunerations (including remuneration for company employees, directors or supervisors) and allowances from professional practice received by the Director from other non-subsidiary companies invested by the Company for their services as directors, supervisors, or managers.

Note 12: New shares subscribed under the restrictive employee stock option plan by the Director also working as an employee (including the position of President, Vice President, other managerial officer and staff) as of the date of report. This table shall be filled out and Table 15-1 shall also be filled out.

Note 13: The Company's earnings distribution for remuneration of Directors and transportation allowance for meetings of the Board of Directors shall be collected by the institutional shareholder if the Director is an institutional director.

Note 14: The remuneration of Directors and Supervisors in this year was approved by the Board of Directors on March 15, 2019.

＊ A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

(2) Remuneration paid to Supervisors in the most recent year (2018):

Unit: NT$1,000

Title	Name	Remuneration for Supervisors						Proportion of NIAT after summing items A, B, and C (Note 8)		Whether or not the person receives remuneration from other non-subsidiary companies that this company has invested in (Note 9)
		Remuneration (A) (Note 2)		Compensation (B) (Note 3)		Expenses from professional practice (C) (Note 4)				
		The Company	All companies in the Financial Report (Note 5)	The Company	All companies in the Financial Report (Note 5)	The Company	All companies in the Financial Report (Note 5)	The Company	All companies in the Financial Report (Note 5)	
Supervisors	Jung-Hsien Hou	0	0	2,600	2,600	180	180	0.21%	0.21%	None
Supervisors	Cheng-Han Hsu									
Supervisors	Kang Hsin Investment, Ltd. representative: Chin-Hui Ling									

Supervisor Remuneration Range Table

Range of remuneration paid to the Supervisors (representatives of institutional supervisors) of the Company	Names of Supervisor	
	Total of (A+B+C)	
	The Company (Note 6)	All companies in consolidated statements (Note 7) D
Less than NT$2,000,000	Jung-Hsien Hou, Cheng-Han Hsu, Chin-Hui Ling, Kang Hsin Investment, Ltd.	Jung-Hsien Hou, Cheng-Han Hsu, Chin-Hui Ling, Kang Hsin Investment, Ltd.
NT$2,000,000 (inclusive) to NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
More than NT$100,000,000	-	-
Total	4 persons	4 persons

Note 1: The names of Supervisors shall be listed separately (names of institutional shareholders and representatives shall be listed separately), and the payment amounts shall be disclosed collectively.

Note 2: Remuneration of Supervisors in the most recent year (including salaries, job remuneration, severance, bonuses, and rewards).

Note 3: The amount is the proposed remuneration to Supervisors approved by the Board of Directors for 2018.

Note 4: Business expenses paid out to Supervisors in 2018 (including transportation, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the company, excluding remuneration, in a separate note.

Note 5: Total remuneration in various items paid out to the Company's Supervisors by all companies (including this Company) listed in the consolidated statements shall be disclosed.

Note 6: The name of each Supervisor shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the supervisors by the Company.

Note 7: The names of Supervisors paid by all companies in the consolidated statements (including the Company) shall be disclosed in their respective remuneration range.

Note 8: Net profit after tax means the net profit after tax in 2018. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 9:
a. This field shall clearly indicate whether the Supervisor of the Company receives remuneration from investees other than subsidiaries of the Company and the amount.
b. If Supervisors of the Company received remuneration from investees other than subsidiaries of the Company, the remuneration received by Supervisors of the Company from investees other than subsidiaries of the Company may be voluntarily included in D column of the Remuneration Range Table and the name of the field shall be changed to "All Reinvestment Enterprises".
c. Compensations refer to rewards, remunerations (including remuneration for company employees, directors or supervisors) and allowances from professional practice received by the Supervisor from other non-subsidiary companies invested by the Company for their services as directors, supervisors, or managers.

Note 10: The Company's earnings distribution for the remuneration of Supervisors and transportation allowance for meetings of the Board of Directors shall be collected by the institutional shareholder if the Supervisor is an institutional supervisor.

Note 11: The remuneration of Directors and Supervisors in this year was approved by the Board of Directors on March 15, 2019.

∗ A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

(3) Remunerations to President and Vice Presidents in the most recent year (2018)

Unit: NT$1,000

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and special expenses (C) (Note 3)		Employee remuneration (D) (Note 4)				Percentage of NIAT after summing the 4 items of A, B, C, and D (%) (Note 8)		Whether or not the person receives remuneration from other non-subsidiary companies that this company has invested in (Note 9)
								The Company		All companies in the Financial Report (Note 5)				
		The Company	All companies in the Financial Report (Note 5)	The Company	All companies in the Financial Report (Note 5)	The Company	All companies in the Financial Report (Note 5)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the Financial Report (Note 5)	
President (Note 11)	Yung-Fa Yang	14,760	14,760	0	0	20,130	20,130	15,000	0	15,000	0	3.78%	3.78%	None
President (Note 11)	Cheng-Lun Tao													
Vice President - Marketing & Sales	Jen-Cheng Tsai													
Vice President - Administration	Chi-Nan Chen													
Vice President - Operations	Yu-Tsung Tai													
Vice President- Technology	Lwon-Kuo Sung													
Chief Financial Officer	Tsung-Tien Chen													

President and Vice President Remuneration Range Table

Range of remuneration paid to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company (Note 6)	All companies in consolidated statements (Note 7) E
Less than NT$2,000,000	-	-
NT$2,000,000 (inclusive) to NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Jen-Cheng Tsai, Chi-Nan Chen, Yu-Tsung Tai, Lwon-Kuo Sung, Tsung-Tien Chen	Jen-Cheng Tsai, Chi-Nan Chen, Yu-Tsung Tai, Lwon-Kuo Sung, Tsung-Tien Chen
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	Cheng-Lun Tao	Cheng-Lun Tao
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
More than NT$100,000,000	-	-
Total	6 persons	6 persons

Note 1: The name of the President and Vice Presidents shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. This table and Table (1) above shall be filled if a Director serves concurrently as President or Vice President

Note 2: The salary, job-related allowances, pension, and severance pay received by the President and Vice Presidents in 2018.

Note 3: Remuneration to the President and Vice Presidents in 2018, including bonus, reward, reimbursement of expenses, special allowances, various subsidies, housing and use of vehicles. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the company, excluding remuneration, in a separate note. Any salary listed under IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares and cash capital increase by stock subscription shall also be included in remuneration.

Note 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the President and Vice Presidents in 2018. If the amount of rewards cannot be estimated, the amount of rewards in the current year shall be calculated based on the ratio of the amount of rewards distributed in the previous year, and this amount shall also be filled in Table 1-3. Net profit after tax means the net profit after tax in 2018. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 5: The total amount of all the remuneration paid to the Company's President and Vice Presidents by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed.

Note 6: The name of each President and Vice President should be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the President and Vice Presidents by the Company.

Note 7: The names of the President and Vice Presidents paid by all companies in the consolidated statements (including the Company) shall be disclosed in their respective remuneration range.

Note 8: Net profit after tax means the net profit after tax in 2018. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 9:
a. The remuneration the Company's President and Vice Presidents receive from other non-subsidiary companies that this company has invested in shall be disclosed in this column.
b. If President and Vice Presidents of the Company received remuneration from investees other than subsidiaries of the Company, the remuneration received by President and Vice Presidents of the Company from investees other than subsidiaries of the Company may be voluntarily included in D column of the Remuneration Range Table and the name of the field shall be changed to "All Reinvestment Enterprises".
c. Compensations refer to rewards, remunerations (including remuneration for company employees, directors or supervisors) and allowances from professional practice received by the President and Vice President from other non-subsidiary companies invested by the Company for their services as directors, supervisors, or managers.

Note 10: The remuneration of employees was approved by the Board of Directors on March 15, 2019.

Note 11: The new President was appointed on November 9, 2018.

＊ A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

(4) Name of managerial officers to which employee rewards are distributed, and the status of distribution:

April 20, 2019
Unit: NT$1,000

Title	Name	Stock amount	Cash amount	Total	Percentage of total compensations to NIAT (%)
President (Note 2)	Cheng-Lun Tao	0	15,000	15,000	1.14%
Vice President - Marketing & Sales	Jen-Cheng Tsai				
Vice President - Administration	Chi-Nan Chen				
Vice President - Operations	Yu-Tsung Tai				
Vice President- Technology	Lwon-Kuo Sung				
Chief Financial Officer	Tsung-Tien Chen				

Note 1: The remuneration of employees from earnings appropriation was approved by the Board of Directors on March 15, 2019.

Note 2: President Cheng-Lun Tao left office on November 9, 2018.

Comparison of compensation paid by the Company and all the consolidated entities in the last two years to the company's Directors, Supervisors, President and Vice Presidents as a percentage to the net income after tax. Explanation on remuneration policies, standards and combination of the procedures in determining remuneration, and association with business performance and future risks:

Unit: NT$1,000

Year	2017				2018			
	The Company		All Companies in consolidated statements		The Company		All Companies in consolidated statements	
Title	Total remuneration	Percentage of compensations to NIAT	Total remuneration	Percentage of compensations to NIAT	Total remuneration	Percentage of compensations to NIAT	Total remuneration	Percentage of compensations to NIAT
Director	32,650	2.39%	32,650	2.39%	32,690	2.48%	32,690	2.48%
Supervisors	2,740	0.20%	2,740	0.20%	2,780	0.21%	2,780	0.21%
Total remuneration to the President and Vice Presidents	55,020	4.04%	55,020	4.04%	49,890	3.78%	49,890	3.78%

The Company's directors and supervisors' consideration and remuneration shall be processed in accordance with Article 40 of the Articles of Incorporation. No more than 5% of the profits from the current year shall be distributed as remuneration to Directors and Supervisors. They may be given reasonable remuneration based on the Company's operation status and the results of performance evaluation of the Board of Directors. The remunerations for the President and Vice Presidents are executed in accordance with the Company's related salary management regulations. The remuneration for the President and Vice Presidents are reviewed by the Remuneration Committee and the Board of Directors and remunerations may be reviewed where necessary based on actual operation status and related regulations. The related remuneration corresponds to their responsibilities and risks. When comparing 2018 to 2017, the remuneration of Directors and Supervisors account for similar percentages of the NIAT. The decline of remuneration for managerial officers was primarily caused by a reduction in bonuses.

III. Implementation of corporate governance

(I) Operation of Board of Directors

A total of seven meetings (A) were held by the Board of Directors in the most recent fiscal year (2018). The attendance of the members of the Board was as follows:

Title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Rate of attendance in person (%) [B/A] (Note 2)	Notes
Chairman	Ching-Hsiang Yang	7	0	100% (7/7)	
Director	Kang Lien Enterprise Company Limited Representative: Cheng-Lun Tao	7	0	100% (7/7)	
Director	Jocris Ltd. (BVI) representative: Chong-Meng Li	7	0	100% (7/7)	
Director	Kun-Yu Chang	7	0	100% (7/7)	
Independent Director	Ta-Tai Chen	7	0	100% (7/7)	
Independent Director	Wen-Tsai Yang	7	0	100% (7/7)	
Independent Director	Chien-Hsun Wu	7	0	100% (7/7)	

Other matters that should be recorded:

I. If any of the following applies to the operations of the Board of Directors, the date and session of the Board of Directors' Meeting, as well as the resolutions, opinions of Independent Directors and the company's actions in response to the opinions of Independent Directors shall be stated:

(I) Items specified in Article 14-3 of the Securities and Exchange Act: Please refer to Chapter 3, III (XI) "Key resolutions adopted by the shareholders' meeting and the Board of Directors in the most recent fiscal year up to the publication date of this Annual Report" of the Annual Report.

(II) Other than the matters mentioned above, other resolutions that are objected and reserved by the Independent Directors and are documented or stated: No such occurrences. Please refer to Chapter 3, III (XI) "Key resolutions adopted by the shareholders' meeting and the Board of Directors in the most recent fiscal year up to the publication date of this Annual Report" of the Annual Report.

II. In regards to the recusal of Directors from voting due to conflict of interests, the name of the Directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated:

Name of Director	Proposal	Reason for recusal	Participation in voting
Ching-Hsiang Yang, Chong-Meng Li, Cheng-Lun Tao, Kun-Yu Chang	The Company's distribution of remuneration for Directors for 2017 (board meeting on March 31, 2018)	They are the Company's current regular Directors and personal interests are involved	Recusal in accordance with regulations
Wen-Tsai Yang, Ta-Tai Chen, Chien-Hsun Wu	The Company's distribution of remuneration for the three Independent Directors and all individual supervisors for 2017 (board meeting on March 31, 2018)	They are the Company's current Independent Directors and personal interests are involved	Recusal in accordance with regulations
Cheng-Lun Tao	The Company's distribution of the 2017 year-end bonus and pension for the former President (board meeting on December 21, 2018)	They are the Company's current regular Directors and personal interests are involved	Recusal in accordance with regulations
Ching-Hsiang Yang, Chong-Meng Li, Cheng-Lun Tao, Kun-Yu Chang	The Company's distribution of remuneration for all individual Directors for 2018 (board meeting on March 15, 2019)	They are the Company's current regular Directors and personal interests are involved	Recusal in accordance with regulations
Wen-Tsai Yang, Ta-Tai Chen, Chien-Hsun Wu	The Company's distribution of remuneration for the three Independent Directors and all individual supervisors for 2018 (board meeting on March 15, 2019)	They are the Company's current Independent Directors and personal interests are involved	Recusal in accordance with regulations

III. An evaluation of the goals set for strengthening the functions of the Board and implementation status during the current and the most recent fiscal year:

1. The operations of the Company's Board of Directors have been implemented in accordance with regulations, the Articles of Incorporation, and resolutions of the shareholders' meeting. All Directors have the professional knowledge, skills, and experience necessary to perform their duties and they uphold fiduciary

principles and exercise due care to maximize benefits for all shareholders. 2. To establish a good governance system for the Board of Directors, improve supervision functions, and strengthen management functions of the Company, the Company has established the Procedures for Board of Directors Meetings including the main contents of the proceedings, operations, matters to be stated in the meeting minutes, announcements, and other matters for compliance which shall be handled in accordance with the provisions of these Rules. 3. The Company regularly conduct self-inspections on the operations of the Board of Directors to strengthen its functions and internal auditors also formulate audit reports on the operations of the Board of Directors to meet requirements of the competent authority. 4. The Company followed the regulations of the competent authority and elected two Independent Director in the extraordinary shareholders' meeting in 2011 in accordance with laws. The Company elected a supplementary Independent Director in the general shareholders' meeting in 2012 to increase the number of Independent Director to 3.

(II) Operation of the Audit Committee or Supervisors' participation in the operation of the Board of Directors:

1. The Company has not established an Audit Committee.
2. The meetings of the Board of Director were held 7 (A) times in the most recent year and attendance of the Supervisors was as follows:

Title	Name	Attendance in person (B)	Attendance in person rate (%) (B/A) (Note)	Notes
Supervisors	Jung-Hsien Hou	7	100% (7/7)	
Supervisors	Cheng-Han Hsu	7	100% (7/7)	
Supervisors	Kang Hsin Investment, Co., Ltd. representative: Chin-Hui Ling	7	100% (7/7)	
Other matters that should be recorded: (I) Composition and responsibilities of Supervisors: (II) Communication between Supervisors and Company's employees and shareholders: The Company's Audit Office is the current contact window for Supervisors. It regularly provides opinions of employees or shareholders to Supervisors who may communicate with employees or shareholders directly based on actual conditions. (III) Communication between the Supervisor and the internal audit manager or CPA: 1. Communication methods: (1) The audit reports are delivered to the Independent Directors and Supervisor to review each month. (2) If Independent Director and Supervisors have any questions or instructions after reading the audit report, they may ask the audit manager or issue instructions. (3) The internal audit supervisor also attends meetings of the Board of Directors to report on audits. (4) The Company's certifying CPA shall maintain communication with the Chief Financial Officer at all times. The CPA shall discuss the financial statements of the quarter or results of reviews and communicate on other matters required by law with Independent Directors and the Chief Financial Officer. Independent Directors and CPAs maintain good communication. (5) Independent Directors and Supervisors can report items in the quarterly meetings of the Board of Directors through the Audit Office. Alternatively, the audit unit may also provide the status of audit reports to Independent Directors and Supervisors so that they may learn about the status of the Company's operations (including financial operations) and audits. They can use all types of reports and channels (e.g. telephone, fax, email, etc.) to maintain good communication with the Chief Financial Officer and CPA. 2. Summary of past meetings between the Independent Directors, Supervisors and internal audit supervisor				

Date	Key communication points	Objections and corrections
February 7, 2018	Report on the implementation status of internal audits in January 2018.	None
March 16, 2018	Report on the implementation status of internal audits in February 2018.	None
March 31, 2018	1. Compilation report on the implementation status of internal audits in the first quarter of 2018. 2. Report on the implementation and reporting status of the 2017 internal audit plan. 3. Report on the internal control self-assessment report and Internal Control System Statement.	None
April 16, 2018	Report on the implementation status of internal audits in March 2018.	None
May 4, 2018 Board of Directors	Report on the implementation status of internal audits in April 2018.	None
June 22, 2018 Board of Directors	Report on the implementation status of internal audits in May 2018.	None
June 27, 2018 Board of Directors	Report on the implementation status and progress of internal audits in June 2018.	None
August 3, 2018 Board of Directors	Report on the implementation status and progress of internal audits in July 2018.	None
September 13, 2018	Report on the implementation status of internal audits in August 2018.	None
October 11, 2018	Report on the implementation status and progress of internal audits in September 2018.	None
November 9, 2018 Board of Directors	Compilation report on the implementation status of internal audits in the third quarter of 2018.	None
December 21, 2018 Board of Directors	1. Report on the implementation status of audits in November 2018. 2. Report on the formulation of the 2019 audit plan.	None
February 12, 2019	Report on the implementation status of internal audits in January 2019.	None
March 15, 2019 Board of Directors	1. Report on the implementation status of internal audits in February 2019. 2. Report on the implementation and reporting status of the 2018 internal audit plan. 3. Report on the internal control self-assessment report and Internal Control System Statement for 2018.	None

4. Summary of past meetings between the Independent Directors, Supervisors, and CPAs

Date	Key communication points	Communication results
March 12, 2018	The impact of IFRS 16 "Leases" on the Company and related introduction plans.	No objections
March 31, 2018 Board of Directors	2017 Consolidated and Parent Company Only Financial Reports. The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.	No objections
May 4, 2018	Consolidated Financial Report for the first quarter of 2018.	No objections

Board of Directors	The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.	
June 22, 2018 Board of Directors	Distribution of 2017 earnings in cash dividends and related affairs. The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.	No objections
June 27, 2018 Board of Directors	Report on related land purchase, CPA evaluation, and other financial operations for the establishment of a processing plant for sorting waste. The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.	No objections
August 3, 2018 Board of Directors	Consolidated Financial Report for the second quarter of 2018. The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.	No objections
November 9, 2018 Board of Directors	Consolidated Financial Report for the third quarter of 2018. The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.	No objections
December 21, 2018 Board of Directors	2019 Business Plan and related financial reports The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.	No objections
January 17, 2019	Impact of the application of IFRS 16 "Leases" on the Company's Financial Report	No objections
March 15, 2019 Board of Directors	2018 Consolidated and Parent Company Only Financial Reports. The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.	No objections

(IV) If She supervisors stated opinions while attending the board meetings, the date and term of the meeting, the contents of the proposals discussed and resolutions passed in the meeting and the Company’s actions in response to the opinions of the Supervisors shall be provided: No Supervisors stated opinions when they attended board meetings in 2018.

(III) Deviation of the Company's corporate governance from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation:

Item	State of operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Did the Company stipulate and disclose best practice principles for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established and implemented the "Corporate Governance Best Practice Principles" in August 2011 and disclosed them on the company website and Market Observation Post System.	No particular deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
II. Equity structure and shareholders' rights of the Company (I) Has the Company established internal procedures to handle shareholder's suggestions, questions, problems, and litigations, and implemented these measures accordingly? (II) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders? (III) Has the Company established and enforced risk control and firewall systems with its affiliated businesses? (IV) Has the Company established internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V V V V		1. The Company has appointed a Spokesperson, Acting Spokesperson, and shareholder service personnel to resolve related issues. 2. The Company has established a stock affairs unit which maintains close communication with major shareholders and retained control at all times. 3. Affiliate companies operate finance, business, and accounting affairs independently and they are managed and audited by the parent company. The Company has established the "Regulations on Financial Businesses and Transactions with Affiliate Companies" and established the "Supervision and Management Procedures for Subsidiary Companies" in the internal control system and other control operations. 4. The Company has established the "Operating Procedures for Preventing Insider Trading" to prevent the Company or its internal personnel from unintentionally or intentionally violating related regulations on insider trading and protect the interests of investors and the Company.	No particular deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
III. Composition and responsibilities of the Board of Directors: (I) Has the Board established and implemented diversification measures in its member setup?	V		1. The Company established the "Corporate Governance Best Practice Principles" and the "Strengthening the Functions of the Board of Directors" section in Chapter 3 of the Principles stipulated a diversity policy. The Company's nomination and selection of members of the Board of Directors are based on regulations in the Company's Articles of Incorporation. The Company shall evaluate the academic and experience of each candidate and take the opinions of stakeholders into consideration. The Company also abides by the Rules Governing the Election of Directors and Supervisors and the Corporate Governance Best Practice Principles to ensure the diversity and independence of board members. The Company appoints four Directors and three Independent Directors who have their own area of expertise including leadership skills, business judgments, business	No particular deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Item	State of operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			management, and crisis management as well as professional skills such as knowledge of the industry and international market perspectives. The three Independent Directors specialize in finance, law, and administration. The Company has implemented a policy for ensuring the diversification of business members.	
(II) In addition to setting up a Remuneration Committee and Audit Committee in accordance with the law, has the Company voluntarily established other functional committees?	V		2. The Company established the "Special Committee for Merger/Consolidation and Acquisition" based on a resolution of the meeting of the Board of Directors on March 25, 2016. According to the Charter of the Special Committee for Merger/Consolidation and Acquisition, the Committee shall have no less than three members which shall be the Independent Directors. The role of the Committee is to review the fairness and reasonableness of the merger/consolidation plan and transactions. The Company shall report the results of the review to the Board of Directors and the shareholders' meeting. The Committee is convened when necessary and no meetings were convened in the most recent year.	
(III) Has the Company established a performance evaluation method for the Board of Directors and conducted performance evaluation accordingly on an annual basis?	V		3. The Company has established the Board Performance Assessment Methodology and completed the assessment of the Board of Directors and Directors in December 2018. The results were reported in the meeting of the Board of Directors on December 21, 2018. The assessment is based on the actual operations of the Board of Directors and Directors' participation in 2018 and the evaluation items and results are listed as follows: (1) Compliance for items to be submitted to the Board of Directors for discussion: Evaluation standard: Whether related proposals have been submitted to the Board of Directors for discussions in accordance with related laws and regulations. A score of 10 points is awarded if all related proposals have been submitted to the Board of Directors in the entire year. Any discrepancy shall result in a 2-point deduction. Material discrepancies and corrections by the competent authority shall result in 0 points. Implementation status: Full compliance. Score: 10 points. (2) Did the Company convene at least one board meeting every quarter? Evaluation standard: Whether the Company convened at least six board meetings each year. Based on a review of the entire year, 10 points shall be awarded if the Company convened more than six meetings (inclusive); 8 points shall be awarded for five meetings; 6 points shall be awarded for four meetings; 4 points shall be awarded for three meetings or below.	

Item	State of operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Implementation status: The Company convened at least one board meeting every quarter and convened 7 meetings in 2018. Score: 10 points. (3) Compliance for Directors' recusal due to conflicts of interest: Evaluation standard: If a Director's recusal is required in related cases, did the Director recuse himself/herself or did the chair strictly require the Director's recusal? Based on a review of the entire year, a score of 10 points is awarded if Directors have recused themselves from all proposals that require their recusal due to conflicts of interest. Any discrepancy shall result in a 2-point deduction. Material discrepancies and corrections by the competent authority shall result in 0 points. Implementation status: Recusals implemented in accordance with regulations in all cases. Score: 10 points. (4) Number of hours for Directors' continuing education each year Evaluation standard: Whether all Directors have met the number of required hours for Directors' continuing education. Based on a review of the entire year, a score of 10 points is awarded if each Director has met the requirements. A 2-point deduction shall be imposed for each Director that fails to meet the requirements for the number of hours of continuing education. Implementation status: All Directors participated in 6 hours of continuing education and met requirements. Score: 10 points. (5) Attendance rate in meetings of the Board of Directors Meeting Evaluation standard: Is the attendance rate of all Directors above 2/3 in each meeting. A score of 10 points is awarded if the Directors' attendance rate in meetings is above 2/3. 2 points shall be deducted if the attendance rate of a meeting is lower than 2/3. Implementation status: The attendance rate was higher than 2/3 in all meetings of the Board of Directors in 2018. Score: 10 points (6) Attendance rate in shareholders' meetings Evaluation standard: Is the shareholders' meeting attended by more than 1/2 of the Directors. A score of 10 points is awarded if more than 1/2 of the Directors (five Directors) attended the shareholders' meeting; a score of 8 points is awarded if three Directors attended the shareholders' meeting; a score of 6 points is awarded if two Directors attended the	

Item	State of operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			shareholders' meeting. Implementation status: Directors' attendance rate in the 2018 general shareholders' meeting was higher than 1/2. Score: 10 points (7) Review of the Company's accounting system, financial position, Financial Report, Audit Report, and follow-up: Evaluation standard: Whether the Director understands and supervises the Company's accounting system, financial position, Financial Report, Audit Report, and follow-up. A score of 10 points is awarded for full compliance. Any discrepancy shall result in a 2-point deduction. Material discrepancies and corrections by the competent authority shall result in 0 points. Implementation status: Full implementation. Score: 10 points (8) Regulatory compliance Evaluation standard: Whether the Company's Chairman or board members have been prosecuted for violation of the Securities and Exchange Act, Company Act, Banking Act, Financial Holding Company Act, or Business Entity Accounting Act, or for corruption, dereliction of duty, fraud, breach of trust, or embezzlement. A score of 10 points is awarded for full compliance. Any discrepancy shall result in a 2-point deduction. Material discrepancies and corrections by the competent authority shall result in 0 points. Implementation status: Full implementation. Score: 10 points (9) Evaluation and supervision of the Company's existing or potential risks Evaluation standard: Whether Directors strictly supervise the Company's existing or potential risks. A score of 10 points is awarded if the Board of Directors implements supervision and proposes recommendations according to the Company's internal control system and the material risks of each department and discusses the execution and follow-up status of the internal control system in the meetings of the Board of Directors each year. Any discrepancy shall result in a 2-point deduction. Material discrepancies and corrections by the competent authority shall result in 0 points. Implementation status: Full implementation. Score: 10 points (10) Communication and interactions between the Company's	

Item	State of operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			management Evaluation standard: Whether Directors and the Company's management maintain good communication channels. A score of 10 points is awarded if more than 1/2 of the Directors (five Directors) attended the general meeting; a score of 8 points is awarded if three Directors attended the meeting; a score of 6 points is awarded if two Directors attended the meeting. Implementation status: Full implementation. Score: 10 points The Company scored a total of 100 points in the 10 preceding evaluations.	
(IV) Does the Company regularly implement assessments on the independence of the CPA?	V		4. The Company's Finance Department assesses the independence of the CPA once each year. The results were submitted to the meeting of the Board of Director on March 15, 2019 for review and passage. The Company has assessed and concluded that the CPAs Kuan-Chung Lai and Te-Chen Cheng of Deloitte, Taiwan have met the Company's criteria for independence and they are qualified to serve as the Company's certifying CPAs. The Company has also obtained the "Statement of Independence" from the certifying CPAs. The evaluation items for independence are as follows: (1) Members of the audit service team, their family members, other CPAs, their families, the firm and the affiliate enterprises of the firm do not have direct or indirect material financial interest in the Company. (2) The Company, its Directors, Supervisors, the audit service team, their family members, other CPAs, their families, the firm and the affiliate enterprises of the firm do not have relations involved in mutual financing or endorsements (there are no restrictions on regular commercial interactions with financial institutions (3) The CPA firm and the audit service team do not have close business relations with the Company or its affiliates. (4) Members of the audit service team do not have potential employment relations with the Company. (5) Members of the audit service team have not served as the Company's Director, Supervisor, or other positions that could seriously impact the audit in the most recent two years. (6) The Company's payment of audit expenses to the CPAs are fixed-sum payments and not contingent fees. There has been no issue of delayed payments of public expenses that affect the independence of the audit.	

Item	State of operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			(7) The non-audit services provided by the CPA firm and its affiliate companies include direct business tax deduction audit expenses and business registration which have no direct impact on the important accounts in the audits or the Company's management competency. They also do not formulate decisions on behalf of the Company or affected the Company's independence. (8) Members of the audit service team have not been appointed as the Company's defense counsel or represented the Company in mediating conflicts with third parties. (9) After the appointment this year, the CPA Te-Chen Cheng of Deloitte, Taiwan will have provided services to the Company for seven years while the CPA Kuan-Chung Lai will have provided services for two years. Neither the CPA Te-Chen Cheng or CPA Kuan-Chung Lai have audited the Company's financial statements for more than seven years. (10) No member of the audit service team is a family member or relative of the Company's Director, Supervisor, or other individuals in positions that could seriously impact the audit. (11) The Company's Directors, Supervisors, or managerial officers have not presented valuable gifts to members of the audit service team. (12) The Company's Directors, Supervisors, managerial officers, or other individuals in positions that could seriously impact the audit do not include personnel that have retired from/left the CPA firm in the past year. (13) The Company's Independent Director have not served in the CPA firm in the two years prior to taking office in the Company. The members of the Company's Remuneration Committee have not served as professionals who provided commercial, legal, financial, accounting, or consulting services to the Company in the two years prior to taking office in the Company. (14) The Company does not cause members of the audit service team to suffer or feel threatened by the Company and cause the members to be unable to maintain objectivity and clarify professional doubts.	
IV. Has the publicly-listed company set up a dedicated unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying the information requested by the directors and supervisors, processing company	V		The Finance Department of the Company serves as the unit responsible for corporate governance. The Chief Financial Officer is responsible for the supervision and dedicated personnel of the Finance Department provide Directors and Supervisors with the information required for executing business operations. They organize related matters for meetings of the Board of Directors	No particular deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Item	State of operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
registration and change of registration and preparing minutes of the board meetings and shareholder meetings)?			and shareholders' meeting in compliance with the law, apply for and changing company registry, produce meeting minutes of board/shareholder meetings, and periodically assess the independence and competence of the CPA. They also report directly on related matters they are individually responsible for to the Chief Financial Officer.	
V. Has the Company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		1. The Company has established a spokesperson system to process various information announcements and communication affairs. We also established the Investor Relations Office to provide services to investors. 2. The Company maintains open and smooth communication channels with financial institutions, shareholders, and employees and the Company regularly announces related financial and business information on the Market Observation Post System in accordance with related regulations on information disclosure to provide all stakeholders with sufficient information for making judgments and protecting their own interests. 3. The Company has established a message section on the website and assigned dedicated personnel to compile information, transfer information to responsible units for processing, and report all processing status to the management.	No particular deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VI. Has the Company commissioned a professional stock affair agency to manage shareholders' meetings and other relevant affairs?	V		The Company has commissioned the professional stock affair agency of Taishin Securities Co., Ltd. to process affairs related to shareholders' meetings.	No particular deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VII. Information Disclosure (I) Has the Company established a website to disclose information on finance, business, and corporate governance? (II) Has the Company adopted other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose Company information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)?	V V		1. The Company has established a website in both Chinese and English to provide company information. The Company also publishes information on the Market Observation Post System and discloses related financial and important information. 2. The Company has appointed a Spokesperson and Acting Spokesperson and assigned dedicated personnel to take charge of information publication and disclosure. When the Company organizes an investor conference, we also upload related information to the Market Observation Post System simultaneously for investors.	No particular deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance (Including but not limited to	V		1. Employees' rights and care The Company has always maintained a business philosophy for stable growth and sustainability and we pay close attention to employee welfare. We	No particular deviation from the Corporate Governance Best Practice

Item	State of operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
employee's rights, employee care, investor relations, supplier relations, stakeholders' rights, further studies of directors and supervisors, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the directors and supervisors of the Company)?			appropriate welfare fund each month in accordance with laws and arrange activities to promote employees' physical and mental health such as employee dinner parties, annual medical check-ups, subsidies for marriages, funerals, and festivities, group life insurance, and accident insurance. In addition, the Company established the Employee Retirement Regulations and the Supervisory Committee of Labor Retirement Reserve in accordance with the Labor Standards Act. We appropriate a certain ratio of the employees' total monthly salary to be deposited into the dedicated account in the Bank of Taiwan as pension reserve funds for the payment of employee pension in the future. According to the Labor Pension Act, the Company appropriates no less than 6% of the employees' salary to the employee's personal account at the Bureau of Labor Insurance starting from July 1, 2005. The payment of employee pension is based on the pension account and cumulative proceeds and the pension is paid on a monthly basis or in one lump sum. The Company's related regulations and measures regarding labor relations have been implemented in accordance with related regulations and the implementation status has been good. 2. Investor relations The Company upholds the principle of openness and fairness for all shareholders. In terms of the shareholders' meeting, the Company convenes meetings in accordance with the Company Act and related regulations each year. We also notify all shareholders to attend shareholders' meetings in accordance with relevant regulations. We encourage shareholders' active participation in the election of Directors and Supervisors in shareholders' meetings or amendments of the Company's Articles of Incorporation. We also report the acquisition, disposal, endorsements, guarantees, and other material financial and business actions to the shareholders meeting. The Company also provides shareholders with sufficient opportunities for asking questions or filing proposals to facilitate a balance of power. The Company also established the Rules and Procedures of Shareholders' Meeting. We carefully store the meeting minutes of the shareholders meeting and fully disclose related information on the Market Observation Post System. The Company seeks to ensure that shareholders enjoy the right to know, participate, and make decisions on material items of the Company. In addition to providing the Annual Report to the stock affair agency for shareholders, we also established the roles of the Spokesperson and Acting Spokesperson to properly address shareholders' suggestions, questions, and disputes. The Company has upheld the principle of information disclosure since its	Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">State of operations</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
initial public offering and registration on the Taiwan Stock Exchange. We implement information disclosure affairs in accordance with related regulations and we established online reporting operations for public information. The Company has designated members of the Finance Department and Audit Office to take charge of the Company's information collection and disclosure. After the information is confirmed by related supervisors, they are announced and reported to provide information on all matters that may affect investors' decisions.
3. Implementation status of supplier relations, the rights, and interest of stakeholders, and customer policies
The Company maintains open channels of communication with its banks, other creditors, employees, customers, suppliers, and other stakeholders and we respect and protect their legal rights and interests:
(1) The Company provides sufficient information to its partner banks and other creditors to facilitate their best judgment and decision-making processes regarding the Company's operations and finances.
(2) The Company has established an Employee Welfare Committee and organizes regular labor-management meetings attended by representatives of management and labor to ensure the Company's care for employees and maintain open communication channels between the parties.
(3) The Company has assigned dedicated personnel to respond to their questions and complaints regarding the Company's waste cleanup, solidification, and landfill.
(4) The Company and suppliers have assigned dedicated personnel to process payments and there have been no overdue or late payments. The Company's related financial status is also regularly disclosed on the Market Observation Post System and the Company maintains good relations with suppliers.
(5) The Company has appointed a Spokesperson and Acting Spokesperson and assigned dedicated personnel to take charge of the message section which serves as a communication channel with stakeholders.
4. Continuing education of Directors and Supervisors and purchase of liability insurance by the Company for Directors and Supervisors
(1) Continuing education of the 7th-term Directors and Supervisors
<table>
<tr><th>Title</th><th>Name</th><th>Date of course</th><th>Organizer</th><th>Course title</th><th>Duration of the course</th></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">State of operations</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>

Chairman	Ching-Hsiang Yang	May 4, 2018	Taiwan Corporate Governance Association	Third-Party Payment Development Status and Challenges	6
Representative of Institutional Director	Cheng-Lun Tao				6
Representative of Institutional Director	Chong-Meng Li	August 3, 2018		The Impact Anti-Money Laundering Operations on Corporate Governance	6
Director	Kun-Yu Chang				6
Independent Director	Wen-Tsai Yang				6
Independent Director	Ta-Tai Chen				6
Independent Director	Chien-Hsun Wu				6
Supervisors	Jung-Hsien Hou				6
Supervisors	Cheng-Han Hsu				6
Representative of Institutional Supervisor	Chin-Hui Ling				6

(2) The Company has purchased liability insurance for Directors, Supervisors, and managerial officers to strengthen the protection of investors' interests.

5. Continuing education for the Company's finance and audit personnel

Title	Name	Date of course	Organizer	Course title	Duration of the course
Chief Financial Officer	Tsung-Tien Chen	2018.09.27 2018.09.28	Accounting Research and Development Foundation	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Deputy Manager of Finance	Shu-Ju Li	2018.11.15 2018.11.16	National Cheng Kung University	Continuing Education Course for Accounting Manager	12
Chief	Mei-	2018.07.19	Internal Audit Association	Major Financial Crimes (Tunneling, Insider	12

</td><td></td></tr>
</table>

Item	State of operations							Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary					
			Auditor	Chih Kao			Trading, Conveyance of Unjust Interests, Stock Price Manipulation, Irregular Transactions, etc.) and Legal Risks		
					2018.10.05	Accounting Research and Development Foundation	Unveiling Common Enterprise Crime Cases Important to Auditors		
			Audit Agent	Yue-Hsiu Chang Chien	2018.09.19	Internal Audit Association	How Internal Auditors Implement Audits on Regulatory Compliance	12	
					2018.11.27	Accounting Research and Development Foundation	Internal Audit and Internal Controls under New Accounting Procedures in IFRS 15		

IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved:

1. The Company was rated as a company between 36% to 50% in the evaluation in 2017. The results of the Company's corporate governance evaluation for 2018 were not announced as of the publication of the Annual Report. According to the self-assessment scoring for the corporate governance evaluation in 2018, the Company has made improvements on the implementation status of resolutions of the shareholders' meeting, evaluation of the independence of the certifying CPA and the standards for assessing independence, communication methods and communication items between the Company's Independent Directors, internal audit managers, and CPAs, and disclosure of the implementation status of corporate social responsibilities in the Annual Report or the company website.
2. According to the self-assessment results of the 2018 annual corporate governance evaluation, the Company has prepared the English versions of the meeting notice for the 2019 general shareholders' meeting, the proceedings of the meeting (including supplementary information of the meeting), Annual Report, and other information 30 days, 21 days, and 7 days before the general shareholders' meeting and uploaded them simultaneously on the Market Observation Post System. In addition, the Investor Relations Office was requested to hold at least two investor conferences in 2019.
3. 3. The Company has not reached the threshold for the mandatory publication of a Corporate Social Responsibility Report. The Company shall formulate specific plans for preparing a Corporate Social Responsibility Report based on the Company's operations or regularly disclose the Company's specific plans and results for implementing corporate social responsibilities in the Annual Report and the company website. The Company shall also continue to enhance information disclosure on the company website.

Note 1: The continuing education of Directors and Supervisors are implemented in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" published by Taiwan Stock Exchange Corporation.

(IV) Composition, responsibilities and operations of the Company's Remuneration Committee:

1. Information on the members of the Remuneration Committee

Identity Type (Note 1)	Qualifications / Name	Has more than five years of work experience and the following professional qualifications			Compliance to independence (Note 2)								Number of other public companies in which the member also serves as a member of their remuneration committee	Notes
		Instructor or above in department of business/legal/finance/accounting or other company affairs-related subjects at public/private university/college	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license	Work experience in business, law, finance, accounting or other areas relevant to the business of the Company	1	2	3	4	5	6	7	8		
Independent Director	Wen-Tsai Yang	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	Powers of the Remuneration Committee: 1. Establish and periodically review the performance evaluation and remuneration policy, system, standards and structure for Directors, Supervisors and managerial officers. 2. Conduct regular review and determine the remuneration of Directors, Supervisors and managerial officers.
Independent Director	Ta-Tai Chen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Chien-Hsun Wu	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	

Note 1: Fill "Director", "Independent Director" or "Other" in the Title column.

Note 2: For any committee member who fulfills the relevant condition(s) 2 years before being elected or during the term of office, please provide the "V" sign in the field next to the corresponding condition(s).✓

(1) Not employed by the Company or an affiliated business.

(2) Not a director or supervisor of the Company or any of its affiliates. However, this restriction does not apply to independent directors in the Company or its parent company or subsidiaries, which have been appointed in accordance with local laws or laws of the registered country.

(3) Not a natural person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person’s spouse, minor children or in the name of others.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding subparagraphs.

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds more than 5% of the total number of issued shares of the Company or is ranked top 5 in terms of quantity of shares held.

(6) Not a director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding more than 5% of shares of a specified company or institution that has a financial or business

relationship with the Company.

(7) Not a business owner, partner, director (member of the governing board), supervisor (member of the supervising board), managerial officer, or spouse of a professional, sole proprietorship, partnership, corporation or organization that receives business, legal, financial, or accounting service or consultation from the Company or affiliates.

(8) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

2. Operations of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of three members.

(2) Duration of the current term: August 8, 2016 to June 30, 2019. The Compensation Committee has held 2 meetings (A) in the most recent year. The table below shows the qualifications of the committee members and their attendance:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Notes
Convener	Wen-Tsai Yang	2	0	100%.	
Committee Member	Ta-Tai Chen	2	0	100%.	
Committee Member	Chien-Hsun Wu	2	0	100%	
Other matters that should be recorded: If the board meeting does not adopt or revise the Remuneration Committee's proposals, the board meeting's date, period, motion contents, and resolution decisions as well as the method in which the Company handles the Remuneration Committee's opinions shall be disclosed in detail (e.g. if the salary rate adopted by the board committee is superior to that proposed by the Remuneration Committee, the differences and reasons shall be explained): There were no cases where the Board of Directors failed to adopt or revised the Remuneration Committee's proposals. II. If there are objections or reservations by the members that have been recorded in writing during the remuneration committee resolution, the remuneration committee meeting's date, period, motion content, the opinions of all of the members, and treatment of the member's opinions must be disclosed in detail: There were no cases where the Remuneration Committee has any dissenting opinions, qualified opinions, or written statements on the resolutions.					

3. Duties of the Remuneration Committee:

The Remuneration Committee is responsible for formulating proposals for the following items and offer recommendations for discussion by the Board of Directors.

(1) Establish and periodically review the performance evaluation and remuneration policy, system, standards and structure for Directors, Supervisors and managerial officers.

(2) Conduct regular review and determine the remuneration of Directors, Supervisors and managerial officers.

(V) Implementation of corporate social responsibility:

Evaluation item	State of operations			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
I. Implementation of Corporate Governance Practices (I) Has the Company set out corporate social responsibility (CSR) policies and systems and reviewed the effectiveness of CSR implementation? (II) Does the Company conduct CSR education and training on a regular basis? (III) Has the company set up a dedicated (or part-time) unit for promoting CSR? Is the unit empowered by the Board of Directors to implement CSR activities at the senior management level? Does the unit report the progress of such activities to the Board of Directors? (IV) Has the Company established a fair compensation policy and linked employee performance evaluation with CSR policy, as well as established a precise and effective incentive and disincentive system?	V V V V		1. The Company established the Corporate Social Responsibility Best Practice Principles on August 24, 2011. 2. The Company regularly arranges Directors, Supervisors, and managerial officers to participate in courses such as the "Corporate Governance and Internal Controls" to improve corporate governance functions. The Company established related incentives and disincentives and education for employees in the Work Rules to let the Company's employee understand and actively contribute to related corporate social responsibility tasks. 3. The business scope of the departments of the Company include corporate social responsibility tasks and the Finance Department serves as the unit responsible for compilation. The Vice Presidents of each department are responsible for the promotion of CSR policies, systems or related management. When departments promote CSR operations, the highest-ranking manager shall report in the managers' meeting. The Chief Financial Officer shall compile related information on issues of concern to stakeholders and submit related information to the Board of Directors. 4. The Company has established the Employees Code of Conduct and Work Rules as well as reasonable salary and remuneration policies with a performance evaluation system to effectively implement incentives and disincentives. Article 40 of the Articles of Incorporation states that if the Company registered profits in the year, it shall appropriate no less than 1% of the profits as remuneration for employees. The Board of Directors shall determine whether to distribute the remuneration in stocks or cash. The distribution of employee remuneration shall include employees of affiliated companies that meet the criteria. However, a sum shall be set aside in advance to pay down any outstanding cumulative losses.	No particular deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
II. Developing a sustainable environment (I) Is the Company committed to improving the efficient use of resources and utilize renewable resources to	V		1. The Company has established the "Energy and Resource Management Procedures" to regulate and evaluate the use of	No particular deviation from the Corporate Social Responsibility Best Practice Principles for

Evaluation item	State of operations			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
reduce environmental impact? (II) Has the Company established a suitable environmental management system based on the nature of its industry? (III) Has the Company paid attention to the impact of climate change on business operations, implement greenhouse gas audit and formulate energy conservation and carbon reduction as well as greenhouse gas cutback strategy?	 V V		various resources. We also promote the use of renewable materials in the Company operations in cases where the product quality remains unaffected to reduce the impact on the environment. 2. The Company is an intermediate treatment solidification plant. We process waste that contain various heavy metals. In addition to implementing regular environmental quality monitoring tasks for nearby air, groundwater, and soil based on the requirements of the competent authority for environmental protection, we also established dedicated environmental management personnel (please refer to IV. Expenditure on environmental protection in "Chapter 5 Operational Highlights" in the Annual Report). In addition, the Company also established an Environmental Safety Office in the Technology Department to take charge of the Company's environmental protection monitoring and maintenance tasks. 3. The Company has established multiple initiatives for energy conservation and carbon emissions reduction including central air-conditioning temperature settings in the office environment, use of energy conservation lighting equipment, and using public transportation.	TWSE/TPEx Listed Companies.
III. Upholding public interests (I) Has the Company set up management policy and procedures according to related laws and regulation and the International Bill of Human Rights? (II) Has the Company established employee complaint system and channels, and are employee complaints handled appropriately? (III) Has the Company provided employees with safe and healthy work environment as well as regular classes on health and safety?	 V V V		 1. Please refer to "V. Labor relations" in "Chapter 5 Operational Highlights" of the Annual Report. 2. The Company's employees can express their ideas and suggestions to the management through the internal network system. We have assigned dedicated personnel for management. 3. The Company has established the "Employee Health Management Operating Standards" to regulate employees' safety and education. In addition to providing health examinations when employees report for duties, the Company also organizes regular health examinations each year. We organize regular occupational safety and health policy seminars to provide education to employees. The Company has passed OHSAS 18001 certification and established the "Safety and Health Work Rules" in accordance with the Occupational Safety and Health Act of the Ministry of	No particular deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">State of operations</th><th rowspan="2">Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Labor. We implement regular safety management and regular employee occupational safety and health education to provide them with a safe work environment. The operation items and frequency for related environmental safety inspections are as follows:
<table>
<tr><th>Item No.</th><th>Environmental safety inspection item</th><th>Inspection frequency</th></tr>
<tr><td>1</td><td>Fire extinguishers in various locations in the plants</td><td>Monthly inspections</td></tr>
<tr><td>2</td><td>Fire hydrants in various locations in the plants</td><td>Monthly inspections</td></tr>
<tr><td>3</td><td>Emergency lights in various locations in the plants</td><td>Monthly inspections</td></tr>
<tr><td>4</td><td>Respirators (breathing apparatus and gas masks)</td><td>Quarterly inspections</td></tr>
<tr><td>5</td><td>First aid medical supplies (oxygen supply equipment and first aid equipment)</td><td>Monthly inspections</td></tr>
<tr><td>6</td><td>Material environmental risk assessment</td><td>Implemented once a year</td></tr>
<tr><td>7</td><td>Safety and health hazard identification and risk assessment</td><td>Implemented once a year</td></tr>
<tr><td>8</td><td>Intolerable safety and health risk factor control table</td><td>Implemented once a year</td></tr>
<tr><td>10</td><td>Emergency response drill (fire safety, earthquake drills, and chemical spills in laboratory)</td><td>Implemented twice a year</td></tr>
<tr><td>11</td><td>Environmental safety engineer inspects plant environmental and safety operations and facilities inspections</td><td>Monthly inspections as needed</td></tr>
</table></td><td></td></tr>
<tr><td>(IV) Has the company established a system to regularly communicate with its employees, and used appropriate means to notify them of operational changes that may materially impact them?</td><td>V</td><td></td><td>4. The Company's Human Resources Office is responsible for maintaining regular communication channels with employees. It uses the bulletin board in the internal networks to publish material operational information for the Company.</td><td></td></tr>
</table>

Evaluation item	State of operations			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
(V) Has the Company established an effective competency development career training program for employees? (VI) Has the Company established relevant policies and systems of appeal for consumer rights for the processes of research and development, purchasing, production, operations, and services? (VII) With regard to marketing and labeling of products and services, does the Company comply with related regulations and international standards? (VIII) Prior to conducting business with suppliers, has the Company evaluated the suppliers in terms of past records of impacts on the environment and society? (IX) Do contracts between the Company and its major suppliers include terms where the company may terminate or rescind the contract at any time if the said suppliers violate the company's corporate social responsibility policy and have caused significant effects on the environment and the society?	V V V V V		5. The Company has established education and training programs and employees file applications for continuing studies based on the required skills. 6. The Company established "communication procedures" as the basis for collecting, processing, and responding to information provided by external entities. The Company assigns dedicated personnel to process consumer complaints on the telephone and the website. 7. As the Company operates in a special industry and our products and services are provided in accordance with environmental protection regulations, the Company has established a laboratory to rigorously implement reviews. 8. The Company evaluates suppliers' records for whether they have affected the environment or society when providing loans and conducting reviews. 9. The Company establishes terms for the termination of the contracts in contracts signed with main suppliers if they cause pollution in the environment.	
IV. Strengthening information disclosure (I) Does the Company disclose relevant and reliable information relating to CSR on its official website or the Market Observation Post System?	V		I. The Company has disclosed relevant and reliable information regarding its corporate social responsibility in the CSR section on its website and the Market Observation Post System. (company website: www.cleanaway.tw)	No particular deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
V. If the Company has established the corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: No particular deviation of the Company's Corporate Social Responsibility Best Practice Principles from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.				
VI. Other important information that facilitates the understanding of the implementation of corporate social responsibility (such as systems and measures adopted by the Company with regard to environmental protection, community engagement, contributions to the society, social services, social welfare, consumer rights, human rights, safety and health, as well as other social responsibilities, and their implementation): The Company actively participates in community activities and also contributes extensively to various charitable initiatives. The Company contributes resources to the				

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">State of operations</th><th rowspan="2">Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">society through disaster relief for various natural disasters, corporate beach cleanup initiatives, the establishment of Kaohsiung City Government's community fire safety systems and purchase of fire trucks, subsidies for poor students of elementary schools and replacement of energy-saving lighting equipment for local schools. The Company also actively provides maintenance, repairs, and cleaning tasks of community roads. The Company has also responded to the "Million Tree Initiative" for many years and maintains more than 300 trees. We also began greenery construction for vacant areas in plants to promote greenery in the environment. We began cooperation with National Kaohsiung University of Science and Technology in 2018 to advance the "environmental education" events.</td></tr>
<tr><td colspan="5">VII. If the Company's product or corporate social responsibility report has passed the verification standards provide by the relevant certification organizations, said product or report must be specified.
The Company has not yet completed the CSR Report and has not yet passed the verification of relevant certification organizations.</td></tr>
</table>

(VI) Implementation of ethical corporate management and measures for its implementation:

Evaluation item	State of operations			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
I. Stipulating policies and plans for ethical corporate management (I) Has the Company clearly shown its ethical operational policy and methods in its regulations and external documents, in addition, and has the Board of Directors and management proactively implemented the commitment to ethical business operations in practice? (II) Has the Company set a plan to forestall unethical conduct, clearly prescribed procedures/best practices/disciplinary actions and reporting systems for violations in plans, and implemented the plans accordingly? (III) Does the Company establish appropriate compliance measures for the business activities prescribed in paragraph 2, article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and any other such activities associated with a high risk of unethical conduct?	 V V V		1. The Company has passed the proposal for the establishment of the Company's "Ethical Corporate Management Best Practice Principles" in the meeting of the Board of Directors on March 17, 2011 and approved the Principles on April 29, 2011. All subsequent matter shall be implemented in accordance with the Principles. 2. The Company has established prevention plans in accordance with the "Ethical Corporate Management Best Practice Principles" and organizes regularly education and training programs for all employees to understand the Company's resolve and policies for ethical corporate management. 3. The Company expressly stipulates regulations on obligations for integrity including the prohibition on the bribery, kickbacks, allowances, or other illegitimate methods for obtaining businesses, prohibition on abusing their posts to request or speak for the interest of others, and related requirements for fairness and selflessness when they perform procurement or audit tasks. All employees have signed consent forms for the aforementioned regulations to demonstrate their knowledge and compliance.	No material deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
II. Implementing ethical corporate management (I) Has the Company assessed the integrity records of its business partners, and specified ethical business policy in contracts with them? (II) Has the Company established a dedicated (or part-time) unit for promoting ethical corporate management that answers to the Board of Directors? Does the said unit regularly report to the Board of Directors on the state of its activities?	V V		1. The Company provides necessary credit extensions to counterparties in business activities and conducts integrity assessments regularly on suppliers to ensure that their business activities with the Company are conducted in a fair and transparent manner and that they do not provide, request, or accept bribery. 2. The business scope of the departments of the Company include ethical corporate management tasks. The Vice Presidents of each department are responsible for the promotion of such tasks. The Audit Office is responsible for regulatory systems and the establishment, execution, interpretation, consulting services, and	No material deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

Evaluation item	State of operations			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
			the registration, filing, and supervision tasks for reports in the Ethical Corporate Management Operating Procedures and the Code of Conduct. Where departments encounter material defects or violation of the principle of integrity as they advance ethical corporate management tasks, the Vice Presidents of each department shall provide related information which shall be compiled by the Audit Office and submitted to the Board of Directors regularly. The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" to prevent unethical behavior and unify related standard operating procedures and the Code of Conduct.	
(III) Has the Company established policies preventing conflict of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	V		3. The Company has established related regulations for ethical conduct in the Work Rules.	
(IV) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Are regular audits carried out by the company's internal audit unit or commissioned to a CPA?	V		4. The Company has established an effective accounting system and internal control system to ensure the implementation of ethical corporate management. Auditors shall conduct regular compliance audits for the aforementioned system.	
(V) Does the Company regularly organize internal and external training for ethical corporate management?	V		5. The Company regularly invites external professionals to provide related education and training at the Company.	
III. Operation of whistle-blowing system (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle the investigations, depending on the identity of the person being reported?	V		1. The Company has approved the formulation of the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" in the meeting of the Board of Directors on November 10, 2017. The processing units, report channels, and processing procedures are established in the Procedures as the basis for compliance in related operations.	No material deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(II) Has the Company established a standard investigation operation and procedure for whistleblowing matters and relevant protective mechanisms?	V		2. Article 5 of the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" established by the Company has outlined the procedures for reporting. It also requires the Company to maintain the confidentiality of whistleblowers and the contents of their reports and protect whistleblowers from	

Evaluation item	State of operations			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
(III) Has the Company adopted protection against inappropriate disciplinary actions for the whistleblower?	V		inappropriate disciplinary actions due to their whistleblowing. 3. The Company has assigned dedicated personnel to take charge of processing reports and protect the identity of the whistleblowers.	
IV. Strengthening information disclosure (I) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities on its official website or Market Observation Post System?	V		The Company has disclosed its best practices for ethical corporate management on the company website and Market Observation Post System.	No material deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
V. Where the Company has stipulated its own ethical corporate management best practices according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the Company: None				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles): In addition to abiding by various legal requirements, the Company also established company guidelines for the most important parts to require unit personnel to strictly perform their duties. The Company also plans ethical corporate management education and training for suppliers to strengthen the rule of law.				

(VII) Methods of inquiry in the Corporate Governance Best Practice Principles and related regulations established by the Company:

The Company has established the "Corporate Governance Best Practice Principles", "Rules and Procedures of Shareholders' Meeting", "Rules and Procedure for Board of Directors Meeting", "Rules Governing the Scope of Powers of Independent Directors", "Regulations on Financial Businesses and Transactions with Affiliate Companies", "Code of Ethical Conduct", "Remuneration Committee Charter", and other corporate governance guidelines. The methods of inquiry are as follows:

1. Market Observation Post System: Corporate Governance → Establishment of related corporate governance regulations and rules. (http://mops.twse.com.tw)

2. Company website: Investors → Corporate Governance information. (http://www.cleanaway.tw)

(VIII) Other material information that can enhance the understanding of the state of corporate governance at the Company: None

(IX) The following matters for the internal control system implementation status shall be disclosed:

1. Internal Control System Statement

Cleanaway Company Limited

Internal Control System Statement

Date: March 15, 2019

This Internal Control System Statement is issued based on the self-assessment results of the Company for the year 2018:

I. The Company acknowledges that the Company's Board of Directors and managers are responsible for the implementation and maintenance of the internal control system, and that the Company has already established such a system. The objectives of internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.

II. The internal control system has inherent constraints, and no matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control system contains self-monitoring mechanisms and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria adopted by the Governing Regulations are divided into 5 components in accordance with the procedure s of management control: 1. Control Environment; 2. Risk Assessment; 3. Control Activities; 4. Information and Communication; and 5. Monitoring Activities. Each constituent element includes a number of categories. Please refer to "Governing Regulations" for details.

IV. The Company has already adopted the aforementioned internal control system assessment items to evaluate the effectiveness of internal control system design and implementation.

V. Based on the above assessment results, the Company determined that the internal control system (covering monitoring and management of its subsidiaries) as of December 31, 2018 has been effectively designed and implemented and sufficient to ensure that the objectives below are achieved, including understanding the degree of achievement of operational effectiveness and efficiency objectives, reliable, timely and transparent reporting and compliance of applicable rules, laws, regulations, and bylaws.

VI. This statement of declaration shall be the primary content of the Company's Annual Report and prospectus, and shall be made available to the public. 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 Act.

VII. We hereby declare that this Statement has been approved by the Board of Directors on March 15, 2019. Amongst the seven Directors present in the meeting, none held dissenting opinions, and the remaining have all agreed with the contents of this Statement.

Cleanaway Company Limited

Chairman: Ching-Hsiang Yang Signature and Seal

President: Yung-Fa Yang Signature and Seal

2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

(X) From the most recent fiscal year up until the date of publication of the Annual Report, explain the circumstances in which the Company and its personnel have been punished by law, the Company has undertaken disincentive measures for its personnel for breaching the internal control system, and any material deficiencies and revisions: None.

(XI) Significant resolutions made in/by the shareholders meeting and the Board of Directors in the most recent fiscal year (2018) up to the of publication of this Annual Report:

1. Board of Directors:

Board of Directors	Content of motion and follow-up actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting opinion or qualified opinion by independent directors
8th-term 9th meeting on March 31, 2018	1. Proposal for the distribution of 2017 remuneration for employees, Directors, and Supervisors 2. 2017 Business Report and Financial Report 3. Proposal to convene the 2018 general shareholdings meeting and related affairs 4. Issuance of the Internal Control System Statement 5. Replacement of the Company's certifying CPA 6. The Company's investment in the privatization project of Dafa Industrial Waste Processing Plant of R.S.E.A. Engineering Corporation 7. The Company's investment in the Taoyuan City Biomass Energy Center BOT Project 8. The Company's distribution of remuneration for Directors for 2017 9. The Company's distribution of remuneration for the three Independent Directors and all individual supervisors for 2017	8. ✓ 9. ✓	
	Independent Directors' comments: None		
	The Company's response to the opinions above: None		
	Resolution: Unanimous agreement of all Directors in attendance		
8th-term 10th meeting on May 4, 2018	1. 2017 earnings distribution proposal 2. Financial Report for the first quarter of 2018 3. Cleanaway SUEZ Environmental Resources Limited Directors and Supervisors assignment 4. Reassignment of the representative of institutional director to the subsidiary Cleanaway Enterprise Company Limited		
	Independent Directors' comments: None		
	The Company's response to the opinions above: None		
	Resolution: Unanimous agreement of all Directors in attendance		
8th-term 11th meeting on June 22, 2018	Establishment of the ex-dividend date for the distribution of 2017 earnings		
	Independent Directors' comments: None		
	The Company's response to the opinions above: None		
	Resolution: Unanimous agreement of all Directors in attendance		

Board of Directors	Content of motion and follow-up actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting opinion or qualified opinion by independent directors
8th-term 12th meeting on June 27, 2018	Proposal for the acquisition of land in Lot No. 138, Guantan Section, Guanyin District, Taoyuan City		
	Independent Directors' comments: None		
	The Company's response to the opinions above: None		
	Resolution: Unanimous agreement of all Directors in attendance		
8th-term 13th meeting on August 3, 2018	2. Financial Report for the second quarter of 2018. 3. Proposal for the application of a loan of NT$50 million from the subsidiary Da Tsang Industrial Company Limited 3. Proposal for the application of a loan of NT$595 million from CTBC Bank Minzu Branch		
	Independent Directors' comments: None		
	The Company's response to the opinions above: None		
	Resolution: Unanimous agreement of all Directors in attendance		
8th-term 14th meeting on November 9, 2018	1. Financial Report for the third quarter of 2018. 2. Amendment of the Company's "Procedures for the Acquisition or Disposal of Assets" 3. Amendment of the Company's "Articles of Incorporation" 4. Replacement of the Company's President, Spokesperson and Acting Spokesperson 5. Removal of non-compete clause for the Company's new President	✓	
	Independent Directors' comments: None		
	The Company's response to the opinions above: None		
	Resolution: Unanimous agreement of all Directors in attendance		
8th-term 15th meeting on December 21, 2018	1. Reviewed and resolution of the Company's 2019 Business Plan 2. Establishment of the Company's internal audit plan 3. Amendment of the "Internal Control Systems" and "Internal Audit Rules" 4. Proposal for the application of a credit line from CTBC Bank Minzu Branch 5. The Company's investment in Chung Tai Resource Technology Corp. 6. Establishment of a new project company 7. Distribution of the Company's year-end bonus for managerial officers for 2018 8. The monthly salary of the Company's new President and the remuneration for the representative of the institutional director to Cleanaway SUEZ Environmental Resources Limited 9. The Company's distribution of the 2017 year-end bonus and pension for the former President	✓	
	Independent Directors' comments: None		
	The Company's response to the opinions above: None		
	Resolution: Unanimous agreement of all Directors in attendance		
8th-term 16th meeting on March 14, 2019	1. Proposal for the distribution of 2018 remuneration for employees, Directors, and Supervisors 2. 2018 Business Report and Financial Report. 3. Amendment of the Company's "Articles of Incorporation" 4. Amendment of the Company's "Procedures for the Acquisition or Disposal of Assets" 5. Election of the 9th-Term Directors and Supervisors	✓	

Board of Directors	Content of motion and follow-up actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting opinion or qualified opinion by independent directors
	6. Proposal for the removal of the non-competition clauses for newly-appointed Directors (9th Board of Directors) and their representatives 7. Proposal to convene the 2019 general shareholdings meeting and related affairs 8. Nomination procedures and review standards for the election of the 9th-Term Directors (including Independent Directors) and Supervisors 9. Issuance of the "Internal Control System Statement" 10. Increased investment in the subsidiary company Cleanaway Energy Company Limited and assigned Directors and Supervisors 11. The Company's distribution of remuneration for all individual Directors for 2018 12. The Company's distribution of remuneration for the three Independent Directors and all individual supervisors for 2018	✓ ✓	
	Independent Directors' comments: None		
	The Company's response to the opinions above: None		
	Resolution: Unanimous agreement of all Directors in attendance		

2. Shareholders' meeting:

Important resolutions from the 2018 general shareholders' meeting and implementation status:

Key resolutions	Implementation status
1. Ratification of the 2017 Business Report and Financial Statements.	Resolution passed
2. Approval of the 2017 earnings distribution proposal.	Distribution of cash dividends of NT$11 per share. The Board of Directors established July 16, 2018 as the ex-dividend date and August 6, 2018 as the dividends issuance date.
3. Passed the amendment of the "Articles of Incorporation".	Announced on the company website.
4. Passed the amendments of the Company's "Procedures for Loaning of Funds and Making of Endorsements/Guarantees".	They have been disclosed on the Market Observation Post System and the Company's website.

(XII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding key resolutions of the Directors' Meeting in the most recent year up to the publication date of this report: None

(XIII) Summary of the resignation and dismissal of the Company's Chairman, General Manager, Accounting Manager, Finance Manager, Head of Internal Audit and Head of Research and Development in the most recent fiscal year up to the publication date of the Annual Report: None

(XIV) Related certifications obtained Designated the relevant competent authorities by personnel associated the Company with the transparency of financial information:

Title	Name	Certification name
Auditor	Mei-Chih Kao	Certification of Qualification in the Basic Proficiency Test on Enterprise Internal Control

IV. Information on CPA expenses:

1. CPA expenses

Name of CPA Firm	Name of CPA		Audit period	Notes
Deloitte, Taiwan	Te-Chen Cheng	Kuan-Chung Lai	January 1, 2018 to December 31, 2018	

Unit: NT$1,000

		Audit fees	Non-audit fees	Total
1	Less than NT$2,000,000		V	
2	NT$2,000,000 (inclusive) to NT$4,000,000	V		V
3	NT$4,000,000 (inclusive) to NT$6,000,000			
4	NT$6,000,000 (inclusive) to NT$8,000,000			
5	NT$8,000,000 (inclusive) to NT$10,000,000			
6	More than NT$ 10,000,000 (inclusive)			

Unit: NT$1,000

<table>
<tr><th rowspan="2">Name of CPA Firm</th><th rowspan="2">Name of CPA</th><th rowspan="2">Audit fees</th><th colspan="5">Non-audit fees</th><th rowspan="2">Audit period</th><th rowspan="2">Notes</th></tr>
<tr><th>System design</th><th>Business registration</th><th>Human resources</th><th>Others</th><th>Subtotal</th></tr>
<tr><td rowspan="2">Deloitte, Taiwan</td><td>Te-Chen Cheng</td><td rowspan="2">3,000</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2">685</td><td rowspan="2">685</td><td rowspan="2">January 1, 2018 to December 31, 2018</td><td rowspan="2">Investment Commission reporting expenses totaling NT$20 thousand and maintenance fees for offshore companies totaling NT$378 thousand

NT$37 thousand for COIs of offshore companies
NT$50 thousand for IFRS 16 project reporting expenses
NT$100 thousand for accounting procedure interpretation letter expenses and NT$100 thousand for business tax deduction audit expenses</td></tr>
<tr><td>Kuan-Chung Lai</td></tr>
</table>

2. The following information shall be disclosed in the event of one of the following:
   (1) Where the non-audit fees paid to the CPAs, their accounting firm and affiliated companies of their accounting firm exceed one-fourth of the audit fees paid to them, the amount of audit and non-audit fees, and the content of non-audit services shall be disclosed: None
   (2) Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons for paying this amount shall be disclosed: None
   (3) Where accounting fee paid for the year was 15% (or above) less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: None

V. Replacement of CPAs: None

(I) Previous CPAs: Not applicable.

(II) Successor CPAs: Not applicable.

(III) The previous CPA's response for Article 10, Subparagraph 6, Item 1 and Item 2-3 of the accounting standards: Not applicable.

VI. The Company's Directors, President, managerial officers in charge of finance or accounting who has served in the CPA firm or its affiliated companies in the most recent fiscal year shall disclose their names, positions and the period of employment in CPA firm or its affiliated companies: None

VII. Share transfer by Directors, Supervisors, managerial officers and shareholders holding more than 10% equity and changes to share pledging by them:

1. Change in the equities of the Directors, Supervisors, managerial officers and major shareholders

		2018		2019 as of April 7	
Title	Name	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares
Chairman and Major Shareholder	Ching-Hsiang Yang	0	0		
Director	Kang Lien	0	0	0	0
Representative of Corporate Director and President	Cheng-Tun Tao	0	0	0	0
Director	Jocris	0	0	0	0
Representative of Corporate Director	Chong-Meng Li	0	0	0	0
Director	Kun-Yu Chang	(131,000)	0	0	0
Independent Director	Wen-Tsai Chang	0	0	0	0
Independent Director	Ta-Teh Chen	0	0	0	0
Independent Director	Chien-Hsun Wu	0	0	0	0
Supervisor	Rong-Hsien Hou	0	0	0	0
Supervisor	Cheng-Han Hsu	0	0	0	0
Supervisor	Kang Hsin Investment,	0	0	0	0
Representative of Corporate Supervisor	Chin-Hui Ling	0	0	0	0
Vice President of Business Operations	Jen-Cheng Tsai	0	0	0	0
Vice President of Administration	Chi-Nan Chen	0	0	0	0
Chief Finance Officer	Tsung-Tien Chen	0	0	0	0
Vice President of Operations	You-Tsung Tai	0	0	0	0
Vice President of Technology	Lun-Kuo Song	0	0	0	0
Audit Supervisor	Mei-Chih Kao	0	0	0	0

Note: Data collected as of April 7, 2019 (Book close date)

2. Where the counterparty of stock transfer or stock pledge is a related party, the name of the counterparty, relationship between the counterparty and the Company, Directors, Supervisors and shareholders with shareholding percentage exceeding 10%, and the shares obtained or pledged shall be disclosed: None

VIII. Information disclosure on the top 10 holders of the Company's shares who are identified as related parties, spouse or relative within second-degree of kinship:

Name	Personal shareholding		Shares held by spouse and minor children		Shares held in the name of other persons		Alias or name and relationship of the top 10 shareholders who are defined by the Statement of Financial Accounting Standard No.6 to be related persons or spouse and relatives within the second-degree of kinship		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Ching-Hsiang Yang	12,112,350	11.12	37	0	-	-	Kang Lien Enterprise Company Limited	Major shareholder	-
Jocris Ltd. (BVI)	5,832,522	5.36	-	-	-	-	Jusiu Limited (BVI)	Same person in charge	-
Jocris Ltd. (BVI) representative: Chong-Meng Li	-	-	-	-	-	-	Jocris Ltd. (BVI)	Person in charge	-
							Jusiu Limited (BVI)	Person in charge	
Kang Lien Enterprise Co., Ltd.	5,526,223	5.08	-	-	-	-	Ching-Hsiang Yang	Major shareholder	-
Kang Lien Enterprise Co., Ltd. representative: Cheng-Lun Tao	80,000	0.07	-	-	-	-	None	None	-
Fubon Life Insurance Co., Ltd.	5,440,000	5.00	-	-	-	-	None	None	-
Fubon Life Insurance Co., Ltd. representative: Ming-Hsing Tsai	-	-	-	-	-	-	Fubon Life Insurance Co., Ltd.	Chairman	-
Jusiu Limited (BVI)	4,572,789	4.2	-	-	-	-	Jocris Ltd. (BVI)	Same person in charge	-
Jusiu Limited (BVI) representative: Chong-Meng Li	-	-	-	-	-	-	Jocris Ltd. (BVI)	Person in charge	
							Jusiu Limited (BVI)	Person in charge	-
Shu-Hui Yang's trust account under the custody of Taishin International Bank	4,532,000	4.16	-	-	-	-	None	None	-
Cathay Life Insurance Co., Ltd.	3,797,888	3.49	-	-	-	-	None	None	-
Cathay Life Insurance Co., Ltd. representative: Hung-Tu Tsai	-	-	-	-	-	-	Cathay Life Insurance Co., Ltd.	Chairman	-
Pi-Lien Yang Li's trust account under the custody of Taishin International Bank	2,311,000	2.12	-	-	-	-	None	None	-
HSBC Global Investment Funds - Asia ex Japan Equity Smaller Companies	2,038,000	1.87	-	-	-	-	None	None	-
Citibank (Taiwan) Limited as custodian of Norges Bank	1,873,000	1.72	-	-	-	-	None	None	-

Note: The data is accurate as of April 7, 2019 (book closure date)

IX. The shareholding of the Company, Director, Supervisor, Managerial Officers and an enterprise that is directly or indirectly controlled by the Company in the invested company and the calculation of the consolidated shareholding percentage

Reinvestment business (Note)	Investment by the Company		Investments of Directors, Supervisors, managerial officers and the Company's directly or indirectly controlled businesses		Combined investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Cleanaway Enterprise Company Limited	18,000,000	100.00%	-	-	18,000,000	100.00%
Da Tsang Industrial Company Limited	77,000,000	100.00%	-	-	77,000,000	100.00%
Kang Lien Enterprise Company Limited	6,020,000	100.00%	-	-	6,020,000	100.00%
Chi Wei Company Limited	41,000,000	100.00%	-	-	41,000,000	100.00%
Cleanaway Investment Company Limited	8,000,000	100.00%			8,000,000	100.00%
Da Ning Co., Ltd.	-	-	15,000,000	100.00%	15,000,000	100.00%
Cleanaway SUEZ Environmental Resources Limited			21,750,000	29.00%	21,750,000	29.00%
Chase Environmental Co., Ltd.			1,500,000	25.00%	1,500,000	25.00%
CCL Investment Holding Company Limited (Samoa)	-	-	-	100.00%	-	100.00%
Cleanaway Shanghai Management Holding Co., Ltd. (Samoa)	-	-	-	100.00%	-	100.00%
Cleanaway (Shanghai) Co., Ltd.	-	-	-	100.00%	-	100.00%
Cleanaway Zoucheng Holding Company Limited (Samoa)	-	-	-	100.00%	-	100.00%
Cleanaway Zoucheng Co., Ltd.	-	-	-	100.00%	-	100.00%
Cleanaway Zhejiang Holding Company Limited (Samoa)	-	-	-	100.00%	-	100.00%

Note: Invested by the Company using the equity method

Chapter 4 Financing Status

I. Capital and shares

(I) Sources of capital

April 20, 2019
Unit: thousand shares; NT$1,000

Year and month	Issued price (NT$)	Authorized capital		Paid-up capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Subscriptions paid with property other than cash	Others
1999.04	1,000	180,000	180,000,000	50,000	50,000,000	Founded with cash	None	Note 1
2000.03	1,000	180,000	180,000,000	80,000	80,000,000	Cash capital increase	None	Note 2
2000.05	1,000	180,000	180,000,000	100,000	100,000,000	Cash capital increase	None	Note 3
2000.11	1,000	180,000	180,000,000	121,000	121,000,000	Cash capital increase	None	Note 4
2001.01	1,000	180,000	180,000,000	169,000	169,000,000	Cash capital increase	None	Note 5
2001.07	1,000	180,000	180,000,000	180,000	180,000,000	Cash capital increase	None	Note 6
2003.11	1,000	180,000	180,000,000	190,000	190,000,000	Cash capital increase	None	Note 7
2009.12	1,000	191,000	191,000,000	190,200	190,200,000	Cash capital increase	None	Note 8
2009.12	1,000	191,000	191,000,000	190,400	190,400,000	Cash capital increase	None	Note 9
2010.06	10	61,500,000	615,000,000	61,453,583	614,535,830	Consolidated capital increase	None	Note 10
2010.08	10	108,500,000	1,085,000,000	95,453,583	954,535,830	Capital increase shares by capital surplus	None	Note 11
2010.08	10	108,500,000	1,085,000,000	98,453,583	984,535,830	Cash capital increase	None	Note 12
2011.10	10	150,000,000	1,500,000,000	108,888,000	1,088,880,000	Cash capital increase	None	Note 13

Note 1: Approved in the Jian-San-Ding No. 163487 Letter of the Reconstruction Department of Taiwan Provincial Government on May 4, 1999.
Note 2: Approved in the Jing-Zhong No. 89392891 Letter of the Ministry of Economic Affairs on March 14, 2000.
Note 3: Approved in the Jing-Shang No. 089113532 Letter of the Ministry of Economic Affairs on May 5, 2000.
Note 4: Approved in the Jing-Shang No. 089144431 Letter of the Ministry of Economic Affairs on November 30, 2000.
Note 5: Approved in the Jing-Shang No. 09001003580 Letter of the Ministry of Economic Affairs on January 9, 2001.
Note 6: Approved in the Jing-Shang No. 09001271830 Letter of the Ministry of Economic Affairs on July 23, 2001.
Note 7: Approved in the Jing-Shou-Zhong No. 09233070930 Letter of the Ministry of Economic Affairs on December 9, 2003.
Note 8: Approved in the Jing-Shou-Zhong No. 09835126880 Letter of the Ministry of Economic Affairs on December 14, 2009.
Note 9: Approved in the Jing-Shou-Zhong No. 09835129200 Letter of the Ministry of Economic Affairs on December 14, 2009.
Note 10: Approved in the Jing-Shou-Shang No. 09901129030 Letter of the Ministry of Economic Affairs on July 2, 2010.
Note 11: Approved in the Jing-Shou-Shang No. 09901198840 Letter of the Ministry of Economic Affairs on September 1, 2010.
Note 12: Approved in the Jing-Shou-Shang No. 09901198840 Letter of the Ministry of Economic Affairs on September 1, 2010.
Note 13: Approved in the Jing-Shou-Shang No. 10001240770 Letter of the Ministry of Economic Affairs on October 18, 2011.

April 20, 2019; unit: shares

Types of Shares	Authorized capital					Notes
	Outstanding shares			Unissued shares	Total	
	Listed	Unlisted	Total			
Ordinary shares	108,888,000	0	108,888,000	41,112,000	150,000,000	

Note: All shares issued by the Company are listed stocks

(II) Shareholder structure

April 20, 2019

Shareholder structure / Quantity	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of people	1	29	80	10,695	190	10,995
Shares held (shares)	105,000	19,095,888	12,848,783	39,585,896	37,252,433	108,888,000
Shareholding ratio (%)	0.10%	17.54%	11.80%	36.35%	34.21%	100.00%

Note: The data is accurate as of April 7, 2019 (book closure date)

(III) Distribution of equity ownership

1. Ordinary shares

April 20, 2019

Shareholding classification	Number of shareholders	Number of shares held (shares)	Shareholding ratio (%)
1 ~ 999	2,180	435,165	0.40%
1,000 ~ 5,000	7,729	13,273,580	12.19%
5,001 ~ 10,000	550	4,223,804	3.88%
10,001 ~ 15,000	165	2,113,500	1.94%
15,001 ~ 20,000	86	1,548,683	1.42%
20,001 ~ 30,000	79	2,057,718	1.89%
30,001 ~ 40,000	46	1,647,419	1.51%
40,001 ~ 50,000	17	754,000	0.69%
50,001 ~ 100,000	60	4,351,016	4.00%
100,001 ~ 200,000	23	3,131,141	2.88%
200,001 ~ 400,000	26	7,780,320	7.15%
400,001 ~ 600,000	8	3,930,882	3.61%
600,001 ~ 800,000	8	5,608,000	5.15%
800,001 ~ 1,000,000	3	2,623,000	2.41%
More than 1,000,001	15	55,409,772	50.89%
Total	10,995	108,888,000	100.00%

Note: The data is accurate as of April 7, 2019 (book closure date)

2. Preferred shares: None.

(IV) List of major shareholders

April 20, 2019

Shares Name of major shareholder	Shares held (shares)	Shareholding ratio (%)
Ching-Hsiang Yang	12,112,350	11.12%
Jocris Limited (BVI)	5,832,522	5.36%
Kang Lien Enterprise Co., Ltd.	5,526,223	5.08%
Fubon Life Insurance Co., Ltd.	5,440,000	5.00%
Jusiu Limited (BVI)	4,572,789	4.20%
Shu-Hui Yang's trust account under the custody of Taishin International Bank	4,532,000	4.16%
Cathay Life Insurance Co., Ltd.	3,797,888	3.49%
Pi-Lien Yang Li's trust account under the custody of Taishin International Bank	2,311,000	2.12%
HSBC Global Investment Funds - Asia ex Japan Equity Smaller Companies	2,038,000	1.87%
Citibank (Taiwan) Limited as custodian of Norges Bank	1,873,000	1.72%

Note: The data is accurate as of April 7, 2019 (book closure date)

(V) Market price, net value, earnings, and dividends per share in the past two years

Unit: NT$

Year Item			2017	2018	Current year as of March 31, 2019
Market value per share	Highest		183.50	198.00	177.50
	Lowest		160.50	165.50	165.00
	Average		172.01	179.59	171.61
Net value per share	Before distribution		49.69	50.82	50.82
	After distribution		Note 1	Note 1	Note 1
Earnings per share	Weighted average shares (thousand shares)		108,888	108,888	108,888
	Earnings per share		12.52	12.13	12.13
Dividends per share	Cash dividends		11	Note 1	Note 1
	Stock dividends	Stock dividends from retained earnings	-	-	-
		Stock dividends from capital reserve	-	-	-
	Cumulative unpaid dividends		-	-	-
Return on investment	PE ratio		13.74	14.81	14.15
	Price-dividend ratio		15.64	Note 1	Note 1
	Cash dividend yield		0.064	Note 1	Note 1

Note 1: As of the publication date of the Annual Report, the Company's Board of Directors has not reached a resolution on the 2018 earnings distribution proposal.

Note 2: The latest quarterly financial statements audited (reviewed) by the CPA consist of information from Q4 of 2018.

(VI) Dividend policy and implementation status

1. Dividend policy:

The Company may distribute bonus to shareholders in the form of cash or stocks, however, the cash bonus to shareholders cannot be lower than 10% of total share bonus. The Company is in a growing industry. The Board of Directors shall propose the type and ratio of earnings appropriation after considering the current operating conditions, the shareholders' interests and the balance of dividends and capital demands. The proposal shall be submitted to the Board of Directors.

2. The proposed dividend distribution of shareholders' meeting this year:

As of the publication date of the Annual Report, the Board of Directors has not reached a resolution on the 2018 earnings distribution proposal.

3. Any expected material changes to the dividend policy shall be explained: None

(VII) Effects of the stock dividends proposed by the shareholders' meeting on the company's business performance and earnings per share: Not applicable.

(VIII) Remuneration of employees, Directors and Supervisors

1. The percentage or range of compensation to employees, Directors, and Supervisors as prescribed in the Articles of Incorporation: Refer to (VI).
2. Accounting treatment for the basis of estimating the amount of the employees' remuneration and Director's remuneration for this fiscal period, the basis of calculating the number of shares to be distributed as employees' remuneration, and for any discrepancy between the actual amount distributed and the estimated figures.

If the Company generates profit in the current year, the Board of Directors shall determine the distribution of profits in accordance with the Articles of Incorporation and report to the shareholders' meeting:

(1) No more than 5% as remuneration for Directors and Supervisors.

(2) No less than 1% as remuneration for employees. The Board of Directors shall resolve to distribute the remuneration in stocks or cash. The distribution of employee remuneration shall include employees of affiliated companies that meet the criteria.

However, when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as employee bonus and remuneration to Directors and Supervisors according to the percentage specified in the preceding paragraph.

The profit specified in the preceding paragraph refers to the profits before tax before deducting employee remuneration and remuneration to Directors and Supervisors.

If there are changes made to the amount before the issuance of the consolidated financial statements, the changes shall be adjusted and accounted for as annual expenses. If there are changes made to the amount after the issuance of the consolidated financial statements, the changes shall be accounted for as changes in accounting estimates and recognized in the financial statements of the following year.

3. Information on remuneration proposals passed by the Board of Directors:

(a) Where the value of the employees' remuneration and the Directors' and Supervisors' remuneration distributed in the form of cash or shares exhibit discrepancies with the recognized expenses and annual estimates, the sum, cause, and procedures for handling the discrepancy shall be disclosed:

The Company passed the distribution of employee remuneration of

NT$43,980 thousand and Directors and Supervisors' remuneration of NT$35,000 thousand in the board meeting on March 15, 2019. There is no discrepancy from the 2018 financial statements.

(b) The amount of employee bonus to be paid in stocks out of the current company-level financial report in terms of the sum of net profit after tax and employee bonus: None (all employee remuneration shall be distributed in cash).

4. Actual distribution of remunerations for employees, Directors, and Supervisors (including the number, sum, and price of shares distributed), and where there were discrepancies with the recognized compensations for employees, Directors, and Supervisors, the difference, cause, and treatment of the discrepancy be described:

The Company passed the distribution of Directors and Supervisors' remuneration of NT$35,000 thousand and employee remuneration of NT$44,084 thousand in a resolution in the 2018 shareholders' meeting. There is no discrepancy from the recognized amount in the 2017 financial statements.

(IX) Company share repurchase status: None.

II. Issuance of corporate bonds (including international bonds): None.

III. Preferred shares: None.

IV. Issuance of overseas depository receipts: None.

V. Issuance of employee stock options: None.

VI. Issuance of new restricted employee shares: None.

VII. Issuance of new shares for merger or acquisition: None.

VIII. Implementation of capital utilization plans:

Cash capital increase before public offering in 2011

1. Project content

(1) Source of capital: The Company issued 10,434,417 thousand new shares in the cash capital increase with a par value of NT$10 at a premium price of NT$180. The Company planned to raise NT$1,878,195 thousand. The actual issuance price was at a premium price of NT$170. Funding deficiency was covered by the Company's own funds.

(2) Competent authority approval date and document number: Jin-Guan-Zheng-Fa No. 1000036805 dated August 9, 2011.

(3) Fund usage: Investment in Chi Wei Company Limited, Da Tsang Industrial Company Limited, and solar power generation systems.

(4) Date of entering information to the information reporting website designated by the Securities and Futures Bureau: August 9, 2011.

(5) Change of project contents: As the prospects of the solar power industry remains unclear, the Board of Directors resolved on July 26, 2017, to change the funds usage to replenishment of operating capital to reduce the cost of funding, strengthen the Company's financial structure, and improve the Company's capacity for fund allocation. The information was entered in the Market

Observation Post System on October 5, 2017.

2. Implementation status

Project item	Implementation status			Reasons for the schedule to be ahead or fell behind and the improvement plan
Investment in Chi Wei Company Limited	Expenditure	Anticipated	NT$ 650,000 thousand	Execution completed in December 2011
		Actual	NT$ 650,000 thousand	
	implementation progress	Anticipated	100%	
		Actual	100%	
Investment in Da Tsang Industrial Company Limited	Expenditure	Anticipated	NT$ 930,000 thousand	Execution completed in December 2011
		Actual	NT$ 930,000 thousand	
	implementation progress	Anticipated	100%	
		Actual	100%	
Installation of solar power generating system	Expenditure	Anticipated	NT$ 298,195 thousand	The expenditures were set to be executed in the third quarter of 2012. As the current outlook of the solar energy industry remains unclear and the government's power purchase price becomes more conservative, the Board of Directors changed the use on July 26, 2017 to the replenishment of operating capital.
		Actual	0-	
	implementation progress	Anticipated	-	
		Actual	0%-	

3. Implementation effectiveness

The Company has completed the investment projects and the construction of new landfills have begun. The investment in Chi Wei landfill began contributing returns in 2014. The third phase of Da Tsang landfill is expected to begin contributing to profits in 2018. As the current outlook of the solar energy industry remains unclear and the government's power purchase price becomes more conservative, the Board of Directors changed the use of investment for solar energy equipment on July 26, 2017 to the replenishment of operating capital.

Chapter 5 Operational Highlights

I. Business activities

(I) Business scope

1. Main businesses:

The Company mainly operates hazardous industrial waste removal and processing. The main businesses scope includes solidification and clearing of sludge waste that contain hazardous heavy metals, solidification and clearing of dust from the steel industry that contain hazardous heavy metals, solidification and clearing of flying ash that contain hazardous heavy metals from urban incinerators, solidification and clearing of waste that contain hazardous asbestos waste, and improvement of control site and remediation site with soil and groundwater pollution.

2. Proportion of main products as a ratio of operations in 2018 (consolidated information)

Unit: NT$1,000

Business activities	2018 operating revenue	Proportion of 2018 operating revenue
Waste solidification and excavation	946,526	27.87%
Waste landfill	2,290,691	67.46%
Waste clearing	156,114	4.60%
Others	2,476	0.07%
Net operating revenue	3,395,807	100.00%

3. The Company's current services

Main products (services)	Contents of product
Waste solidification and excavation services	Solidification refers to the transformation of hazardous waste produced by customers into stable products; excavation refers to the excavation engineering services for improving illegal abandoned waste disposal sites and pollution control sites
Waste landfill services	Landfill services for stabilized products or general industrial waste
Waste clearing services	The Company provides domestic customers with Class A waste clearing services

4. New products under development

(1) General sludge (waste code D-09) reusable product development plan: The Company uses heat treatment to reduce the water content of general sludge and remove odors and transforms them into aggregate, brick products, graded materials, fillings, cement additives, soil improvement agents, and other recycled products.

(2) Recycling and development plan for ash from electric arc furnaces in the steel and iron industry (waste code A-7101): The Company uses high-temperature smelting reduction process, rotary kiln incineration, smelting, and hydrometallurgy to recycle waste and turn it into valuable heavy metal materials.

(3) Recycling and development plan for flying ash from urban incineration

plants (waste code C-0102): The Company uses the washing method, milling dissolution method, high-temperature smelting, and heat treatment recovery to recycle waste and turn it into replacement products for cement materials and develop Eco Cement.

(II) Industry overview

1. Current state and development of the industry

Taiwan still occupies important positions in the global economy. The rapid development of industrialization has brought forth tremendous economic benefits and also released boundless energy for industries. However, the large-scale industrial development in the early days has resulted in a supply chain that continues to produce massive amounts of general and hazardous industrial waste which seriously damages the natural environment and the quality of life. There have been repeated incidents of illegal dumping and environmental pollution and the capacity for processing legal waste still fails to keep up with the total amount of waste produced for positive development in Taiwan, let alone the waste that has accumulated in the past decades and the illegal dump sites we continue to uncover.

Therefore, the central and local competent authorities for environmental protection must actively process the industrial waste generated daily by major manufacturers, basic metal industries, urban refuse incinerators (e.g. bottom ash and flying ash that contain hazardous heavy metals) in the country as well as soil or groundwater pollution remediation site projects. All waste destined for intermediate solidification and final landfill shall contribute to growth in the industry. With the rise of related green environmental protection and energy conservation industries, the rise in environmental awareness, and increasingly rigorous industrial waste disposal regulations, the domestic demand for processing sites has continued to increase and the demand for processing hazardous and general industrial waste has expanded. Such expansion shall provide business opportunities for the Company's environmentally friendly recycled products.

The statistics on the destination of waste reported in accordance with the list of waste that contains heavy metals announced by the Environmental Protection Administration Industrial Waste Control Center of the Executive Yuan that are included in the Company's permitted business scope are shown in the table below:

Waste code	Waste code name	Serial form report volume (ton)			
		2014	2015	2016	2017
A-3701	Scrapped solvents and sludge, scrapped alkali and sludge and scrapped liquor and sludge generated from cleaning the containers containing pigments, drying agents or callochrome stabilizing coating materials	498	335	315	291
A-4901	Sludge generated from waste water disposal in the manufacturing of chrome yellow and chrome orange coatings	40	42	42	41
A-7101	Furnace dust or sludge discharged and controlled in the pollution control process of electric furnaces	296,437	273,072	224,204	194,149
A-7201	Scrapped acid liquor left from steel industry’s steel material processing or soaking	11,479	9,892	7,058	17,585
A-7301	Furnace dust or sludge discharged and controlled in the process of iron chrome alloys	154	139	71	111

Waste code	Waste code name	Serial form report volume (ton)			
		2014	2015	2016	2017
A-7501	Furnace dust or sludge discharged and controlled in the 2nd smelting of lead, nickel, mercury, cadmium, and copper	1,201	1,300	1,404	1,212
A-8101	Residual or sludge with mercury content generated from waste recycling	5	3	0	0
A-8201	Solid metal residuals generated from waste recycling	1	1	1	1
A-8301	Acid scrapped liquor or sludge generated from waste recycling	265	334	300	320
A-8401	Furnace dust generated from crushing, selection, and recycling of waste wires and cables	0	1	0	2
A-8501	Waste phosphor generated from waste recycling	28	61	24	21
A-8801	Sludge generated from waste water disposal in the electro-plating process. However, it is not limited to those that are produced from the processes below: (1) aluminum's sulfuric acid plating (2) carbon steel tinning (3) carbon steel aluminizin (4) incidental cleaning or stripping carbon steel tinning or aluminizing (5) aluminum's etching and grinding	112,256	112,582	113,242	119,383
A-8901	Sludge generated from waste water disposal in aluminum's chemical conversion and coating process	1,800	1,428	1,282	1,184
C-0101	Mercury and its chemical compounds (total mercury)	10	16	13	7
C-0102	Lead and its chemical compounds (total lead)	31,188	30,168	40,231	34,661
C-0103	Cadmium and its chemical compounds (total cadmium)	130	164	62	51
C-0104	Chrome and its chemical compounds (not including scrapped hide powder, dander and pieces generated from the process to manufacture or use animal leather)	10,385	18,916	21,959	19,357
C-0105	Chromium(Ⅵ) compounds	38	16	17	10
C-0106	Arsenic and its chemical compounds (total arsenic)	1,999	2,300	2,185	2,298
C-0109	Selenium and its chemical compounds (total selenium)	0	0	13	27
C-0110	Copper and its chemical compounds (total copper) (only limited to scrapped catalyzer, furnace dust, scrapped liquor, sludge, filter materials, incinerator flying ash or bottom residues)	353,281	133,016	108,796	110,597
C-0111	Barium and its chemical compounds (total barium)	1,130	833	1,738	690
C-0119	Other mixture waste containing toxic heavy metals containing toxic substances and exceeding the leaching standard limit	409	475	1,327	330
C-0701	Asbestos and waste from products (definitions based on those specified in the Standards for Defining Hazardous Industrial Waste)	413	144	396	1,081
Total		823,144	585,237	524,680	503,412

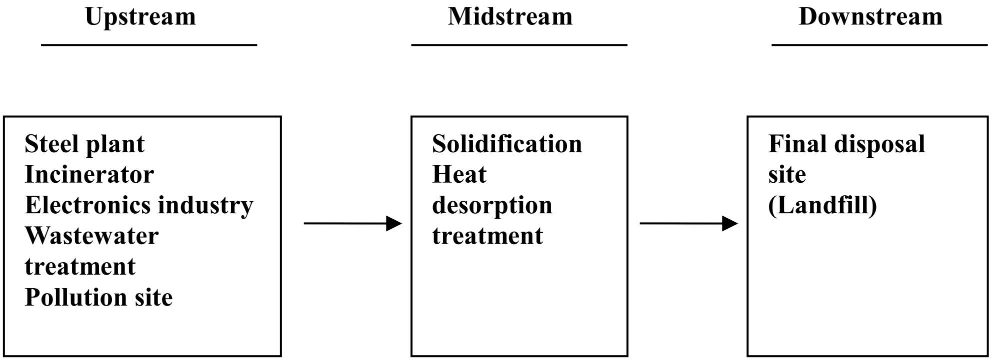
Source: Environmental Protection Administration Industrial Waste Control Center of the Executive Yuan; "0" indicates no reported volume or reported volume under 1. Statistics were rounded off.

With the exception of sludge that contains heavy metals produced in industrial processes, there are still 250 illegal dump sites with a total area of 175.535 hectares based on statistics compiled by the Control Yuan in November 2013. The control/remediation plants and dump sites announced by the EPA included 3,098 sites totaling 1,745.22 hectares including 2,858 sites polluted by heavy metals (statistics as of March 2019) totaling 635.82 hectares. The contaminated soil sites announced and supervised by the counties and cities in accordance with the "Soil and Groundwater

Pollution Remediation Act" consisted mainly of farmland and gas station soil with heavy metal pollution.

The main processing method for heavy metal waste is based on the level of mutual influence involving heavy metal concentration and pollution intermediaries. They are divided into the following processing methods. The first involves the recycling of heavy metals through heat treatment. The more advanced applications include waste with high concentrations of mercury, zinc, and copper. Waste with medium and low concentrations heavy metals are processed via solidification.

2. Correlations between upstream, midstream and downstream Industries



3. Various product development trends

From the perspective of sustainability, metal resources are exhaustible resources and cannot be regenerated in the natural world. To prevent the continuous depletion of metal resources, we continue to actively develop resource recycling technology for sludge that contains heavy metals. The current processing procedures for the sludge that contain heavy metals are based on the metal content, processing technology, economic value, and load on the environment. These factors are used to determine whether the metals are recycled, developed into reduced-volume recycled products, or processed via solidification and landfill. Therefore, from the perspective of resource recycling, we should change our opinion of sludge that contains heavy metals as hazardous industrial waste and actively develop key technologies for recycling and reusing metals in the sludge so that the sludge can be properly processed, sorted, purified, and smelted for reusing the metal resources.

The current heavy metal sludge processing technologies available in Taiwan and abroad are shown in the table below:

Technology Type	Technology name	Applicable targets	Resource products	Features	Technology maturity	Actual applications
Solidification	Solidification	Polluted soil that contains multiple types of heavy metals, sludge, hazardous waste, and contaminated soil	1. Bricks 2. Reefs	1. High physical and chemical stability 2. Diverse chemical additives 3. Simple construction and operations 4. Low equipment investment 5. Low processing costs 6. Metal resources cannot be recycled and reused	Commercialization	1. URRICHEM 2. Power supply institutes 3. Long Island University, United States 4. CHC hearthstones 5. Remondis Taiwan 6. Sunny Friend Environmental Technology
	Sintering and crystallization	Sludge containing copper and heavy metals	1. Bricks 2. Ceramics paint 3. Fire-resistant bricks 4. Copper oxide	1. The resource recycling performance is higher than that of solidification 2. Not suitable for hybrid sludge 3. High operating costs	Laboratory	Yung-Yuan
Resource recycling technology	Displacement electrolysis	Sludge with multiple types of heavy metals	Silver, lead, cadmium, tin, copper, zinc, calcium sulfate, sulfuric acid Lead, nickel sulfate, chromium hydroxide, ferrous sulfate	1. Various metal elements in pure contents can be obtained 2. Acid and alkali immersion solutions can be recycled for reuse	Commercialization	Recontek Co. (USA)
	Immersion displacement	Sludge containing copper	1. Copper sulfate 2. Copper powder	1. High returns for recycling	Commercialization	1. Gi Ding Technology 2. Chang Cheng 3. Chen Ho
	Ammonia immersion	Sludge with multiple types of heavy metals	Lead chromate, iron oxide, copper sulfate, zinc sulfate, nickel sulfate	1. Advantages in selective immersion 2. Slower immersion speed 2. Ammonia and extracts can be recycled and reused 4. Mature resource recycling technology	Model plant stage	Am-MAR (Sweden)
	Microorganism processing technology	Sludge containing multiple heavy metal contents	Recycling of metals such as chromium, nickel, zinc, and cadmium	1. Multiple applications in low-concentration heavy metal wastewater and sludge 2. Slower reaction speed	Model plant stage	
	High-temperature smelting	Sludge with multiple types of heavy metals	Chromium, nickel, zinc, cadmium, copper, iron	1. Recovery of metals such as chromium, nickel, zinc, cadmium, copper and iron 2. The copper and nickel contents must be higher than 10% 3. The chlorine and hydrocarbons must be lower than 1,000mg/l4 with no Hg or F	Commercialization	1. Mining companies in Japan 2. SEPC (Switzerland)
	Mineral technology	Sludge containing copper (zinc)	Copper, zinc	1. Use high temperature to form ferrite in the heavy metal sludge 2. Use the stability variation of copper (zinc) oxide and ferrite to acid (ammonia) for isolation and purification	Laboratory stage	

Source: 2005 Resource and Environment Seminar

The table shows that although the intermediate solidification of heavy metal sludge enjoys the highest level of commercialization, high-temperature vitrification processing offers superior stability although massive amounts of energy are required in the sintering process which increases the cost of processing. In addition, if the sludge contains mercury, lead, cadmium, or other more volatile heavy metals, air pollution prevention measures must be taken.

Metal recycling involves displacement electrolysis, ammonia immersion, microorganism processing, high-temperature smelting, and mineralization. Displacement electrolysis usually involves complicated procedures and multiple sessions of immersion, filtering, reverse washing, and displacement. The changes in the composition of heavy metals in the sludge would also affect the applicability of the technology. Ammonia immersion may be advantageous for selective immersion filtering for certain metals (e.g. copper, nickel, and zinc), the slower immersion rate and the odor of ammonia remain its greatest weaknesses. Therefore, the use of such technology for recycling heavy metal sludge must account for the impact of the ammonia odor on the surrounding environment. There have been rare cases of using microorganisms to recycle heavy metal sludge. Most applications involve removal of heavy metals in sewer sludge or low-concentration waste water. Although the technology is used in Mainland China for recycling metal resources in the heavy metal sludge, the response rate is slower than that of other wet smelting technologies and the processing volume is only 0.5 ton/day. High-temperature smelting may be optimal in terms of its recycling of metal resources and lack of hazardous furnace soot, the high cost of equipment investment has slowed down investment. In addition, if volatile heavy metals are included in the sludge, pollution prevention equipment must be installed for monitoring to prevent secondary pollution. Mineralization technologies are not common in related research or commercialization and it remains a recycling technology in its infancy. The technology focuses on the composition and content of heavy metal sludge and similarities with minerals. Therefore, if the characteristics of the minerals can be brought out, we can use mature sorting and smelting technologies to recycle such metal resources. This may have great potential in the future.

We leverage our experience and future innovative plans to consider trends in the supply, demand, and environmental protection legislation. We predict that future solidification, landfill, and recycling volume would be significantly different. The life cycle factors (emerging plans for the development of products, new products, products in the growth era, and maturity products) are explained below:

①Mature products - Solidification and landfill market (steel, petrochemicals, and electronics industries)

If we divide the technologies for processing hazardous heavy metal waste produced by industries into three stages from mature products, growth-period products, and new products, solidification would no doubt be the most mature, popular, and acceptable processing method. Solidification is the most stable and feasible technology and the most acceptable and economic solution for industries. However, the government's resource recycling policy may cause such solidification processing volume to decrease in the future based on a rate of the acceptance of growth-period products and new products as well as the government's promotion of resource reuse. The business volume after the reduction shall be supplemented by newly-developed growth-period products and new products.

②Growth-period products - Solidification and landfill market (market for ash from electric arc furnaces in the steel and iron industry and flying ash from urban incineration plants)

Current growth-period products for the heavy metal waste processing market consist of heavy metal recycling from semiconductor waste and recycled zinc oxide collected from steel-making industries. Both recycling technologies make economic sense. However, the residual of zinc oxide recovered from ash collected from steel and iron industry may still contain heavy metals. Therefore, solidification must still be adopted as the back-end solution and we remain dependent on solidification for growth-period recycling technologies.

③New products - Resource recycling market (market for ash from electric arc furnaces in the steel and iron industry and flying ash from urban incineration plants)

The Company has extensive experience in working with foreign environmental protection processing companies and we actively introduce new processing technologies from foreign countries as commercialized products. For instance, new waste screening and sorting technologies and equipment have reduced the cost of processing waste and transformed waste into resources to be reused.

④Emerging products - The land on remediation sites and control sites announced by the EPA and local Environmental Protection Bureaus can be provided to the original landowner for reuse and development.

4. Competition

Waste processed through solidification in the country is mainly sourced from flying ash that contain heavy metals (results in dissolution experiments exceed levels specified in the Standards for Defining Hazardous Industrial Waste) which is produced in the operations of public and private urban refuse incinerators, toxic metal waste classified based on the Standards for Defining Hazardous Industrial Waste, and asbestos and products made from asbestos that are considered as hazardous industrial waste. These types of waste are permitted by law for solidification. There are two types of operations of solidification equipment for flying ash from public and private urban refuse incinerators. The first consists of cases where the operators urban refuse incineration plants outsource such operations to external entities and the second consists of cases where the operators conduct their own operations.

As it is difficult to obtain professional technologies, land, and permits for such services, the industry has a high entry barrier. Private solidification plants in Taiwan include the Company, CHC Resources Corporation, Remondis Taiwan, and Sunny Friend Environmental Technology Changpin Plant. The total monthly processing volume is 23,620 tons and the annual processing volume is 283,440. Existing heavy metal waste processing plant (including recycling facilities) can process various heavy metal waste up to a total of 91,175 tons/month and 1,094,100 tons per year. These facilities are sufficient for processing the output of various hazardous industrial waste but they may not be able to accommodate or contain the total amount of illegal dump sites and contaminated soil. Ash from electric arc furnaces in the steel and iron industry is mainly processed by Taiwan Steel Union Co., Ltd. and various steel plants. Waste that contain copper pollutants in the electronics industry and PCB industry is mainly processed by Yung Yuan Chemical Materials Corp. and other recycling companies. Solidification is not a competitive solution for processing these two types of waste but the two types of recycling or reusing facilities mentioned above cannot recycle soil that has been contaminated by heavy metals. Therefore, solidification remains more competitive for other types of heavy metal waste and disposal sites as well as soil with heavy metal contamination.

The private solidification plants permitted to process hazardous waste and open to external operations are shown in the table below:

Solidification plant name	Cleanaway Company Limited	CHC Resources Corporation	Remondis Taiwan	Sunny Friend Environmental Technology Changpin Plant
Permitted solidification processing volume	15,250 tons/month	2,970 tons/month	1,800 tons/month	3,600 tons/month
Main waste categories processed	Waste containing heavy metals and asbestos	Waste containing heavy metals	Waste containing heavy metals	Waste containing heavy metals and asbestos

The table above shows that the volume and categories of waste processed by the Company are both higher than those of competitors and the Company uses affiliate companies to establish independent landfills and general industrial waste landfills after processing hazardous industrial waste. We provide customers with more comprehensive services while improving the Company's business competitiveness.

(III) Overview of technology and R&D

1. R&D expenditures: R&D expenditures in 2018: NT$10,467 thousand

2. Successfully developed technologies or products

The Company's research and development is focused on the introduction of processing unit before heat desorption in the solidification process which would increase the sources of business in hazardous industrial waste. As the current environmental protection laws requires pre-processing for waste that contains high concentration of mercury, mercury must be processed and recycled before solidification and intermediate processing. Therefore, if the Company can respond to regulatory requirements and add a processing unit before heat desorption in the solidification process, the Company's potential business revenue in waste permitted for recycling will be expanded and it would be favorable to business expansion. The processing unit before heat desorption has been approved for operations in July 2011 and it is the only waste solidification processing unit with such facilities in Taiwan. The equipment is extremely competitive in the market for processing hazardous waste that contains mercury. The collection also continues to research the feasibility of using the unit to process other types of waste based on the valuable data we collected in onsite operations.

The Company also provides customers with technical services such as heat drying sludge produced in manufacturing processes to reduce waste volume for customers. However, high-temperature oxidation will cause hazardous heavy metals to be released more easily and significantly increase the toxicity. The Company provides customers with comprehensive technical support for the reason, theoretical verification, and solutions derived from this issue. Related research contents have been compiled and published in theses collection of the Chinese Institute of Environmental Engineering.

(IV) Long-term and short-term business development plans

1. Short-term development plans

(1) Solidification and landfill market

As the current domestic industrial structure and the demand for waste disposal far exceeds the market supply, there remains a large demand for solidification landfill treatment in the near future. Based on the imbalance of supply and demand and Cleanaway Group's advantages over competitors in terms of processing volume, the Company's short-term plan is to concentrate on development in the Central and Southern Taiwan market to maintain stable sales volume of the company's waste disposal services.

(2) Remediation site businesses

The remediation site market is the main focus of the Company's medium and long-term business development strategy. As early environmental protection laws and people's environmental protection awareness were insufficient, and the factory pollution prevention and control technology were far from perfect, they have caused changes in the industrial structure and urban plan developments of municipalities in recent years. As polluting industries gradually close, plants and sites that require remediation continued to increase and the improve sites can bring about immense opportunities for diversified operations for companies. This market has been a business developed by the Company in recent years and the business volume has continued to improve each year based on accrued remediation technologies. Many major domestic companies have polluted plants and sites that desperately require remediation. Therefore, the demand in the future remediation site market is expected to grow. The effect is especially prominent for major multinational companies which may become our main customers.

(3) Resource reuse market

The Company actively promotes the resource reuse market mainly for processing and reusing ash from electric arc furnaces in the steel and iron industry and flying ash from urban incineration plants. The market will be the Group's niche in future sustainable development and the Company shall implement effective development to help promote the brand and advance medium to long-term business plans.

2. Long-term development plans

(1) Solidification and landfill market

As previously described, the sources of solidification processing include several large categories of which flying ash from urban incineration plants account for the largest share. The annual production volume is approximately 200,000 tons (statistics compiled by the Environmental Protection Administration in 2016). The current waste treatment method for such waste can be divided into solidification processes conducted by operators and processes outsourced to external operators. As the two types of companies are not dedicated institutions for processing hazardous waste, the processed products remain extremely unstable and there may be nowhere to bury the solidified products after processing. We expect that such waste will most likely be delivered to professional processing companies in the future and this would be one of the sources for the Company's long-term and stable business revenue.

(2) Remediation site businesses

Environmental protection laws become increasingly rigorous and refined and cities have expanded so much that the wastelands at the edges of early cities have become valuable for land development due to urbanization. If the land development value is higher than the land pollution remediation expenses, it would create incentives for development for the landowners. Cleanaway Group's years of experience will allow the Group to generate a high proportion of revenue from such business operations.

(3) Resource reuse market

The Company actively promotes resource recycling and market processing operations for steel industry ash and flying ash urban incineration plants in accordance with the Environmental Protection Administration's "Six-Year National Development Program - Incineration Plant Resource Recycling

Project" and the recycling program for arc furnaces in the steel and iron industry promoted by the Industrial Development Bureau, Ministry of Economic Affairs. As the technical bottlenecks and recycled construction materials market channels have yet to mature, the Company shall start by marketing, promotion, and brand establishment as well as cooperation with the Environmental Protection Administration's incentives to build a solid foundation for medium to long-term market development businesses in the cement industry. The road paving materials, soil improvement agent, or more valuable Eco Cement or Eco Bricks produced from recycled products will not only contribute to society but also open up another sales market for Cleanaway beyond processing industrial waste. They will also become one of Cleanaway's goals for sustainable development.

(4) Mainland China operations

The Board of Directors approved the proposal for investment in China through an offshore company in mid-August 2012. The Company has established the head office of Cleanaway Investment in Shanghai to take charge of business management in China. The head office is responsible for introducing the "one-stop" integrated service model into China and seeking investment opportunities in other related environmental protection businesses. The Board of Directors passed another two investment proposals in China in 2013 for investments in Shandong Province and Zhejiang Province. The environmental impact assessment for the project in Zoucheng, Shandong was passed in 2014. The recent economic growth in China has caused continuous spread of pollution. Environmental protection awareness has grown and China initiated its 13th Five-Year Plan for improving air quality in Chinese cities, improve water resources, and implement soil contamination categorization and classification for control. These actions demonstrate that governments in Mainland China has adopted more rigorous policies in response to the pollution produced in industrialization. The Company is still carefully evaluating plans and continues to actively establish related environmental protection projects. However, plant construction and investment in China remain susceptible to many uncertainties and the Company shall adopt strategies for stable growth to promote our projects.

II. Overview of market, production and sales

(I) Market analysis

1. Analysis of main products and sales regions in the two most recent years

Unit: NT$1,000

Year / Main business | Sales territory	2017		2018	
	Amount	%	Amount	%
Waste solidification | Taiwan	420,644	15.10%	586,650	17.28%
Waste excavation | Taiwan	118,965	4.27%	359,876	10.60%
Waste landfill | Taiwan	2,111,012	75.79%	2,290,691	67.46%
Waste clearing | Taiwan	132,127	4.74%	156,114	4.60%
Others | Taiwan	2,518	0.09%	2,476	0.07%
Total operating revenue	2,785,266	100.00%	3,395,807	100.00%

Note: The Company's sales revenues in 2018 and 2017 were from Taiwan.

2. Market share

The market share is based on statistics compiled by the Environmental Protection Administration and the waste code specified in the Company's waste disposal license. We refer to the flying ash and the solidification quantity in the incineration plants to calculate the Company's market share.

Unit: NT$1,000

Main waste items processed by the Company	2017			2018		
	Volume (ton)	Revenue	Market share	Volume (ton)	Revenue	Market share
Waste solidification	59,831	420,644	8.47%	66,732	586,650	Note 1
Waste landfill	408,434	2,111,012	12.16%	448,512	2,290,691	Note 1

Note 1: The Environmental Protection Administration has not yet announced the reported waste processing volume for 2018.

Note 2: Waste clearing, waste excavation, and other revenue cannot be effectively quantified and therefore the market share is not calculated.

The Company's main customers include those in the steel and iron, electronics, optoelectronics, petrochemicals, electroplating, leather processing, metal processing, and tenders of other public and private enterprises.

3. Future market supply/demand and growth

(1) Demand and supply in domestic solidification and landfill sites

Incineration plants are always accompanied by solidification plants and landfills mainly because the bottom slag and flying ash produced in the incineration process require stabilization and solidification as well as sites for disposal. The bottom slag produced in domestic incineration plants mostly pass the requirements in toxicity characteristic leaching procedure (TCLP) tests before they are provided to private operators for reuse. Flying ash in incineration plants contain higher concentrations of heavy metals and dioxin as well as higher leaching potential and the risks of reuse can be excessively high. Therefore, it must be delivered by qualified clearing companies to intermediate processing plants and qualified in TCLP tests before delivery to individually segregated landfills for landfill (non-general industrial waste landfills) for final disposal. Other non-hazardous waste that does not pose contamination risks is delivered to general industrial waste landfills.

Environmental protection regulations have become increasingly rigorous. The Company is a professional waste processing company that strictly complies with regulatory requirements and quality control. The tightening environmental protection regulations, declining number of waste processing and landfill institutions, and increased amounts of industrial waste in the development of domestic industries mean that there may be imbalances in demand and supply of processing capacity as such demands grow.

(2) Demand in announced domestic processing, solidification, and landfill

Domestic environmental protection authorities have announced the following processing, solidification, and landfill volume (immense volume):

A. Basic volume of hazardous waste from customers that require solidification: Hazardous heavy metal waste (the Company's business code) with an annual production volume of 503,412 tons (EPA statistics from 2017).

B. Hazardous waste solidification for steel and iron industry ash: Hazardous ash with heavy metal content with an annual production volume of 194,149 tons (EPA statistics from 2017). The current storage volume in various steel plants is 6,160 tons (EPA statistics from 2017).

C. Hazardous waste solidification for hazardous flying ash from urban incineration plants (flying ash solidification): Hazardous ash with heavy metal content from urban incineration plants with an annual production volume of 301,4823 tons (EPA statistics from 2018).

D. Hazardous solidification for hazardous waste that contains asbestos: According to statistics and actual market surveys conducted by the EPA, hazardous asbestos waste has long been prohibited from production and therefore the market development for the waste remains limited. However, the uniqueness of the current market means potential for the development of a highly profitable market. According to EPA statistics, the annual output of hazardous asbestos waste is approximately 1.202 tons (EPA statistics from 2017).

E. Illegal dump sites and soil and groundwater pollution control sites: According to the EPA's statistics in March 2019, there are currently 13 illegal waste dump sites (control/remediation sites) and 9.95 hectares that require cleanup of pollutants. The EPA currently lists 2,955 control sites and 106 remediation sites for soil and groundwater pollution.

4. Competitive niches, favorable and unfavorable factors for future development, response measures

(1) Competitive Niches

Maximum permitted solidification capacity

Cleanaway Group process a wide range of waste categories and our processing capacity per hour is higher than that of our competitors. We also have the largest permitted solidification capacity in Taiwan and each of our advantages demonstrate our solid competitiveness.

Integrated one-stop services

Final landfills are required for waste after solidification. As Class A solidification plants in Taiwan must meet extremely rigorous standards, the number has remained low. Cleanaway Group processes higher volumes than competitors and the Company also has professional cleanup fleets, intermediate solidification plants, and final landfills. The integrated one-stop services effectively simplify environmental protection reporting procedures while other solidification plants that do not have landfills are less competitive in the market. Most of the solidification products produced by the two intermediate solidification plants in Taiwan (CHC Resources and Remondis) and the fly ash solidification and stabilization products from 4 other municipal incineration plants are delivered to the landfill of Company's affiliate company Chi Wei Company Limited for landfill.

Leading technology research and development

Cleanaway has established an independent R&D technology laboratory. In addition to the new heavy metal mercury heat desorption treatment technology, the Company also organized a database of processing data for various hazardous waste which will be invaluable for research and development of new technologies.

Solid customer base

Cleanaway has established a solid basis for business development across Taiwan based on legal, qualified, responsible, and integrated one-stop services as well as decades of outstanding records.

(2) Favorable factors

The number of sites that require clean-up has grown as land acquisition becomes increasingly difficult and residents' environmental protection awareness has increased. This has led to a current shortage in intermediate solidification plants and final landfills. The demand for processing hazardous and general industrial waste in Taiwan remains large. For Cleanaway Group, our professional technologies and approved one-stop waste disposal, processing, and landfill have given us advantages in the cost of operations and professional services. The Company has begun planning the development of environmentally-friendly new recycled products. We have established a formidable business system with the aim of improving operating revenue.

(3) Unfavorable factors and response measures

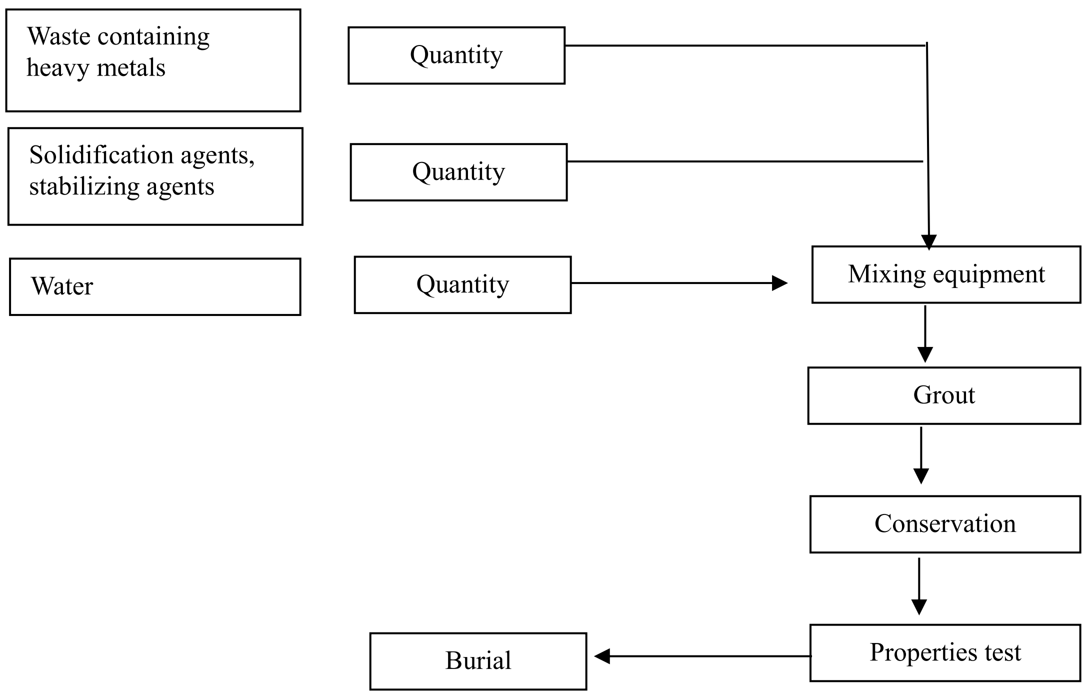
Domestic environmental protection authorities fully advocate the waste recycling policy which will impact the Company's operations. Difficulties in landfill and recycling will lead to the redistribution of the market. In terms of strategy, we have developed both landfill and resource recycling businesses to reduce the operation risks derived from recycling trends on the market and to improve the Company's competitiveness in diverse industries. The Company has always focused on R&D to reduce the cost of solidification and landfill. We also adopt high-performance processing technologies to break free of price competition in the market and maintain our market share in markets that require professional and advanced technologies.

(II) Major applications and production process of the primary products

1. Major applications of primary products

The Company is a professional company that processes hazardous industrial waste. Our main product is the service we provide that processes hazardous industrial waste produced by industries to harmless regular waste to reduce the risks of hazardous waste in the environment. The Company's intermediate processing plant produce solidified products that meet environmental protection regulations and standards and they are transported to the landfill for final disposal. We use the intermediate solidification process to neutralize waste and use effective management in the landfill to achieve the purpose of appropriate processing and disposal.

2. Production process



(III) Supply status of main materials

Main materials	Supplier	Supply status
Cement	CHC Resources Corporation, Advanced-Tek Systems Co., Ltd., Hsing Lien Fa	Good, stable
Solidification agents	You Li Chiu	Good, stable
Sodium sulfide	Joyce Chemical Co., Ltd.	Good, stable
Bulk bags	Jin He Fong Enterprise Co., Ltd., Sheng Chan Co., Ltd., Sheng Feng Co., Ltd.	Good, stable
Iron (II) chloride	Jing Bao Chemical Co., Ltd., Hsiang Jui	Good, stable
Diesel	Sing Da Sheng Co., Ltd.	Good, stable

(IV) Information of major suppliers in the last two years - consolidated information

Unit: NT$1,000

Item	2017				2018			
	Name	Amount	Percentage of net purchase %	Relationship with issuer	Name	Amount	Percentage of net purchase %	Relationship with issuer
1	You Li Chiu	20,067	34.41%	None	You Li Chiu	23,434	36.75%	None
2	CHC Resources Corporation	10,279	17.63%	None	CHC Resources Corporation	16,465	25.82%	None
3	Hsing Lien Fa	8,564	14.69%	None	Hsing Lien Fa	15,491	24.29%	None
	Others	19,401	33.27%		Others	8,377	13.14%	
		58,311	100.00%			63,767	100.00%	

Note: Where procurement acquired from a supplier exceed 10% of total procurement for the most recent two years, the name of the said supplier, procurement value, and proportion of the procurement shall be disclosed. However, contractual terms dictate that the name of such a supplier or trading partner cannot be disclosed if the said supplier or trading partner is an individual and unrelated party, and codes may be used to replace the names instead.

Reasons for the change: The Company has maintained stable transactions with main suppliers and there were no changes in major suppliers.

(V) Information of major customers for the last two years:

No income from a single customer in 2018 and 2017 has exceeded 10% of the total income of the Group. The Company's sales revenues were from Taiwan.

(VI) Output volume and value for the last two years (consolidated information)

Unit: ton/NT$1,000

Year / Production quantity and value / Primary products	2017		2018	
	Volume (Note 1)	Value	Volume (Note 1)	Value
Waste solidification and excavation	59,831	277,730	66,732	555,611
Waste landfill	408,434	413,243	448,512	566,681
Waste clearing	221,120	109,477	254,556	126,398
Total	-	800,450	-	1,248,690

Note: The excavation service fees are different in each project and cannot be quantified.

Reasons for the change: The decline in solidification and excavation cost was mainly caused by the increase in excavation projects; the increase in landfill cost was mainly caused by the increase in landfill volume; the increase in clearing cost was caused by the increase in the quantity of waste cleared.

(VII) Sales volume and value for the last two years (consolidated Information)

Unit: ton/NT$1,000

Year / Sales volume and value / Primary products	2017		2018	
	Volume (Note 1)	Value	Volume (Note 1)	Value
Waste solidification and excavation	59,831	539,609	66,732	946,526
Waste landfill	408,434	2,111,012	448,512	2,290,691
Waste clearing	221,120	132,127	254,556	156,114
Others	-	2,518	-	2,476
Total	-	2,785,266	-	3,395,807

Note: The excavation service fees are different in each project and cannot be quantified. The Company's sales revenues were from Taiwan.

Reasons for the change: The increase in revenue from solidification and excavation was mainly caused by increase in the number of soil pollution excavation projects; the increase in revenue from landfill was mainly caused by the increase in landfill volume; the increase in revenue from clearing was caused by the increase in the quantity of waste cleared.

III. Information on employees in the last two years and as of the publication date of the Annual Report (consolidated information)

Year		2017	2018	April 20, 2019
Number of employees	Direct	107	109	107
	Indirect	63	67	65
	Total	170	176	172
Average age		43.42	42.7	42.2
Average years of service (years)		9.88	9.4	9.6
Education background distribution (%)	PhD	2.52%	1.80%	1.82%
	Master	12.58%	12.57%	12.65%
	College	38.36%	38.32%	38.55%
	Senior high school	38.36%	39.53%	39.15%
	Below senior high school	8.18%	7.78%	7.83%

IV. Expenditure on environmental protection

(I) Total amount of losses and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of the Annual Report:

1. According to regulations, the Company must apply and receive permits for the establishment of anti-pollution facilities and pollution emission, pay pollution prevention fees, or designate environmental personnel. The status of the above-mentioned measures is as follows:

According to regulations, the Company must apply and receive permits for the establishment of anti-pollution facilities and pollution emission, pay pollution prevention fees, or designate environmental personnel. The status of the above-mentioned measures is as follows:

(1) Permit for installing polluting facilities, permit for pollution drainage

Item	License number	Effective period of license
Operating license for stationary sources of pollution	Kaohsiung City Environmental Protection Bureau Kong-Cao-Xu-Zheng No. E0292-01	July 18, 2016 to July 17, 2021

(2) Payment of pollution prevention fees

The Company has paid all payments for air pollution in accordance with the Air Pollution Control Act and has not delayed or owed payments.

(3) Establishment of dedicated environmental protection unit and personnel

Name	Permit type	Permit No.
Yu-Wen Hu	Class A Waste Disposal Technician	(1996) EPA Shun-Zheng No. HA210245
Shu-Fen Wu	Class A Waste Disposal Technician	(1999) EPA Shun-Zheng No. HA180631
Tzu-Chi Shan	Class A Waste Disposal Technician	(2003) EPA Shun-Zheng No. HA401227
Ting-Chang Hsiao	Class A Waste Disposal Technician	(2010) EPA Shun-Zheng No. HA310599
Shun-Kai Yu	Class A Waste Disposal Technician	(2003) EPA Shun-Zheng No. HA400618
Tai-Yu Chen	Class A Waste Disposal Technician	(2006) EPA Shun-Zheng No. HA420271

Name	Permit type	Permit No.
Chih-Ping Kan	Class A Waste Disposal Technician	(2000) EPA Shun-Zheng No. HA220863
Ya-Ping Kuo	Class A Waste Disposal Technician	(2001) EPA Shun-Zheng No. HA101043
Chen-Hung Huang	Class A Waste Water Disposal Personnel	(2010) EPA Shun-Zheng No. GA120556

2. **Explanations on the pollution treatment and environment improvement of the Company over the last two years until the publication date of this report. If there had been any pollution dispute, its handling process will also be explained: None.**

3. **Explanation on the total losses (including indemnity paid) and penalties paid by the Company for environmental pollution, as well as future response measures (including improvement measures) and possible expenditure (including losses incurred by not implementing response measures, penalties, and an estimated amount of indemnity; if a reasonable estimation cannot be made, explain the reason): None.**

4. **Explain the current status of pollution, its effects on the Company's earnings, competitive position and capital spending, and capital expenditure estimated major environmental protection measures in the following year: None.**

V. Labor relations

(I) Various employee benefit plans, continuing education, training, retirement systems, and the state of implementation as well as various employee-employer agreements and measures for maintaining employee rights and interests

1. Employee benefits

The Company pays close attention to labor relations and satisfies employees' demands in work, safety, and health to protect employees' rights, benefits, and interests. The Company established the Employee Welfare Committee in January 2007 to improve welfare measures for employees. The Company's welfare measures: Subsidies for traditional Chinese holidays, employee remuneration and bonus, internal and external education and training courses, subsidies for marriages and funerals, group insurance for employees, employee birthdays, scholarship for employees' children, annual tours, etc.

2. Retirement system

The Company established the Employee Retirement Regulations and the Supervisory Committee of Labor Retirement Reserve. We appropriate 2% of the employees' total monthly salary to be deposited into the dedicated account in the Bank of Taiwan as pension reserve funds. Starting from July 1, 2005, the Company appropriates 6% of the employee's salary to the dedicated personal pension account established by the Bureau of Labor Insurance in accordance with the "Labor Pension Act". The Company's employees can also voluntarily contribute up to 6% of their individual salaries every month as a retirement pension.

3. Labor-management negotiation status

The Company's operations are based on the Labor Standards Act and we emphasize the basic ideals of "human nature management" in our business management system. Labor and management use digital forums to achieve optimal coordination and communication and maintain harmonious labor relations.

4. Employee education

The Company regularly conducts education and training for specific items including on-the-job training for employees and outsourced work skill training. The items are summarized below:

On-the-job training:

- 3M provides safety education and training for respirators at the Company
- Gas container education and training
- Environmental protection and occupational safety regulations
- General hazard education

Personnel work skill training in external institutions:

- Forklift operator
- Fixed crane
- Acetylene welding operator
- Fire prevention personnel
- First aid personnel
- Forklift
- Business manager
- Organic solvent operations supervisor
- Refer to the following table for details on the number of training hours in 2018:

Course title	Number of employees trained	Number of training hours
Acetylene welding operator - retraining	3	3
Class B occupational safety technician retraining	2	2
Class B professional waste disposal technician	2	2
Fixed cranes with hoisting capacity of 3 tons or more - retraining	3	3
Handheld XRF education and training and introduction to REACH 2012 regulations	3	3
Water resources seed teacher entry-Level workshop	11	11
Flame atomic absorption spectrometer	1	1
Type C occupational safety and health manager - retraining	1	1
Class A professional waste disposal technician training	1	
Transportation personnel for hazardous goods	22	22
How to execute regulatory compliance in audits	1	1
Safety and health on-the-job education and training	1	1
Fire prevention personnel retraining - preliminary training	2	2
First aid personnel - retraining	1	1
Gas chromatography machine basic operation and maintenance	1	1
Oxygen-deficient operations supervisor - retraining	2	2
Forklift operator - retraining	1	1

Course title	Number of employees trained	Number of training hours
Labor safety and health management personnel - retraining	2	2
Labor safety and health manager retraining	8	8
Inductively coupled plasma optical emission spectrometer	2	2
Safety and health on-the-job training for lead operations supervisors	3	3
Precision analysis instrument (ICP, AA) WinLab32 software introduction and advanced applications	1	1
Instrument and Analysis Instrument Digitalization Trends Seminar	2	2
On-the-job training for environmental protection personnel and technician	1	1

The Company also encourages employees to actively participate in lectures and seminars organized by external institutions.

(II) List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount for current and possible future occurrences, and response measures. If the amount cannot be reasonably estimated, clarify the reason:

The Company has maintained good management and benefit systems and enjoys a harmonious relationship between labor and management. Therefore, there were no labor disputes or losses in the most recent two years and up to the publication date of the Annual Report. The Company upholds values for benefiting both labor and management and sharing profits. The possibility of labor disputes and losses in the future is very low and there is no issue of future disputes.

VI. Important contracts

Nature of the contract	Contracting party	Commencement date/expiration date	Main contents	Restrictive terms
Labor contracting	Public enterprises	2017.04~2018.09	Soil removal and processing	None
Labor contracting	Government authorities	2017.06~2023.12	Soil removal and processing	None
Labor contracting	Public enterprises	2017.10~2018.10	Soil removal and processing	None

Chapter 6 Financial Overview

I. Concise financial data from the last five years

(I) Condensed balance sheet - IFRSs (condensed financial information)

Unit: NT$1,000

Item	Year	Financial information for the most recent five years (Note 1)				
		December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Current assets		2,744,766	3,042,911	3,481,891	2,919,239	2,241,946
Property, plant and equipment		1,542,097	1,616,380	1,692,530	2,682,718	3,491,026
Intangible assets		0	0	0	0	0
Non-current assets (property, plant and equipment not included)		921,811	1,146,036	803,866	459,722	1,083,373
Total assets		5,208,674	5,805,327	5,978,287	6,061,679	6,816,345
Current liabilities	Before distribution	475,344	711,768	509,724	445,192	897,367
	After distribution (Note 2)	1,346,448	1,800,648	1,761,936	1,642,960	897,367
Non-current liabilities		139,568	140,741	168,721	205,313	385,166
Total liabilities	Before distribution	614,912	852,509	678,445	650,505	1,282,533
	After distribution (Note 2)	1,486,016	1,941,389	1,930,657	1,848,273	1,282,533
Equity attributable to owners of the parent company		4,591,810	4,951,556	5,299,842	5,411,174	5,533,812
Capital stock		1,088,880	1,088,880	1,088,880	1,088,880	1,088,880
Capital surplus		1,701,775	1,701,775	1,701,775	1,701,775	1,701,775
Retained earnings	Before distribution	1,799,830	2,159,899	2,510,240	2,621,576	2,745,072
	After distribution (Note 2)	928,726	1,071,019	1,258,028	1,423,808	2,745,072
Other equity		1,325	1,002	(1,053)	(1,057)	(1,915)
Non-controlling equity		1,952	1,262	0	0	0
Total equity	Before distribution	4,593,762	4,952,818	5,299,842	5,411,174	5,533,812
	After distribution (Note 2)	3,722,658	3,863,938	4,047,630	4,213,406	5,533,812

Note 1: The Company adopted IFRS on January 1, 2013. The aforementioned financial statements have been reviewed or audited by the CPA.

Note 2: As of the publication date of the Annual Report on April 20, 2019, the Board of Directors has not discussed the 2018 earnings distribution proposal.

(II) Condensed statement of comprehensive income - IFRSs (consolidated financial information)

Unit: NT$1,000

Item / Year	Financial information for the most recent five years (Note 1)				
	2014	2015	2016	2017	2018
Operating income	2,128,475	2,750,470	3,122,533	2,785,266	3,395,807
Gross profit	1,466,706	1,695,935	1,993,064	1,984,816	2,147,117
Operating profit (loss)	1,187,380	1,417,748	1,669,999	1,578,695	1,702,834
Non-operating income and expenses	29,390	23,871	12,651	22,523	12,031
Pretax profit	1,216,770	1,441,619	1,682,650	1,601,218	1,714,865
Net profit of this period	1,026,075	1,231,474	1,440,055	1,363,498	1,320,610
Other comprehensive income (net income after-tax)	(1,809)	(1,314)	(3,978)	46	(204)
Total comprehensive income in the current period	1,024,266	1,230,160	1,436,077	1,363,544	1,320,406
Net profit attributable to owners of the parent company	1,026,494	1,232,121	1,441,053	1,363,498	1,320,610
Net income attributable to non-controlling interests	(419)	(647)	(998)	0	0

Year / Item	Financial information for the most recent five years (Note 1)				
	2014	2015	2016	2017	2018
Comprehensive income (loss) attributable to owners of parent company	1,024,552	1,230,850	1,437,166	1,363,544	1,320,406
Comprehensive income (loss) attributable to non-controlling interests	(286)	(690)	(1,089)	0	0
Earnings per share (NT$)	9.43	11.32	13.23	12.52	12.13

Note 1: The Company adopted IFRS on January 1, 2013. The aforementioned financial statements have been reviewed or audited by the CPA.

(III) Condensed balance sheet - IFRSs (parent company only financial information)

Unit: NT$1,000

Year / Item		Financial information for the most recent five years (Note 1)				
		December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Current assets		1,357,675	1,782,956	1,825,292	1,422,623	954,311
Property, plant and equipment		315,249	364,827	414,072	472,314	1,295,748
Intangible assets		0	0	0	0	0
Non-current assets (property, plant and equipment not included)		3,178,077	3,414,055	3,518,909	3,905,145	4,516,048
Total assets		4,851,001	5,561,838	5,758,273	5,800,082	6,766,107
Current liabilities	Before distribution	238,301	588,457	434,318	363,884	1,008,031
	After distribution (Note 2)	1,109,405	1,677,337	1,686,530	1,561,652	1,008,031
Non-current liabilities		20,890	21,825	24,113	25,024	224,264
Total liabilities	Before distribution	259,191	610,282	458,431	388,908	1,232,295
	After distribution (Note 2)	1,130,295	1,699,162	1,710,643	1,586,676	1,232,295
Equity attributable to owners of the parent company		4,591,810	4,951,556	5,299,842	5,411,174	5,533,812
Capital stock		1,088,880	1,088,880	1,088,880	1,088,880	1,088,880
Capital surplus		1,701,775	1,701,775	1,701,775	1,701,775	1,701,775
Retained earnings	Before distribution	1,799,830	2,159,899	2,510,240	2,621,576	2,745,072
	After distribution (Note 2)	928,726	1,071,019	1,258,028	1,423,808	2,745,072
Other equity		1,325	1,002	(1,053)	(1,057)	(1,915)
Total equity	Before distribution	4,591,810	4,951,556	5,299,842	5,411,174	5,533,812
	After distribution (Note 2)	3,720,706	3,862,676	4,047,630	4,213,406	5,533,812

Note 1: The Company adopted IFRS on January 1, 2013. The aforementioned financial statements have been reviewed or audited by the CPA.

Note 2: As of the publication date of the Annual Report on April 20, 2019, the Board of Directors has not discussed the 2018 earnings distribution proposal.

(IV) Condensed statement of comprehensive net profit - IFRSs (parent company only financial information)

Unit: NT$1,000

Year / Item	Financial information for the most recent five years (Note 1)				
	2014	2015	2016	2017	2018
Operating income	548,384	1,357,141	1,552,555	853,437	1,435,479
Gross profit	91,997	275,450	383,047	261,413	393,910
Operating profit (loss)	11,135	187,759	264,588	123,224	264,472
Non-operating income and expenses	1,043,130	1,076,999	1,216,370	1,267,126	1,122,708
Pretax profit	1,054,265	1,264,758	1,480,958	1,390,350	1,387,180
Net profit of this period	1,026,494	1,232,121	1,441,053	1,363,498	1,320,610
Other comprehensive income (net income after-tax)	(1,942)	(1,271)	(3,887)	46	(204)

Item / Year	Financial information for the most recent five years (Note 1)				
	2014	2015	2016	2017	2018
Total comprehensive income in the current period	1,024,552	1,230,850	1,437,166	1,363,544	1,320,406
Earnings per share (NT$)	9.43	11.32	13.23	12.52	12.13

Note 1: The Company adopted IFRS on January 1, 2013. The aforementioned financial statements have been reviewed or audited by the CPA.

(V) Condensed balance sheet - domestic financial reporting standards (parent company only financial information)

The Company adopted IFRS on January 1, 2013. Therefore, we do not have financial information for 2013 to 2018 formulated based on ROC GAAP and audited by the CPA.

(VI) Condensed income statement - domestic financial reporting standards (parent company only financial information)

The Company adopted IFRS on January 1, 2013. Therefore, we do not have financial information for 2013 to 2018 formulated based on ROC GAAP and audited by the CPA.

(VII) Condensed balance sheet - domestic financial reporting standards (consolidated financial information)

The Company adopted IFRS on January 1, 2013. Therefore, we do not have financial information for 2013 to 2018 formulated based on ROC GAAP and audited by the CPA.

(VIII) Condensed income statement - domestic financial reporting standards (consolidated financial information)

The Company adopted IFRS on January 1, 2013. Therefore, we do not have financial information for 2013 to 2018 formulated based on ROC GAAP and audited by the CPA.

Important events that affect the consistency of the above financial statements such as accounting variations, company mergers or suspension of business units and their impact on the financial statements for the current year:

The Company adopted IFRS on January 1, 2013. Therefore, we do not have financial information for 2013 to 2018 formulated based on ROC GAAP and audited by the CPA.

(IX) Names of auditing CPAs of the most recent five years and their audit opinions

Year	Accounting firm	Name of CPA	Audit opinions
2014	Deloitte, Taiwan	Te-Chen Cheng and Kuan-Chung Lai	Unqualified opinion
2015	Deloitte, Taiwan	Te-Chen Cheng and Kuan-Chung Lai	Unqualified opinion
2016	Deloitte, Taiwan	Te-Chen Cheng and Chin-Chuan Shih	Unqualified opinion
2017	Deloitte, Taiwan	Te-Chen Cheng and Chin-Chuan Shih	Unqualified opinion
2018	Deloitte, Taiwan	Te-Chen Cheng and Kuan-Chung Lai	Unqualified opinion

(X) Evaluation basis and foundation of the evaluation accounts of the assets and liabilities

Allowance for doubtful accounts:

The average credit period of the Company for services rendered is 90 to 180 days. The Company considers any changes in the credit quality of notes and accounts receivable from the original credit date to the balance sheet date when determining the recoverability of notes and accounts receivable. As historical experience indicates that notes and accounts receivable overdue for over 365 days cannot be recovered, the Company recognizes 100% of those amounts in the allowance for doubtful accounts. For notes and accounts receivable aging between 0 to 365 days, the unrecoverable amounts were estimated based on the past delinquent payments and analysis of current financial status when recognizing the allowance for doubtful accounts.

Accumulated depreciation:

The Company adopts two types of depreciation methods. Equipment associated with landfill which shall lose value when the landfill is sealed is accounted for via the units of production method which increases the depreciation proportionally as the tonnage of waste entering the landfill increases. Other equipment is depreciated based on the straight-line method.

II. Financial analysis

(I) IFRSs (consolidated financial Information)

Item	Year	Financial information for the most recent five years (Note 1)				
		2014	2015	2016	2017	2018
Financial structure	Liability to asset ratio	11.81%	14.68%	11.35%	10.73%	18.82%
	Long-term funds to property, plant and equipment ratio	306.94%	315.12%	323.10%	209.36%	169.55%
Solvency	Current ratio	577.43%	427.51%	683.09%	655.73%	249.84%
	Liquidity ratio	576.18%	426.70%	681.91%	653.05%	248.07%
	Interest protection multiples	Not applicable	Not applicable	Not applicable	Not applicable	1,214.63
Operating performance	Receivables turnover rate (times)	2.00	3.14	4.04	4.42	5.92
	Average collection days	182.28	116.24	90.33	82.49	61.62
	Inventory turnover rate (times)	221.59	347.06	442.15	358.30	643.16
	Payables turnover rate (times)	47.18	99.07	110.62	66.30	97.53
	Average inventory turnover days	1.65	1.05	0.83	1.02	0.57
	Property, plant and equipment turnover rate (times)	1.82	1.74	1.89	1.27	1.10
	Total asset turnover (times)	0.42	0.50	0.53	0.46	0.53
Profitability	Return on assets (%)	20.04%	22.36%	24.44%	22.65%	20.53%
	Return on equity (%)	22.72%	25.80%	28.09%	25.46%	24.13%
	Pre-tax profit to paid-in capital ratio (%)	111.75%	132.39%	154.53%	147.05%	157.49%
	Net margin (%)	48.21%	44.77%	46.12%	48.95%	38.89%
	Earnings per share (NT$)	9.43	11.32	13.23	12.52	12.13
Cash flow	Cash flow ratio (%)	289.99%	258.13%	319.76%	386.93%	181.33%
	Cash flow adequacy ratio (%) (Note 2)	77.99%	92.17%	97.19%	100.40%	97.31%
	Cash reinvestment ratio (%)	9.29%	16.09%	8.24%	6.78%	5.65%
Leverage	Degree of operating leverage	1.13	1.13	1.11	1.15	1.21
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Explanation of the variation: Please refer to "Chapter 7 Review and Analysis of the Financial Position and Operating Performance and Risk Assessment" in the Annual Report.

Note 1: The Company adopted IFRS on January 1, 2013. The aforementioned financial statements have been reviewed or audited by the CPA.

Note 2: The cash flows were calculated based on the IFRS financial statements audited or reviewed by CPAs and do not contain five-year information.

Calculation formula

1. Financial structure
   (1) Liability to asset ratio = Total liabilities / total assets.
   (2) Proportion of long-term capital in property, plant, and equipment = (Total equities + non-current liabilities) / (Total net value of property, plant, and equipment).
2. Debt-paying ability
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current asset - inventories) / Current liabilities.
   (3) Interest coverage ratio = Earnings before interests and taxes (EBIT) / Interest expenses over this period.
3. Operation performance
   (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales / Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
   (2) Average collection days = 365 / Receivables turnover ratio.
   (3) Inventory turnover rate = Cost of sales / average inventory.
   (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales / Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average inventory turnover days = 365 / Inventory turnover rate.
   (6) Property, plant, and equipment turnover rate = net sales / average net property, plant, and equipment.
   (7) Total asset turnover rate = net sales / average total assets
4. Profitability
   (1) Return on assets (ROA) = [gain (loss) after tax + interest expenses x (1 - interest rates)] / average total asset value.
   (2) Return on equity = net income after tax / average equity.
   (3) Net margin = net income / net sales.
   (4) Earnings per share = (net income (loss) attributable to owners of parent company – dividends on preferred shares) / weighted average number of issued shares.
5. Cash flow
   (1) Cash flow ratio = net operating cash flow / 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) for the most recent five years.
   (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross fixed assets value + long-term investment + other assets + working capital).
6. Degree of leverages
   (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income - interest expenses).

(II) IFRSs (parent company only financial Information)

Item		Year: Financial information for the most recent five years (Note 1) 2014	2015	2016	2017	2018
Financial structure	Liability to asset ratio	5.34%	10.97%	7.96%	6.71%	18.21%
	Long-term funds to property, plant and equipment ratio	1463.19%	1363.22%	1285.76%	1150.97%	444.38%
Solvency	Current ratio	569.73%	302.99%	420.27%	390.96%	94.67%
	Liquidity ratio	567.74%	302.34%	419.32%	388.85%	93.56%
	Interest coverage ratio (times)	50,204.10	Not applicable	Not applicable	Not applicable	502.87
Operating performance	Receivables turnover rate (times)	0.69	2.18	3.03	2.57	5.75
	Average collection days	525.78	167.61	120.61	142.24	63.42
	Inventory turnover rate (times)	139.85	324.20	399.22	239.44	536.48
	Payables turnover rate (times)	1.74	7.33	6.52	3.82	9.99
	Average inventory turnover days	2.61	1.13	0.91	1.52	0.68
	Property, plant and equipment turnover rate (times)	1.97	3.99	3.99	1.93	1.62
	Total asset turnover (times)	0.11	0.26	0.27	0.15	0.23
Profitability	Return on assets (%)	20.65%	23.67%	25.46%	23.59%	21.05%
	Return on equity (%)	22.73%	25.82%	28.11%	25.46%	24.13%
	Pre-tax profit to paid-in capital ratio (%)	96.82%	116.15%	136.01%	127.69%	127.40%
	Net margin (%)	187.19%	90.79%	92.82%	159.77%	92.00%
	Earnings per share (NT$)	9.43	11.32	13.23	12.52	12.13
Cash flow	Cash flow ratio (%)	-50.80%	113.72%	40.16%	77.73%	-7.66%
	Cash flow adequacy ratio (%) (Note 2)	21.45%	31.94%	28.41%	25.35%	14.46%
	Cash reinvestment ratio (%)	-20.98%	-3.95%	-16.69%	-17.30%	-21.45%
Leverage	Degree of operating leverage	2.66	1.11	1.07	1.17	1.09
	Financial leverage	1.00	1.00	1.00	1.00	1.01

Explanation of the variation: Please refer to "Chapter 7 Review and Analysis of the Financial Position and Operating Performance and Risk Assessment" in the Annual Report.

Note 1: The Company adopted IFRS on January 1, 2013. The aforementioned financial statements have been reviewed or audited by the CPA.

Note 2: The cash flows were calculated based on the IFRS financial statements audited or reviewed by CPAs and do not contain five-year information.

(III) Domestic financial reporting standards (parent company only financial information)

The Company adopted IFRS on January 1, 2013. Therefore, we do not have financial information for 2013 to 2018 formulated based on ROC GAAP and audited by the CPA.

(IV) Domestic financial reporting standards (consolidated financial information)

The Company adopted IFRS on January 1, 2013. Therefore, we do not have financial information for 2013 to 2018 formulated based on ROC GAAP and audited by the CPA.

III. Supervisors' Audit Report on financial statements of the most recent year

Supervisors' Audit Report

The Parent Company Only Financial Statements and Consolidated Financial Statements prepared by the Board of Directors were submitted along with the Business Report and earnings distribution proposal to the Supervisors for review and we found them to be compliant with regulations. We hereby produce this report in accordance with Article 219 of the Company Act and submit it for your review.

To:

2019 General Shareholders Meeting of Cleanaway Company Limited

Cleanaway Company Limited

Supervisor: Jung-Hsien Hou

Cheng-Han Hsu

Kang Hsin Investment, Ltd.

Legal Representative: Chin-Hui Ling

March 15, 2019

IV. Financial statements of the most recent year

2018 Consolidated Financial Statement and Review Report of Independent Accountants: Please refer to Appendix A.

V. Parent Company Only Financial Statements audited and attested by a CPA in the most recent year

2018 Parent Company Only Financial Statement and Review Report of Independent Accountants: Please refer to Appendix B.

VI. Impact on the Company's financial status due to financial difficulties experienced by the company and its affiliated companies in the most recent year and as of the printing date of this Report: None.

Chapter 7 Review and Analysis of the Financial Position and Operating Performance and Risk Assessment

I. Financial position

1. Analysis of financial position

Financial position analysis comparison table - IFRSs Consolidated Financial Report

Unit: NT$1,000

Item / Year		December 31, 2017	December 31, 2018	Difference	
				Amount	Percentage
Current assets		2,919,239	2,241,946	(677,293)	-23.20%
Property, plant and equipment		2,682,718	3,491,026	808,308	30.13%
Intangible assets		0	0	0	0.00%
Non-current assets (property, plant and equipment not included)		459,722	1,083,373	623,651	135.66%
Total assets		6,061,679	6,816,345	754,666	12.45%
Current liabilities	Before distribution	445,192	897,367	452,175	101.57%
	After distribution (Note 2)	1,642,960	897,367	(745,593)	-45.38%
Non-current liabilities		205,313	385,166	179,853	87.60%
Other liabilities		0	0	0	0.00%
Total liabilities	Before distribution	650,505	1,282,533	632,028	97.16%
	After distribution (Note 2)	1,848,273	1,282,533	(565,740)	-30.61%
Equity attributable to owners of the parent company		5,411,174	5,533,812	122,638	2.27%
Capital stock		1,088,880	1,088,880	0	0.00%
Capital surplus		1,701,775	1,701,775	0	0.00%
Retained earnings	Before distribution	2,621,576	2,745,072	123,496	4.71%
	After distribution (Note 2)	1,423,808	2,745,072	1,321,264	92.80%
Other equity		(1,057)	(1,915)	(858)	81.17%
Non-controlling equity		0	0	0	0.00%
Total equity	Before distribution	5,411,174	5,533,812	122,638	2.27%
	After distribution (Note 2)	4,213,406	5,533,812	1,320,406	31.34%

1. Interpretation for variation above 20% and higher than NT$10 million:

   (1) The changes in current assets, property, plant, and equipment, non-current assets (property, plant and equipment not included), current liabilities (before distribution), non-current liabilities, total liabilities (before distribution) were mainly caused by the acquisition of equity-accounted investments and land through the Company's funds and bank loans.

   (2) The changes in current liabilities (after distribution), total liabilities (after distribution), retained earnings (after distribution), and total equity (after distribution) are mainly attributed to the Company's Board of Directors which has not reached a resolution on the 2018 earnings distribution.

2. As of the publication date of the Annual Report on April 20, 2019, the Board of Directors has not discussed the 2018

earnings distribution proposal.

3. These changes in did not significantly impact the Company.

Financial position analysis comparison table - IFRSs Parent Company Only Financial Report

Unit: NT$1,000

Item (Year)		December 31, 2017	December 31, 2018	Difference	
				Amount	Percentage
Current assets		1,422,623	954,311	(468,312)	-32.92%
Property, plant and equipment		472,314	1,295,748	823,434	174.34%
Intangible assets		0	0	0	0.00%
Non-current assets (property, plant and equipment not included)		3,905,145	4,516,048	610,903	15.64%
Total assets		5,800,082	6,766,107	966,025	16.66%
Current liabilities	Before distribution	363,884	1,008,031	644,147	177.02%
	After distribution (Note 2)	1,561,652	1,008,031	(553,621)	-35.45%
Non-current liabilities		25,024	224,264	199,240	796.20%
Other liabilities		0	0	0	0.00%
Total liabilities	Before distribution	388,908	1,232,295	843,387	216.86%
	After distribution (Note 2)	1,586,676	1,232,295	(354,381)	-22.33%
Equity attributable to owners of the parent company		5,411,174	5,533,812	122,638	2.27%
Capital stock		1,088,880	1,088,880	0	0.00%
Capital surplus		1,701,775	1,701,775	0	0.00%
Retained earnings	Before distribution	2,621,576	2,745,072	123,496	4.71%
	After distribution (Note 2)	1,423,808	2,745,072	1,321,264	92.80%
Other equity		(1,057)	(1,915)	(858)	81.17%
Total equity	Before distribution	5,411,174	5,533,812	122,638	2.27%
	After distribution (Note 2)	4,213,406	5,533,812	1,320,406	31.34%

1. Interpretation for variation above 20% and higher than NT$10 million:

   (1) The changes in current assets, property, plant, and equipment, current liabilities (before distribution), non-current liabilities, total liabilities (before distribution) were mainly caused by the acquisition of equity-accounted investments and land through the Company's funds and bank loans.

   (2) The changes in current liabilities (after distribution), total liabilities (after distribution), retained earnings (after distribution), and total equity (after distribution) are mainly attributed to the Company's Board of Directors which has not reached a resolution on the 2018 earnings distribution.

2. As of the publication date of the Annual Report on April 20, 2019, the Board of Directors has not discussed the 2018 earnings distribution proposal.

3. These changes in did not significantly impact the Company.

2. Reasons for changes of more than 20% in financial ratios in recent two years:

Financial ratio variation analysis table - IFRSs Consolidated Financial Report

Analysis item		Increase (decrease) (%)	Explanation
Financial structure	Liability to asset ratio	75.3%	Increase in bank loans
	Long-term funds to property, plant and equipment ratio	-19.0%	Analysis is not required as the change is less than 20%
Solvency	Current ratio	-61.9%	Increase in bank loans
	Liquidity ratio	-62.0%	
Operating performance	Receivables turnover rate (times)	33.9%	Cash accounts derived from the project
	Average collection days	-25.3%	
	Inventory turnover rate (times)	79.5%	Mainly caused by an increase in operating costs
	Payables turnover rate (times)	47.1%	
	Average inventory turnover days	-44.3%	
	Property, plant and equipment turnover rate (times)	-13.6%	Mainly caused by purchase of land
	Total asset turnover (times)	14.0%	Analysis is not required as the change is less than 20%
Profitability	Return on assets (%)	-9.4%	
	Return on equity (%)	-5.2%	
	Pre-tax profit to paid-in capital ratio (%)	7.1%	
	Net margin (%)	-20.6%	Mainly caused by business tax rate adjustment
	Earnings per share (NT$)	-3.1%	Analysis is not required as the change is less than 20%
Cash flow	Cash flow ratio (%)	-53.1%	Mainly caused by increase in short-term bank loans
	Cash flow adequacy ratio (%) (Note 2)	-3.1%	Analysis is not required as the change is less than 20%
	Cash reinvestment ratio (%)	-16.5%	
Leverage	Degree of operating leverage	5.2%	
	Financial leverage	0.1%	

These changes in did not significantly impact the Company.

Financial ratio variation analysis table - IFRSs Parent Company Only Financial Report

Analysis item		Increase (decrease) (%)	Explanation
Financial structure	Liability to asset ratio	171.6%	The changes were mainly caused by the acquisition of equity-accounted investments and land through the Company's funds and bank loans.
	Long-term funds to property, plant and equipment ratio	-61.4%	
Solvency	Current ratio	-75.8%	
	Liquidity ratio	-75.9%	
Operating performance	Receivables turnover rate (times)	124.3%	Mainly caused by an increase in net sales
	Average collection days	-55.4%	
	Inventory turnover rate (times)	124.1%	Mainly caused by an increase in operating costs
	Payables turnover rate (times)	161.5%	
	Average inventory turnover days	-55.4%	
	Property, plant and equipment turnover rate (times)	-15.7%	Mainly caused by an increase in net sales and purchase of land
	Total asset turnover (times)	54.7%	
Profitability	Return on assets (%)	-10.8%	Analysis is not required as the change is less than 20%
	Return on equity (%)	-5.2%	
	Pre-tax profit to paid-in capital ratio (%)	-0.2%	
	Net margin (%)	-42.4%	Mainly caused by a change in the business tax rate and the increase in income and cost in excavation in soil remediation projects
	Earnings per share (NT$)	-3.1%	Analysis is not required as the change is less than 20%
Cash flow	Cash flow ratio (%)	-109.9%	Mainly caused by the acquisition of land through the Company's funds and bank loans.
	Cash flow adequacy ratio (%) (Note 2)	-43.0%	
	Cash reinvestment ratio (%)	24.0%	
Leverage	Degree of operating leverage	-7.3%	Analysis is not required as the change is less than 20%
	Financial leverage	1.1%	

These changes in did not significantly impact the Company.

Domestic financial reporting standards (parent company only financial information) analysis: The Company adopted IFRS on January 1, 2013. Therefore, we do not have financial information for 2017 and 2018 of the entire year that is audited by the CPA and available for comparison and analysis.

II. Financial performance

Comparative analysis of consolidated operational performance - IFRSs

Unit: NT$1,000

Year / Item	2017	2018	Difference	
			Amount	Percentage
Operating income	2,785,266	3,395,807	610,541	21.92%
Gross profit	1,984,816	2,147,117	162,301	8.18%
Operating profit (loss)	1,578,695	1,702,834	124,139	7.86%
Non-operating income and expenses	22,523	12,031	(10,492)	-46.58%
Pretax profit	1,601,218	1,714,865	113,647	7.10%
Net profit of this period	1,363,498	1,320,610	(42,888)	-3.15%
Other comprehensive income (net income after-tax)	46	(204)	(250)	-543.48%
Total comprehensive income in the current period	1,363,544	1,320,406	(43,138)	-3.16%
Net profit attributable to owners of the parent company	1,363,498	1,320,610	(42,888)	-3.15%
Comprehensive income (loss) attributable to owners of parent company	1,363,544	1,320,406	(43,138)	-3.16%
Earnings per share (NT$)	12.52	12.13	(0.39)	-3.15%

1. Interpretation for variation above 20% and higher than NT$10 million:

   (1) The changes in operating income were mainly caused by an increase in revenue.

   (2) The changes in non-operating income and expenses were mainly attributed to a decrease in income from interest.

2. These changes in did not significantly impact the Company.

Comparative analysis of parent company only operational performance - IFRSs

Unit: NT$1,000

Year / Item	2017	2018	Difference	
			Amount	Percentage
Operating income	853,437	1,435,479	582,042	68.20%
Gross profit	261,413	393,910	132,497	50.68%
Operating profit (loss)	123,224	264,472	141,248	114.63%
Non-operating income and expenses	1,267,126	1,122,708	(144,418)	-11.40%
Pretax profit	1,390,350	1,387,180	(3,170)	-0.23%
Net profit of this period	1,363,498	1,320,610	(42,888)	-3.15%
Other comprehensive income (net income after-tax)	46	(204)	(250)	-543.48%
Total comprehensive income in the current period	1,363,544	1,320,406	(43,138)	-3.16%
Earnings per share (NT$)	12.52	12.13	(0.39)	-3.15%

1. Interpretation for variation above 20% and higher than NT$10 million:

   (1) The changes in operating income, gross profit, and operating profit (loss) were mainly caused by an increase in revenue.

2. These changes in did not significantly impact the Company.

III. Cash flow

1. Cash liquidity analysis of the most recent two years (consolidated financial information)

Unit: NT$1,000

Item	2017	2018	Variation
Net cash inflow (outflow) from operating activities	1,722,560	1,627,219	(95,341)
Net cash inflow (outflow) from investing activities	(823,140)	(720,022)	103,118
Net cash inflow (outflow) from financing activities	(1,248,619)	(863,945)	384,674

Source: Consolidated financial report reviewed and certified by a CPA.

(1) The changes in net cash flow from operating activities were mainly attributed to certain payments for projects in 2018 that will only be collected after construction is completed.

(2) The changes in net cash flow from investing activities were mainly attributed to the completion of the Da Ning Landfill in 2017 and the investment in Cleanaway SUEZ Environmental Resources Limited in 2018.

(3) The changes in net cash inflow (outflow) from the financing were mainly attributed to the distribution of dividends and the increase in loans.

2. Liquidity improvement program: Not applicable.

3. Cash liquidity analysis for the next year (consolidated financial information)

Unit: NT$1,000

Cash balance at beginning of the period A	Estimated annual net cash flow from operating activities B	Estimated annual cash flow C	Estimated cash surplus (shortage) amount A+B+C	Estimated remedial measures for cash inadequacy	
				Investment plan	Financing plan
1,062,964	1,689,401	2,016,508	735,857	-	-

Analysis:

Operating activities generate net cash inflow and investment in domestic environmental protection lead to investing activities that cause net cash outflow. Distribution of cash dividends and repayment of bank loans lead to financing activities that cause net cash outflow. The Company maintained abundant operating funds throughout the year and did not experience cash deficit.

IV. Material expenditures of the most recent year and impact to the company's finances and operations

(I) The use and funding sources of major capital expenditures:

Purchase of land in Guanyin District, Taoyuan City in 2018 funded by own funds and bank loans.

(II) Anticipated potential benefits

(1) Anticipated potential benefits: The land shall be developed for environmental enterprises and benefits are still being analyzed.

(2) Other explanation of benefits: None.

V. Investment policy in the past year, the main reasons for profit/loss, improvement plan, and investment plan for the upcoming fiscal year:

Item	Investment amount (NT$1,000)	Policy	Main reasons for profit or loss	Improvement plan	Investment plan for the next year
Cleanaway Enterprise Company Limited	159,507	Investments in other businesses	Good business performance	None	None
Da Tsang Industrial Company Limited	800,977	Investments in other businesses	Good business performance.	None	None
Kang Lien Enterprise Company Limited	58,222	Investments in other businesses	Good business performance.	None	None
Chi Wei Company Limited	735,000	Investments in other businesses	Good business performance.	None	None
Cleanaway SUEZ Environmental Resources Limited	650,000	Investments in other businesses	Good business performance.	None	Under evaluation
Cleanaway Investment Company Limited	80,000	Investments in other businesses	Facilities in Mainland China remains under construction	None	Under evaluation
CCL Investment Holding Company Limited	USD 2,500	Investments in other businesses	Facilities in Mainland China remains under construction	None	Under evaluation

Note: The recognized investment income (loss) in this year (2018) was as follows: NT$516 thousand for Cleanaway Enterprise Company Limited, NT$818,602 thousand for Da Tsang Industrial Company Limited, NT$11,324 thousand for Kang Lien Enterprise Company Limited, NT$302,226 thousand for Chi Wei Company Limited, (NT$2,990) thousand for Cleanaway Investment Company Limited, (NT$7,845) thousand for Cleanaway Investment Holding Company Limited, and (NT$5,802) thousand for Cleanaway SUEZ Environmental Resources Limited.

VI. Risk analysis and evaluation

(I) Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company’s profit and loss in the most recent year and as of the publication date of the Annual Report, as well as future response measures:

(1) Effects of changes in interest rates

The Company's operating funds consist mainly of its own funds which are mainly time deposits. The interest rates in 2018 were relatively low and income from interest accounted for only a small percentage. The Company's financial structure is sound and has abundant own funds and low demand for loans from financial institutions. Therefore, changes in interest rates have little effects on the Company. Although the interest rates in the domestic and foreign currency markets have increased marginally in the most recent year, the central banks of various countries have adopted cautious attitudes and refrained from interest rate hikes. Therefore, interest rates were kept at relatively low levels. If there are more significant fluctuations in future interest rates and the Company's demand for funding increases and requires loans, the Company shall use other capital market fundraising tools to raise funds. We shall closely monitor interest rate status and consider using fixed or floating interest rates for loans to hedge against the risks of interest rate fluctuations.

(2) Effects of changes in exchange rates

The Company is a domestic environmental protection service provider in domestic demand industry. Procurement and income on service fees collected in foreign currencies are marginal. Therefore, changes in exchange rates have no significant effects on the Company's profitability.

(3) Inflation

Under the government's policies geared toward stable financial market order and stable prices, the Company's operations and income did not suffer major impacts caused by inflation. The Company operates mainly environmental protection services and the impact of inflation is limited. In the future, the Company shall make changes in domestic and international commodity prices and adjust its quotations in order to prevent drastic changes in main operating costs from infringing on the Company's profits.

(4) Responsible unit: The Company's Finance Department.

(II) Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading, main reasons for the profits or losses generated thereby, and future response measures to be undertaken

(1) The Company has always focused on operations in its main business and maintains stable business principles. We also base our finance policy on the principles of stability and conservatism and we do not engage in high-risk high-leverage investments or transactions.

(2) The Company did not provide endorsements or guarantees for others in 2018 and in 2019 as of the publication date of the Annual Report. Please refer to Table 1 in Appendix A "Cleanaway Company Limited and Subsidiaries Consolidated Financial Statements and Audit Report of Certified Public Accountants" for loans to others. The aforementioned items have been processed in accordance with the Company's "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" and related transaction information has been published in accordance with laws and regulations.

(3) The Company has not conducted other transactions in derivative products. In the event that transactions in derivative products are required for business development in the future, they shall be carried out in accordance with the Company's "Procedures for the Acquisition or Disposal of Assets" and transaction information shall be disclosed in accordance with laws and regulations.

(4) Responsible unit: The Company's Finance Department.

(III) Future R&D projects and R&D expenditure to be invested

(1) Future R&D projects:

The Company is a professional hazardous industrial waste processing service provider. Based on our commitment to environmental protection expertise and corporate social responsibilities, we dedicated tremendous amounts of resources on the feasibility test of solid metal-containing waste solidification ratio, improvement of the existing solidification technology, and the reduction of solidification ratio. The Company's R&D and inspection laboratory passed the APG's liquid blind sample

International Laboratory Accreditation with a 100% qualification rate in March 2007. To prevent the negative impact of inappropriate processing of waste on nearby environment, the Company has established related management measures for pollution prevention and we use effective statistical data to strengthen the Company's capacity or processing waste. The Company shall continue to actively research and develop processing operations for waste containing heavy metals with the aim of reducing domestic environmental pollution caused by waste.

(2) Estimated R&D expenditures:

The Company expects to invest NT$16,280 thousand in R&D expenditures in 2019.

(IV) Changes to local and overseas policies and laws that impact the Company's financial operations and response measures:

The Company's regular business operations are carried out in accordance with related domestic and foreign laws and regulations. We also pay close attention to important domestic and foreign political development trends changes in laws. We collect related information for the management as reference for decision making and adjustments of the Company's related business strategies. To date, the Company's finances and businesses have not been affected by major changes in policies and laws of domestic or foreign governments.

(V) Effects of changes in technology and industry on the Company's financial operations, and related response measures:

The Company shall pay close attention to developments and changes in technologies in the industry and focus on evaluating the impact of such changes on the Company's finances and businesses. The Company's finances and businesses have not been negatively affected by changes in technologies or industries.

(VI) The impacts of changes in corporate image on the company's crisis management and the countermeasures:

The Company has not been subject to any change in corporate image that incurred crisis management as of the publication date of this annual report.

(VII) The expected benefits and possible risks to engage in mergers and acquisitions (M&A) and the countermeasures: None.

(VIII) The Expected Benefits and Possible Risks to Expand the Plants and the countermeasures: None.

(IX) The risks faced with concentrated procurement and sales, and the countermeasures:

(1) Procurement:

The Company operates intermediate waste solidification services and the main materials required for such operations are cement, solidification agents, and sodium sulfide. We have worked closely with a supplier for many years and the supplier has provided stable and abundant deliveries in the most recent three years from diverse sources. Our purchases from a single supplier are kept under 35% and we maintain close relations with all suppliers. The source of supplies has been stable and smooth and we achieved the goal of dispersing the sources of our supplies while maintaining cooperation opportunities with other suppliers. Therefore, the supplier has shown no material irregularities in terms of materials supply. The raw materials suppliers have generally worked closely with the Company for many years. They have performed well in terms of quality and delivery period and we have multiple suppliers for all raw materials. Therefore, there is no risk of excessively concentrated procurement risks.

(2) Sales:

The Company operates intermediate waste solidification services and we maintain stable cooperation with main customers based on our advantages in technology, quality, and services. The main recipients of services are also renowned domestic manufacturers and our revenue from main customers in recent years has grown. The proportion of sales has changed due to changes in business development as well as the operations and strategic adjustments of individual customers. There were no concentrated sales in 2018. The Company maintains good working relations with existing customers and we also actively develop new technologies and new customers. We work hard to establish working relationships with other customers and gradually disperse the risks of concentrated sales.

(X) Impact and risks resulted from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10% of the Company's shares, and related response measures:

In 2018 and 2019 up to the publication date of the Annual Report, the transfers of shares by Directors and major shareholders were based on personal wealth management plans and they have no impact on the Company.

(XI) The impacts and risks arising from the change in management rights and the countermeasures: Not applicable.

(XII) Litigation or non-litigation matters: The Directors, Supervisors, President, actual responsible person, and shareholders holding more than 10% of the company shares, who are involved in a major lawsuit of a subsidiary company that has either been decided or is still pending whereby the results of the case may have a significant impact on shareholder interests or securities prices, must be specified. The status of the disputed facts, bid amount, litigation commencement date, and the primary parties involved in such litigations up to the publication date of this annual report shall be disclosed: None.

(XIII) Other significant matters and response measures:

Information security risk assessment

The Company has established specific management regulations such as information security management regulations and computer information system restoration plans. We implement regular inspections and reviews for information security each year. The frequency and results of information security inspections in 2018 are as follows:

Item	Operation frequency	2018 operation period	Results
ERP system catastrophe recovery test	Implemented once a year	August 2018	No major risks
Computer software legality inspection	Implemented once a year	June 2018	No major risks
ERP system permission configuration inspection	Implemented once a year	August 2018	No major risks
Regular notifications for ERP system personal password reset	Implemented twice a year	March 2018 and September 2018	No major risks
Information security training	Implemented from time to time at once a year	January 2018 and April 2018	No major risks
Facilities inspections	Daily	Except for statutory holidays	No major risks
Database backup	Daily (automatic system remote backup)	Except for Sunday	No major risks

VII. Other important items: None.

Chapter 8 Special Notes

I. Information on affiliated companies in the most recent year

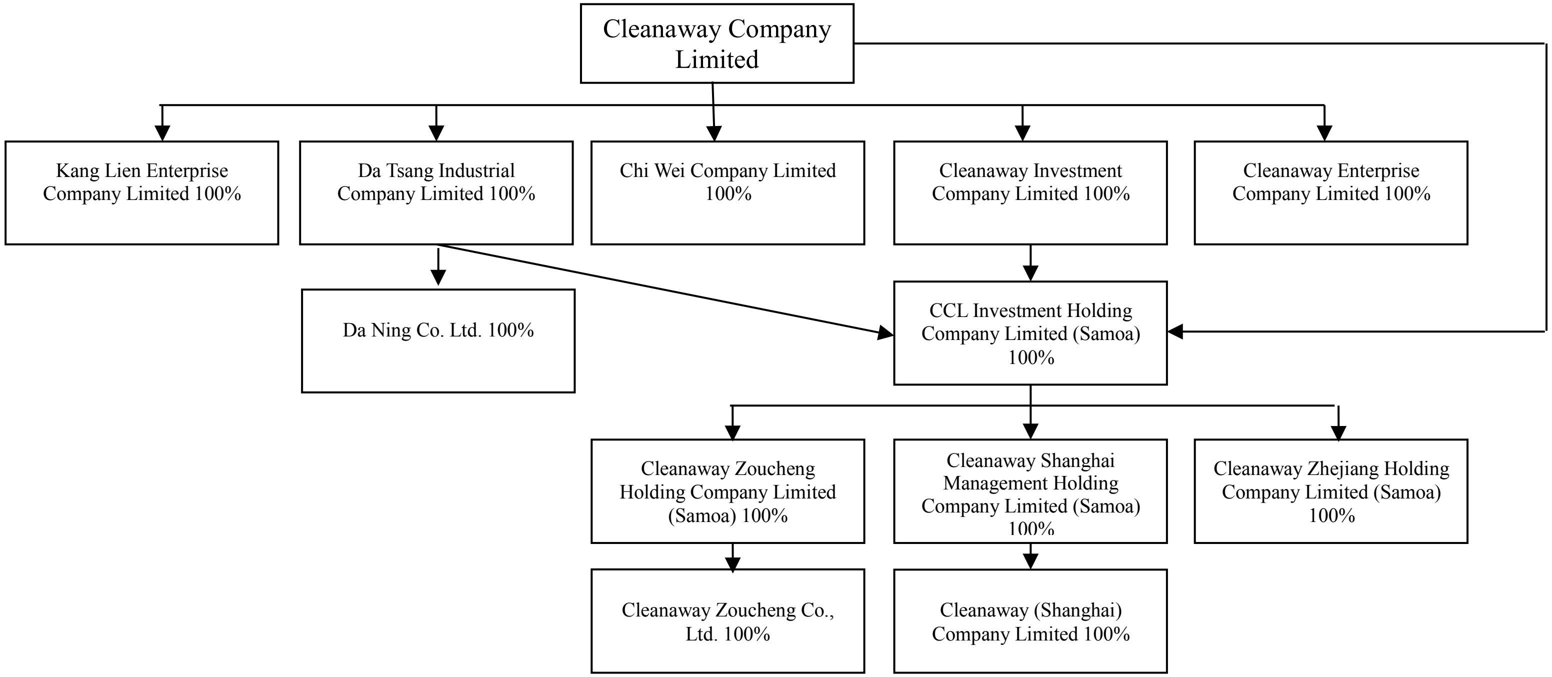
Cleanaway Company Limited

2018 Consolidated business report for affiliates

(I) Overview of affiliates

1. Overview of the organization structure of affiliates

(1) Organizational structure of affiliates



(2) **Companies presumed as having control and subordinate relationships in accordance with Article 369-3 of the Company Act: No such circumstances.**

(3) **Affiliates whose personnel, finance, or business operations are under the Company's control in accordance with Article 369-2 of the Company Act: No such circumstances.**

2. **Basic information of affiliates**

Unit: NT$1,000; RMB 1,000; US$1,000

Name of business	Date of establishment	Address	Paid-up capital/investment amount	Principal business or core products
Cleanaway Company Limited	1999.05.04	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NTD 1,088,880	Waste management
Cleanaway Enterprise Company Limited	2004.01.20	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NTD 180,000	Waste management
Da Tsang Industrial Company Limited	2005.10.21	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NTD 770,000	Waste management
Kang Lien Enterprise Company Limited	2004.07.23	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NTD 60,200	Waste clean-up
Chi Wei Company Limited	2010.11.29	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NTD 410,000	Waste management
Da Ning Co. Ltd.	2014.11.26	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NTD 150,000	Waste management
Cleanaway Investment Company Limited	2012.08.29	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NTD 80,000	General investment
CCL Investment Holding Company Limited	2012.08.31	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	RMB 28,973	General investment
Cleanaway Shanghai Management Holding Company Limited	2012.09.03		RMB 7,000	General investment
Cleanaway Zoucheng Holding Company Limited	2014.01.22		USD 2,500	General investment
Cleanaway Zhejiang Holding Company Limited	2015.04.10		-	General investment
Cleanaway (Shanghai) Co., Ltd.	2012.11.15	Room 866, Building 1-B, No. 977, Shangfeng Road, Tangzhen, Pudong New District, Shanghai, China	RMB 7,000	Enterprise management consultation
Cleanaway Zoucheng Co., Ltd.	2014.03.07	No. 1717, Hongjiyuan Road, Shiqiang Town, Zoucheng, Shandong Province, China	USD 2,500	Waste management

3. **Information of common shareholders who are presumed to have controlling and subordinate relationship: No such circumstances.**

4. **Overall businesses covered by affiliates and division of labor in transactions:**

Industries: Waste management, waste clean-up, investment

Division of labor: The Company solidifies waste and delivers waste to Cleanaway Enterprise Company Limited and Chi Wei Company Limited. Kang Lien Enterprise Company Limited executes clean-up operations on behalf of Cleanaway Company Limited, Da Tsang Industrial Company Limited, Da Ning Co. Ltd., Chi Wei Company Limited, and Cleanaway Enterprise Company Limited. Cleanaway Investment Company Limited, CCL Investment Holding Company Limited (Samoa), Cleanaway Shanghai Management Holding Co., Ltd. (Samoa), Cleanaway Zoucheng Holding Company Limited (Samoa), Cleanaway Zhejiang Holding Company Limited (Samoa), Cleanaway (Shanghai) Company Limited, and Cleanaway Zoucheng Co., Ltd. implement investments in China.

5. **Information on the directors, supervisors, and presidents of affiliated companies**

Name of business	Title	Name or representative	Number of shares held	
			Number of shares/capital contribution	Percentage of ownership/investment
Cleanaway Company Limited	Chairman	Ching-Hsiang Yang	12,112,350 shares	11.12%
	Director	Kang Lien Enterprise Co., Ltd. (representative: Cheng-Lun Tao)	5,526,223 shares	5.08%
	Director	Jocris Ltd. (BVI) (representative: Chong-Meng Li)	5,832,522 shares	5.36%
	Director	Kun-Yu Chang	150,000 shares	0.14%
	Independent Director	Wen-Tsai Yang	-	-
	Independent Director	Ta-Tai Chen	-	-
	Independent Director	Chien-Hsun Wu	6,000 shares	0.01%
	Supervisors	Jung-Hsien Hou	6,000 shares	0.01%
	Supervisors	Cheng-Han Hsu	-	-
	Supervisors	Kang Hsin Investment, Ltd. (representative: Chin-Hui Ling)	1,000,000 shares	0.92%
	President	Yung-Fa Yang	-	-
Cleanaway Enterprise Company Limited	Chairman	Cleanaway Company Limited (representative: Fu-Sen Hsu)	18,000,000 shares	100%
	Director	Cleanaway Company Limited (representative: Yu-Tsung Tai)		
	Director	Cleanaway Company Limited (representative: Chong-Meng Li)		
	Supervisors	Cleanaway Company Limited (representative: Pi-Lien Yang Li)		

Name of business	Title	Name or representative	Number of shares held	
			Number of shares/capital contribution	Percentage of ownership/investment
	President	Yung-Fa Yang	-	-
Da Tsang Industrial Company Limited	Chairman	Cleanaway Company Limited (representative: Cheng-Lun Tao)	77,000,000 shares	100%
	Director	Cleanaway Company Limited (representative: Yu-Tsung Tai)		
	Director	Cleanaway Company Limited (representative: Chong-Meng Li)		
	Supervisors	Cleanaway Company Limited (representative: Pi-Lien Yang Li)		
	President	Yung-Fa Yang	-	-
Kang Lien Enterprise Company Limited	Chairman	Cleanaway Company Limited (representative: Cheng-Lun Tao)	6,020,000 shares	100%
	Director	Cleanaway Company Limited (representative: Yu-Tsung Tai)		
	Director	Cleanaway Company Limited (representative: Chong-Meng Li)		
	Supervisors	Cleanaway Company Limited (representative: Pi-Lien Yang Li)		
	President	Yung-Fa Yang	-	-
Chi Wei Company Limited	Chairman	Cleanaway Company Limited (representative: Cheng-Lun Tao)	41,000,000 shares	100%
	Director	Cleanaway Company Limited (representative: Yu-Tsung Tai)		
	Director	Cleanaway Company Limited (representative: Chong-Meng Li)		
	Supervisors	Cleanaway Company Limited (representative: Pi-Lien Yang Li)		
	President	Yung-Fa Yang	-	-
Da Ning Co., Ltd.	Chairman	Da Tsang Industrial Company Limited (representative: Ching-Hsiang Yang)	15,000,000 shares	100%
	Director	Da Tsang Industrial Company Limited (representative: Cheng-Lun Tao)		
	Director	Da Tsang Industrial Company Limited (representative: Chong-Meng Li)		
	Supervisors	Da Tsang Industrial Company Limited (representative: Pi-Lien Yang Li)		
	President	Yung-Fa Yang	-	-
Cleanaway Investment Company Limited	Chairman	Cleanaway Company Limited (representative: Yung-Fa Yang)	8,000,000 shares	100%
	Director	Cleanaway Company Limited (representative: Cheng-Lun Tao)		
	Director	Cleanaway Company Limited (representative: Chong-Meng Li)		
	Supervisors	Cleanaway Company Limited (representative: Pi-Lien Yang Li)		
CCL Investment Holding Company Limited (Samoa)	Director	Cleanaway Company Limited (representative: Ching-Hsiang Yang)	RMB 28,973 thousand	100%
Cleanaway Shanghai Management Holding	Director	Cleanaway Investment Holding Company Limited (representative: Ching-Hsiang Yang)	RMB 7,000 thousand	100%

Name of business	Title	Name or representative	Number of shares held	
			Number of shares/capital contribution	Percentage of ownership/investment
Company Limited (Samoa)				
Cleanaway Zoucheng Holding Company Limited (Samoa)	Director	Cleanaway Investment Holding Company Limited (representative: Ching-Hsiang Yang)	USD 2,500 thousand	100%
	Director	Cleanaway Investment Holding Company Limited (representative: Cheng-Lun Tao)		
	Director	Cleanaway Investment Holding Company Limited (representative: Tsung-Tien Chen)		
Cleanaway Zhejiang Holding Company Limited (Samoa)	Director	Cleanaway Investment Holding Company Limited (representative: Ching-Hsiang Yang) Cleanaway Investment Company Limited (representative: Cheng-Lun Tao)	-	100%
Cleanaway (Shanghai) Co., Ltd.	Chairman	Cleanaway Shanghai Management Holding Co., Ltd. (representative: Cheng-Lun Tao)	RMB 7,000 thousand	100%
	Director	Cleanaway Shanghai Management Holding Co., Ltd. (representative: Chong-Meng Li)		
	Director	Cleanaway Shanghai Management Holding Co., Ltd. (representative: Tsung-Tien Chen)		
	Supervisor	Cleanaway Shanghai Management Holding Co., Ltd. (representative: Bing-Cheng Hong)		
Cleanaway Zoucheng Co., Ltd.	Chairman	Cleanaway Zoucheng Holding Company Limited (representative: Cheng-Lun Tao)	USD 2,500 thousand	100%
	Vice Chairman	Cleanaway Zoucheng Holding Company Limited (representative: Hsing-Yu Yuan)		
	Director	Cleanaway Zoucheng Holding Company Limited (representative: Tsung-Tien Chen)		
	Director	Cleanaway Zoucheng Holding Company Limited (representative: Yung-Fa Yang)		
	Supervisor	Cleanaway Zoucheng Holding Company Limited (representative: Hsiao-Yun Hu)		
	Supervisor	Cleanaway Zoucheng Holding Company Limited (representative: Bing-Cheng Hong)		

(II) Status of operations of affiliates

Financial status and performance of affiliates:

Overview of business operations of affiliates

NT$1,000

Name of business	Capital/investment amount	Total assets	Total liabilities	Net value	Operating income	Operating income (loss)	Current profit and loss (after tax)	Earnings per share (NT$) (after tax)
Cleanaway Company Limited	1,088,880	6,766,107	1,232,295	5,533,812	1,435,479	264,472	1,320,610	12.13
Cleanaway Enterprise Company Limited	180,000	314,769	82,154	232,615	-	-712	516	0.03
Da Tsang Industrial Company Limited	770,000	2,300,523	138,296	2,162,227	866,841	638,590	818,602	10.63
Kang Lien Enterprise Company Limited	60,200	132,703	55,078	77,625	94,109	11,855	11,195	1.86
Chi Wei Company Limited	410,000	1,272,848	157,741	1,115,107	763,324	401,904	302,226	7.37
Cleanaway Investment Company Limited	80,000	48,300	2,123	46,177	4,983	186	-2,990	-0.37
Da Ning Co., Ltd.	150,000	1,152,117	389,649	762,468	1,475,119	400,918	314,845	20.99
CCL Investment Holding Company Limited (Samoa)	154,146	26,675	-	26,675	-	-1	-13,464	-
Cleanaway Shanghai Management Holding Co., Ltd. (Samoa)	33,034	-28,327	-	-28,327	-	-	-2,623	-
Cleanaway Zoucheng Holding Company Limited (Samoa)	91,009	24,885	39	24,846	-	-5	-11,847	-
Cleanaway Zhejiang Holding Company Limited (Samoa)	-	1,328	-	1,328	-	-3	-	-
Cleanaway (Shanghai) Co., Ltd.	33,034	673	13,709	-13,036	-	-2,624	-2,623	-
Cleanaway Zoucheng Co., Ltd.	91,009	36,890	14,118	22,772	-	-11,873	-11,842	-

II. Private placement of securities of the past year up to the publication date of this Annual Report: None.

III. Securities acquired, disposed of, or held by subsidiaries in the most recent year up to the date of publication of this report: None

IV. Other Necessary Supplementary Explanation: None

Chapter 9 Corporate events with material impact on Shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 2, Article 36 of the Securities Exchange Act in the past year and up to the date of the Annual Report: None.

Stock Code: 8422

Cleanaway Company Limited and Subsidiaries

Consolidated Financial Report and Auditor's Audit Report
2018 and 2017

Address: 1st Floor, No. 308, Zhongshan South Road, Houhong Li, Gangshan District, Kaohsiung City
Phone: (07) 622-8422

TABLE OF CONTENTS

Declaration of Consolidation of Financial Statements of Affiliates

For 2018 (January 1 to December 31, 2018), affiliated businesses of this Company that shall be included according to the rules prescribed by the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises were the same as those companies that shall be included into the parent and subsidiary consolidated financial statement as prescribed by the International Financial Reporting Standards No. 10 (IFRS 10). All information to be disclosed in the consolidated financial statements of affiliated enterprises have already been disclosed in the consolidated financial statement of the parent company and subsidiaries. Hence, consolidated financial statements of affiliated enterprises were therefore not generated separately.

It is hereby declared.

Cleanaway Company Limited

Chairman: Ching-Hsiang Yang

March 15, 2019

Independent Auditors' Report

To Cleanaway Company Limited:

Audit Opinion

The consolidated balance sheet of Cleanaway Company Limited and its subsidiaries (hereinafter referred to as Cleanaway and its subsidiaries) as of December 31, 2018 and 2017, and the consolidated statement of profit and loss, consolidated statement of changes in equity, consolidated cash flow statement and consolidated financial statements (including major accounting policies) from January 1 to December 31, 2016 and January 1 to December 31, 2018 and 2017 were reviewed by the CPA.

Per opinions of the firm's CPA, the consolidated financial statements mentioned in paragraph one have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and can be reasonably assessed to present the consolidated financial conditions of Cleanaway and its subsidiaries as of December 31, 2018 and 2017, as well as the individual financial performance and individual cash flow from January 1 to December 31, 2018 and 2017.

Basis of Audit Opinions

We have audited the accounts in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our CPA will further explain the responsibilities of auditors during the audit of consolidated financial statements on the principles below. We are independent of Cleanaway and its subsidiaries in accordance with the Codes of Professional Ethics for Certified Public Accountants and we have fulfilled our other responsibilities under the Codes. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of the auditor's opinion.

Key Audit Matters

Key audit items refer to the most critical items in the 2018 consolidated Financial Report statement of Cleanaway and its subsidiaries and its subsidiaries being audited by the accountants when performing their professional judgment. These items have been covered in the auditing process of the overall Consolidated Financial Report and in the audit opinion; hence, the CPA shall not express a separate opinion on these items.

Below are the details of the CPA's verification of the key items in the 2016 Individual Financial Report of Cleanaway and its subsidiaries:

Revenue recognition for solidification

For the accounting policies and income composition of operating income, please refer to Note 4(14) and 18 of the consolidated financial statements, respectively.

Cleanaway provides waste treatment services in Taiwan. The solidification process of the intermediate treatment is subject to a number of steps. There is a lead time from the receipt of the waste to the completion of the disposal, which may result in the appropriateness of the recognition of the time point of the income due to the impact of the manual operation. The recognition time is the key audit item for the year.

The main auditing procedures adopted by the CPA with regard to the issues described above are as follows:

1. To understand and test the effectiveness of internal controls concerning the accuracy of timing for solidification revenue recognition. The control points of Cleanaway and its subsidiaries include the recognized income forms automatically generated by the system based on the completion of the solidification and inspections and the scheduled completion of entry into the landfill. The records are checked one by one by hand to verify that the accounts receivable are consistent with the waste management summary table.
2. Check whether the solidification income policy and accounting treatment of Cleanaway and its subsidiaries are consistent.
3. Perform the cut-off test on revenue recognized before and after the end of year and check the acceptance reports on waste disposal and documents from external environmental agencies to ensure the appropriateness of revenue recognition.

Recognition and measurement of landfill revenue

For the accounting policies and income composition of operating income, please refer to Note 4(14) and 18 of the consolidated financial statements, respectively.

In 2018, Cleanaway's subsidiary company received a license for landfill, with a landfill income of RMB 2,290,691 thousand, accounting for 67% of the consolidated operating income, which is the main source of revenue for Cleanaway and its subsidiaries. Landfill revenue is recognized when the landfill process is completed. The prices and quantities used for the calculation of landfill revenue are stipulated in the contracts or on the weight notes agreed by parties involved. Due to the large number of manufacturers who have commissioned the disposal of wastes, and the types of entrusted treatments and their billing methods are different, the calculation of waste disposal income is not correct and the amount of this has a significant impact on the consolidated financial report. Therefore, the accountant believes that the accuracy of the landfill revenue is a key audit item for the year.

The main auditing procedures adopted by the CPA with regard to the issues described above are as follows:

1. To assess the reasonableness of revenue recognition policies and procedures based on our understanding of the operations and the industry, and ensure their conformity to the appropriate financial reporting framework.
2. Understand the waste collection and landfill process, and evaluate the internal control related to the test, including the burying income (contract unit price and weight field) automatically calculated by the system according to the terms of the contract; The business departments of Cleanaway and its subsidiaries manually confirm whether the customer's entrusted handling weight, the weight of the clean-up and transport company, and the weight reported to the external environmental protection authority are consistent with the weights stated in the company's landfill date report.
3. To verify the accuracy of reports used by the management for revenue calculation. Actions taken include taking random inspections on items and weighting details in the reports, verifying them against respective contracts and associated weight notes, checking the accuracy of calculation and confirming that numbers are consistent with revenue booked.

Other notes

Cleanaway Company Limited has compiled individual financial reports for 2018 and 2017 and has issued an unqualified audit report by the accountant for reference.

Responsibility of the Management and the Governing Body for the Consolidated Financial Statement

The management's responsibility is to prepare a consolidated financial report in accordance with the financial issuer's financial reporting standards and approved by the Financial Supervisory Committee and issued the effective international financial reporting standards, international accounting standards, interpretations and interpretations, and maintain and consolidate financial statements. The report prepares the necessary internal controls to ensure that the consolidated financial report does not contain significant misrepresentations resulting from fraud or error.

In preparing the Consolidated Financial Report, the management is also responsible for evaluating the ability of Cleanaway and its subsidiaries to continue its operations, make relevant disclosures, and adopt accounting standards for continuing operations, unless it intends to liquidate Cleanaway and its subsidiaries or cease its operations, or if there are no feasible plans other than liquidation or discontinuation of operations.

The governance bodies of Cleanaway Group (including supervisors) are responsible for supervising the financial reporting process.

Responsibilities of the CPA in Auditing the Consolidated Financial Report

The purpose of the CPA's audit on the Consolidated Financial Statements is to obtain reasonable certainty for whether the Statements contain material misstatement due to fraud or error, and to provide an auditing report. While every care is taken for "reasonable certainty" of data with high levels of credibility, our auditing work, carried out in accordance with GAAP, may not guarantee that material misstatements will be detected in the Consolidated Financial Statements. False expressions may be due to fraud or obvious errors. If any misstated individual amounts or aggregated sums could affect the financial decisions made by the readers of the Consolidated Financial Statements, it will be deemed as material.

We have exercised professional judgment and maintained professional skepticism while abiding by GAAS in our audit. The CPA has also executed the following tasks: We have also executed the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the evaluated risks; obtained sufficient and appropriate evidence as the basis for their audit opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cleanaway Group's internal control.
3. Evaluated the appropriateness of accounting policies adopted by the management and the rationale behind the accounting estimates and relevant disclosures.
4. Based on the audit evidence obtained, draw conclusions on the appropriateness of management’s use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Cleanaway Group's ability to continue as a going concern. If the CPA notices material uncertainty in these matters, the readers of the Consolidated Financial Statements are advised to pay attention to relevant disclosure in the Statements in their auditing report or revise the audit opinion when such disclosure is insufficient. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Cleanaway Group to cease to continue as a going concern.
5. Evaluated the overall details, the format and content of the Consolidated Financial Report (including relevant Notes) and examined if they present a fair record of transactions.

6. Obtained sufficient and appropriate auditing evidence for the internal formation of financial information of individual companies of the Group and expressed opinion on its Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on the Group.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Codes of Professional Ethics for Certified Public Accountants regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

In the communications between us and the Company's governing body, we have determined the key audit items from 2018 consolidated financial statements of Cleanaway and its subsidiaries. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte, Taiwan
CPA Te-Chen Cheng

CPA Kuan-Chung Lai

Financial Supervisory Commission
Approval Document No.
Jin-Guan-Zheng-Shen No. 1000028068

Securities and Futures Bureau Approval
Document No.
Tai-Cai-Zheng-6 No. 0920123784

March 15, 2019

Cleanaway Company Limited and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2018 and 2017

Unit: NT$1,000

Code	Asset	December 31, 2018 Amount	%	December 31, 2017 (After adjustment and verification) Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 1,062,964	16	$ 1,020,325	17
1136	Financial assets measured at amortized cost - current (Notes 3, 4, 7 and 26)	263,405	4	1,294,838	21
1140	Contract assets - current (Notes 3, 4, and 18)	197,049	3	42,862	1
1170	Notes and account receivables (Notes 3, 4, 8, and 24)	633,507	9	513,118	8
1180	Accounts receivable - Related parties (Notes 4 and 25)	899	-	-	-
1330	Inventory (Note 4)	1,697	-	2,186	-
1479	Other current assets (Notes 3, 11, 20 and 26)	48,960	1	40,101	1
1482	Fulfillment of contract costs - current (Notes 3, 4 and 18)	33,465	-	5,809	-
11XX	Total current assets	2,241,946	33	2,919,239	48
	Non-current assets				
1535	Financial assets measured at amortized cost - non-current (Notes 3, 4, 7 and 26)	157,523	2	230,844	4
1550	Investment using the equity method (Notes 4 and 9)	658,805	10	-	-
1560	Contract assets - non-current (Notes 3, 4 and 18)	25,813	1	-	-
1600	Property, plant, and equipment (Note 4, 5, 10, 25 and 26)	3,491,026	51	2,682,718	44
1840	Deferred income tax assets (Notes 4 and 20)	19,615	-	21,451	-
1915	Prepaid land and equipment (Notes 4, 11 and 25)	147,041	2	160,000	3
1920	Guarantee deposits paid (Notes 4, 11 and 22)	55,200	1	42,352	1
1990	Other non-current assets (Note 11)	19,376	-	5,075	-
15XX	Total non-current assets	4,574,399	67	3,142,440	52
1XXX	Total assets	$ 6,816,345	100	$ 6,061,679	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Note 12)	$ 150,000	2	$ -	-
2170	Accounts payable (Notes 3 and 13)	11,428	-	14,177	-
2219	Other payables (Notes 3 and 14)	405,650	6	282,281	5
2230	Current income tax liabilities (Notes 4 and 20)	266,146	4	143,453	2
2399	Other current liabilities (Notes 3, 4, 14 and 18)	64,143	1	5,281	-
21XX	Total current liabilities	897,367	13	445,192	7
	Non-current liabilities				
2540	Long-term bank loans (Note 12)	200,000	3	-	-
2550	Cost provisions for restoration (Notes 4, 5 and 15)	68,142	1	84,160	2
2570	Deferred income tax liabilities (Notes 4 and 20)	45,983	1	32,911	1
2640	Net defined benefit liabilities - noncurrent (Notes 4 and 16)	18,208	-	19,232	-
2645	Guarantee deposits received (Note 3)	52,833	1	69,010	1
25XX	Total non-current liabilities	385,166	6	205,313	4
2XXX	Total liabilities	1,282,533	19	650,505	11
	Total equity attributable to company owners (Note 17)				
	Capital				
3110	Common stocks	1,088,880	16	1,088,880	18
3200	Capital surplus	1,701,775	25	1,701,775	28
	Retained earnings				
3310	Statutory surplus reserve	1,041,628	15	905,278	15
3320	Special surplus reserve	1,057	-	1,053	-
3350	Undistributed earnings	1,702,387	25	1,715,245	28
3300	Total retained earnings	2,745,072	40	2,621,576	43
	Other equity				
3410	Exchange differences in conversion of financial statements of foreign operating agencies (Notes 4 and 9)	(1,915)	-	(1,057)	-
3XXX	Total equity	5,533,812	81	5,411,174	89
	Total liabilities and equity	$ 6,816,345	100	$ 6,061,679	100

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

Chairman: Ching-Hsiang Yang   Manager: Yong-Fa Yang   Accounting supervisor: Tsung-Tien Chen

Cleanaway Company Limited and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2018 and 2017

Unit: NT$1,000
except for earnings per share which are in NT$

Code		2018 Amount	2018 %	2017 Amount	2017 %
4000	Net operating revenue (Notes 3, 4, 18, and 25)	$ 3,395,807	100	$ 2,785,266	100
5000	Operating cost (Notes 4, 15, 16, 18, and 19)	1,248,690	37	800,450	29
5900	Gross profit	2,147,117	63	1,984,816	71
	Operating expenses (Notes 16, 19 and 25)				
6200	Management expenses	433,816	13	391,037	14
6300	Research and development expenses	10,467	-	15,084	-
6000	Total operating expenses	444,283	13	406,121	14
6900	Net operating profit	1,702,834	50	1,578,695	57
	Non-operating income and expenses				
7070	Share of profit or loss on equity-accounted subsidiaries, associated companies and joint ventures (Notes 4 and 9)	(6,195)	-	-	-
7100	Interest income (Note 4)	17,805	1	22,427	1
7190	Other income	6,421	-	2,248	-
7210	Profit from disposal of property, plant and equipment (Note 4)	258	-	293	-
7590	Other expenses	-	-	(19)	-
7630	Loss on foreign currency exchange (Notes 2 and 24)	(4,845)	-	(2,426)	-
7510	Interest expenses	(1,413)	-	-	-
7000	Total non-operating income and expenses	12,031	1	22,523	1

(Continued on next page)

(Continued from previous page)

Code		2018 Amount	2018 %	2017 Amount	2017 %
7900	Net profit before tax	$ 1,714,865	51	$ 1,601,218	58
7950	Income tax expense (Notes 4 and 20)	394,255	12	237,720	9
8200	Net income	1,320,610	39	1,363,498	49
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Notes 4 and 16)	571	-	(393)	-
8349	Income tax relating to items that will not be reclassified (Notes 4 and 20)	83	-	443	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences in conversion of financial statements of foreign operating agencies (Notes 4 and 9)	(858)	-	(4)	-
8300	Other consolidated annual income (net income after-tax)	(204)	-	46	-
8500	Total comprehensive income for the year	$ 1,320,406	39	$ 1,363,544	49
	Profit attributable to				
8610	owners of the Company	$ 1,320,610	39	$ 1,363,498	49
8620	Non-controlling Interest	-	-	-	-
8600		$ 1,320,610	39	$ 1,363,498	49
	Total comprehensive income attributable to				
8710	owners of the Company	$ 1,320,406	39	$ 1,363,544	49
8720	Non-controlling Interest	-	-	-	-
8700		$ 1,320,406	39	$ 1,363,544	49
	Earnings per share (Note 21)				
9710	Basic	$ 12.13		$ 12.52	
9810	Diluted	$ 12.09		$ 12.49	

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

Chairman: Ching-Hsiang Yang Manager: Yong-Fa Yang Accounting supervisor: Tsung-Tien Chen

Cleanaway Company Limited and Subsidiaries
Consolidated statement of changes in equity
January 1 to December 31, 2018 and 2017

Unit: NT$1,000

		Equity attributable to owners of the Company						
				Retained earnings				
Code		Common stock capital	Capital surplus	Statutory surplus reserve	Special surplus reserve	Undistributed earnings	Translation differences from foreign operations in financial statements conversion differences	Total equity
A1	Balance as of January 1, 2017	$ 1,088,880	$ 1,701,775	$ 761,173	$ -	$ 1,749,067	($ 1,053)	$ 5,299,842
	2016 earnings appropriation							
B1	Appropriation of legal reserve	-	-	144,105	-	(144,105)	-	-
B3	Appropriation for special earnings reserve	-	-	-	1,053	(1,053)	-	-
B5	Cash dividend	-	-	-	-	(1,252,212)	-	(1,252,212)
D1	Net profit in 2017	-	-	-	-	1,363,498	-	1,363,498
D3	2017 other comprehensive income (loss) after tax	-	-	-	-	50	(4)	46
Z1	Balance at December 31, 2017	1,088,880	1,701,775	905,278	1,053	1,715,245	(1,057)	5,411,174
	Appropriations of 2017 earnings							
B1	Appropriation of legal reserve	-	-	136,350	-	(136,350)	-	-
B3	Appropriation for special earnings reserve	-	-	-	4	(4)	-	-
B5	Cash dividend	-	-	-	-	(1,197,768)	-	(1,197,768)
D1	2018 net profit	-	-	-	-	1,320,610	-	1,320,610
D3	2018 other comprehensive income after tax	-	-	-	-	654	(858)	(204)
Z1	Balance at December 31, 2018	$ 1,088,880	$ 1,701,775	$ 1,041,628	$ 1,057	$ 1,702,387	($ 1,915)	$ 5,533,812

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

Chairman: Ching-Hsiang Yang　　Manager: Yong-Fa Yang　　Accounting supervisor: Tsung-Tien Chen

Cleanaway Company Limited and Subsidiaries
Consolidated cash flow statement
January 1 to December 31, 2018 and 2017

Unit: NT$1,000

Code		2018	2017 (After adjustment and verification)
	Cash flow from operating activities		
A10000	Net profit before tax	$ 1,714,865	$ 1,601,218
A20010	Income and expense items		
A20100	Depreciation	357,850	238,048
A20900	Interest expenses	1,413	-
A22400	Share of loss on equity-accounted affiliate companies	6,195	-
A21200	Interest income	(17,805)	(22,427)
A22500	Gain on disposal of property, plant and equipment	(258)	(293)
A22600	Property, plant and equipment payments reclassified to expenses	902	-
A29900	Other current assets reclassified to expenses	-	831
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(180,000)	242,500
A31150	Accounts receivable	(120,389)	(52,669)
A31160	Accounts receivable - related parties	(899)	-
A31200	Inventories	489	(939)
A31240	Other current assets	(8,950)	(22,305)
A31280	Contract performance costs	(27,656)	(4,774)
A32150	Accounts payable	(2,749)	4,206
A32180	Other payables	101,667	(26,175)
A32200	Cost provisions for restoration	(16,018)	29,054
A32230	Other current liabilities	58,862	(9,393)
A32240	Net defined benefit liabilities	(453)	(410)
A33000	Cash inflow from operating activities	1,867,066	1,976,472
A33100	Interest received	17,805	22,427
A33300	Interest paid	(1,172)	-
A33500	Income tax paid	(256,480)	(276,339)
AAAA	Net cash inflow from operating activities	1,627,219	1,722,560

(Continued on next page)

(Continued from previous page)

Code		2018	2017 (After adjustment and verification)
	Cash flow from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	$ -	($ 146,694)
B00060	Loan principal repayment upon maturity for financial assets measured at amortized cost	1,104,754	-
B01800	Acquisition of investments accounted for using equity method	(665,000)	-
B02700	Acquisition of property, plant and equipment	(394,789)	(615,841)
B02800	Proceeds from disposal of property, plant and equipment	310	676
B03700	Increase in refundable deposits	(70,633)	(38,300)
B03800	Decrease in refundable deposits	57,785	7,844
B06700	Increase in other non-current assets	(14,301)	-
B07100	Increase in prepayments for land and equipment	(738,148)	(30,825)
BBBB	Net cash outflow from investing activities	(720,022)	(823,140)
	Cash flow from financing activities		
C00100	Increase in short-term loans	200,000	-
C00200	Decrease in short-term loans	(50,000)	-
C01600	Borrowing long-term loans	200,000	-
C03000	Increase in guarantee deposits received	2,520	3,804
C03100	Decrease in guarantee deposits received	(18,697)	(211)
C04500	Distribution of cash dividends	(1,197,768)	(1,252,212)
CCCC	Net cash outflow from financing activities	(863,945)	(1,248,619)
DDDD	Exchange rate effects on cash and cash equivalents	(613)	157
EEEE	Increase (decrease) in cash and cash equivalents	42,639	(349,042)
E00100	Cash and cash equivalents at beginning of year	1,020,325	1,369,367
E00200	Cash and cash equivalents at end of year	$ 1,062,964	$ 1,020,325

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

Chairman: Ching-Hsiang Yang Manager: Yong-Fa Yang Accounting supervisor: Tsung-Tien Chen

Cleanaway Company Limited and Subsidiaries
Notes for Consolidated Financial Statements
January 1 to December 31, 2018 and 2017
(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

I. Company History

Cleanaway Company Limited (hereinafter referred to as Cleanaway or the Company) was incorporated on May 4, 1999 under the Company Law of the Republic of China ("ROC") and Statute for Investment by Foreign Nationals. The Company primarily operates as an intermediate treatment solidification plant within the waste disposal process.

The Company has obtained a Waste Disposal Permit ("permit") issued by the Kaohsiung County Government on February 12, 2000 with effective period ending July 1, 2001. The permit is granted at the sole discretion of the local ROC government authority with effective periods that may vary. Cleanaway has extended the permit multiple times and the latest valid date has been extended to July 1, 2019.

The Company's shares have been listed on the Taiwan Stock Exchange ("TSE") since October 5, 2011.

The main business activities and operating departments of Cleanaway and its subsidiaries (hereinafter referred to as the Group) are provided in Note 4(4) and Note 30.

The Consolidated Financial Statements shall be expressed in NTD, Cleanaway's functional currency.

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were passed by the Board of Directors on March 15, 2019.

III. Applicability of Newly Issued and Revised Standards and Interpretations

(I) The first application of the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereinafter "IFRSs") endorsed by the Financial Supervisory Commission (hereinafter "FSC").

With the exception of the following, the applicability of the aforementioned revised Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and announced by the FSC should not result in major changes to the accounting policies of the Group.

IFRS 15 “Revenue from Customer Contracts” and related amendments

IFRS 15 stipulates the principle of recognition of revenue from customer contracts. The guideline replaced IAS 18 "Income" and IAS 11 "Construction Contract" and related interpretations. Please refer to Note 4 for related accounting policies.

The net result of revenue recognition, accounts received and receivable shall be recognized as contract assets (liabilities). Prior to the application of IFRS 15, contracts processed under IAS 18 are listed as decrease in receivables or advance receipts when income is recognized.

For performance costs not directly derived from the applicable scope of IAS 2, IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”, if they generate resources that will be used to fulfill contract performance obligations in the future and are deemed to be recoverable, the cost shall be recognized as the cost for the performance of the contract. Before the adoption of IFRS 15, labor inventory is listed as inventory in accordance with IAS 2 and prepaid labor fees for specific contracts are recognized in prepayments under other current assets.

The Group adopted IFRS 15 retrospectively and redrafted comparative information for 2017 based on the following consideration:

1. Income from contracts completed prior to December 31, 2017 shall be directly listed as the actual changed consideration on the contract completion date to determine the income in various periods. This measure shall reduce the complexity and cost of retroactive adoption. The recognized income from contracts completed during periods in 2017 shall not be affected by changes in estimated considerations.
2. Information on the transaction price allocated to contract performance obligations that have not been completed and the estimated recognition of income in the 2017 comparison period shall not be disclosed. This measure will reduce the cost of compiling and providing such information.

In addition, the Group will choose to disclose only the impact of the first application of IFRS 15 for 2017.

The retrospective application of IFRS 15 has no effect on the Group's 2017 consolidated income statement as of December 31 or the retained earnings as of January 1, 2017. Only the expression of the consolidated balance sheet caused the following impact:

Effects on assets, liabilities and equity	Carrying amount before adjustment	Adjustment for first-time adoption	Carrying amount after adjustment
December 31, 2017			
Current assets			
Contract assets	$ -	$ 42,862	$ 42,862
Notes and Account Receivables	555,980	(42,862)	513,118
Inventories	4,913	(2,727)	2,186
Other-current assets－ other	43,183	(3,082)	40,101
Contract performance costs	-	5,809	5,809
Current liabilities			
Other current liabilities			
Advance payments	4,327	(4,327)	-
Contract liabilities	-	4,327	4,327
January 1, 2017			
Current assets			
Contract assets	-	285,362	285,362
Notes and Account Receivables	745,811	(285,362)	460,449
Inventories	2,282	(1,035)	1,247
Contract performance costs	-	1,035	1,035
Current liabilities			
Other current liabilities			
Advance payments	8,667	(8,667)	-
Contract liabilities	-	8,667	8,667

IFRS 9 "Financial instruments" and related amendments

IFRS 9 "Financial instruments" replaced IAS 39 "Financial instruments: Recognition and Measurement" and corresponded to amendments to IFRS 7 "Financial instruments: Disclosure" and other standards. New requirements in IFRS 9 specify the classification, measurement, and impairment of financial assets and general accounting for hedging. Please refer to Note 4 for related accounting policies.

Classification, measurement, and impairment of financial assets

The existence and status of the financial assets held by the Group as of January 1, 2017 shall be retroactively adjusted based on the classifications of financial assets that had existed in the evaluation on the same day and the financial statements of the comparison period shall be retroactively restated.

The Group's financial assets under IAS 39 were all loans and account receivables (cash and cash equivalents, bills and account receivables, investment in debt instruments with no active markets, and refundable deposits). When converting to IFRS 9, all contract cash flow originally recognized were payments of the principal and interest for principal in external circulation. In addition, the contract cash flow was collected based on the facts of such existence and conditions in the evaluation of the business model. Therefore, after the amortized cost is measured in accordance with IFRS 9 classifications and the expected credit losses are evaluated, no remeasurement is required.

The financial liabilities (accounts payable, other payables, and guarantee deposits received) are both recognized as financial liabilities measured through amortized cost. In addition, there are no cases of measurement of financial liabilities based on fair value on the date of initial application.

The effects of the retrospective application of IFRS 9 on the Group's 2017 financial statements are as follows:

Effects on assets, liabilities and equity	Carrying amount before adjustment	Adjustment for first-time adoption	Carrying amount after adjustment
December 31, 2017			
Current assets			
Investment in debt instrument in non-active market - current	$ 1,294,838	($ 1,294,838)	$ -
Financial assets measured at amortized cost - current	-	1,294,838	1,294,838
Non-current assets			
Investment in debt instrument in non-active market - non-current	230,844	(230,844)	-
Financial assets measured at amortized cost - non-current	-	230,844	230,844
January 1, 2017			
Current assets			
Investment in debt instrument in non-active market - current	$ 1,346,162	($ 1,346,162)	$ -
Financial assets measured at amortized cost - current	-	1,346,162	1,346,162
Current liabilities			
Investment in debt instrument in non-active market - non-current	32,826	(32,826)	-
Financial assets measured at amortized cost - non-current	-	32,826	32,826

(II) Regulations Governing the Preparation of Financial Reports by Securities Issuers applicable to the securities issuer and IFRSs approved by the FSC in 2018

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB (Note 1)
"Annual Improvements 2015-2017 cycle"	January 1, 2019
Amendments to IFRS 9, "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 in "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Note 1: Unless otherwise specified, the aforementioned New/Revised/Amended Standards and Interpretations shall be effective for the fiscal year after the specified dates.

Note 2: FSC allows the Group to elect an earlier application of such amendments beginning on or after January 1, 2018.

Note 3: Plan amendments, curtailment or settlement occurring after January 1, 2019 shall be applicable to this amendment.

IFRS 16 "Leases"

IFRS 16 stipulates accounting treatments for the identification of lease agreements and lessors and lessees. It will replace IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", and related interpretations.

Definitions of leases

For the first-time application of IFRS 16, the Group shall elect to determine whether contracts signed (or changed) after January 1, 2019 are (or include) leases in accordance with IFRS 16. The lease contracts identified in accordance with IAS 17 and IFRIC 4 shall not be reassessed and shall be processed in accordance with transitional regulations in IFRS 16.

Where the Group is the lessee

For the first-time application of IFRS 16, the Gruop shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for small-amount and short-term leases which shall be recognized on a straight-line basis. Other leases shall recognize usage right assets and lease liabilities on the consolidated balance sheet. On the consolidated statement comprehensive income, the depreciation expenses on right-of-use asset and interest expenses computed by using effective interest method on the lease liability shall be presented separately. On the consolidated statement of cash flows, principal of the lease liability shall be classified as financing activities and interest payments shall be classified as operating activities. Before the adoption of IFRS 16, costs of contracts classified as operating leases are recognized as expenses based on straight-line method. Cash flow from operating leases are expressed in operating activities in the consolidated statements of cash flows.

The Group expects to retroactively implement adjustments for the cumulative effect of changes applicable to IFRS 16 in the retained earnings as of June 1, 2019 and it shall not recompile comparative information.

Based on current agreements for operating leases based on IAS 17, the measurement of lease liabilities in the remaining lease as of January 1, 2019 shall be based on the payment of discounted rent in accordance with the additional loan interest rate of the lessee as of that date. All right-of-use assets shall be measured based on the lease liabilities amount on the same day (adjusted previously recognized prepaid or payable rent). The right-of-use assets recognized shall be applicable to IAS 36 Impairment of Assets.

The Group is expected to adopt the following measures in response:

1. Use a single discount rate to measure lease liabilities for a combination of leases with reasonably similar characteristics.
2. Process leases set to terminate before December 31, 2019 as short-term leases.
3. Exclude the original direct costs into the measurement of right-of-use assets as of January 1, 2019.
4. When measuring lease liabilities, decisions regarding the lease period shall be adopted retroactively.

Estimated effects on assets, liabilities and equity as of January 1, 2019

	December 31, 2018 Carrying amount	Adjustment for first-time adoption	January 1, 2019 Carrying amount after adjustment
Right-of-use assets	$ -	$ 349,340	$ 349,340
Impact of assets	$ -	$ 349,340	$ 349,340
Lease liabilities - current	$ -	$ 13,336	$ 13,336
Lease liabilities - non-current	-	336,004	336,004
Impact of liabilities	$ -	$ 349,340	$ 349,340
Retained earnings	$ -	$ -	$ -
Effect on equity	$ -	$ -	$ -

Except for the aforementioned impact, as of the date of authorization of the Consolidated Financial Statement, the Group's assessment of the effects of amendments to other standards and interpretations shall not cause material effects on the consolidated financial status and performance.

(III) IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB (Note 1)
Amendment to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 "Insurance Contracts"	January 1, 2021
Amendment to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: Unless otherwise specified, the aforementioned New/Revised/Amended Standards and Interpretations shall be effective for the fiscal year after the specified dates.

Note 2: Corporate mergers with an acquisition date between the starting date of the annual report on January 1, 2020 and assets acquired after this date shall be applicable to this amendment.

Note 3: Accounts in the fiscal years starting after January 1, 2020 shall be applicable to this amendment.

As of the date of the publication of the Consolidated Financial Report, the Group shall continue to assess the effects of revisions of other standards and interpretations on the financial status and financial performance. Related effects shall be disclosed upon the completion of the assessment.

IV. Summarized Remarks on Significant Accounting Policies

(I) Statement of Compliance

The Consolidated Financial Statements were formulated in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs recognized and announced by the FSC that have entered into effect.

(II) Basis of Preparation

In addition to assessment of financial instruments based on their fair value and the present value of defined benefit assets minus net defined benefit liabilities recognized at fair value, the Consolidated Financial Report was prepared based on historical costs.

The fair value measurement is classified into 3 levels based on the observability and importance of related input:

1. Level 1 inputs: Quoted (unadjusted) prices of identical assets or liabilities obtainable in active markets on the measurement date
2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (i.e. the price) or indirectly (deduced from the price) for the assets or liabilities.
3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

(III) 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 balance sheet date; and
3. Cash or a cash equivalent (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred till at least 12 months after the balance sheet date.

The Company shall classify all other assets or liabilities that are not specified above as non-current.

(IV) Basis of Consolidation

1. Basis for preparation of consolidated report

The Consolidated Financial Report includes the financial reports of Cleanaway and its wholly owned entities (subsidiaries). The financial reports of subsidiaries have been reorganized to bring uniformity in their accounting policies and those of the Group. In the Consolidated Financial Report, all transactions, account balances, income and expenses between the entities have been written off. A subsidiary's total comprehensive income is attributed to the shareholders of the Company and non-controlling interests, even if non-controlling interests become deficit balance in the process.

When a change is effected in the ownership of the subsidiary, the Group does not lose control of it and it will be treated as equity transaction. The carrying amounts of the Group and its non-controlling interests have been adjusted to reflect the relative changes in the interest of the subsidiaries. The difference between the adjusted amount in non-controlling interest and the fair value of consideration will be considered as interest belonging to the owners of the Company.

2. Subsidiaries included in the consolidated financial statements were as follows:

			% of ownership		
Investor	Investee	Main Businesses	2018 December 31	2017 December 31	Remarks
Cleanaway Company Limited	Da Tsang Industrial Company Limited (Da Tsang)	Waste disposal	100%	100%	
	Chi Wei Company Limited (Chi Wei)	Waste disposal	100%	100%	
	Cleanaway Enterprise Company Limited (Cleanaway Enterprise)	Waste disposal	100%	100%	
	Kang Lien Enterprise Company Limited (Kang Lien Enterprise)	Waste clean-up	100%	100%	
	Cleanaway Investment Company Limited (Cleanaway Investment)	General investment	100%	100%	
	CCL Investment Holding Company Limited (CCL investment Holding)	General investment	60%	55%	
Da Tsang	Da Ning Co. Ltd. (Da Ning)	Waste disposal	100%	100%	
	CCL Investment Holding	General investment	18%	21%	
Cleanaway Investment	CCL Investment Holding	General investment	22%	24%	
CCL Investment Holding	Cleanaway Shanghai Management Holding Company Limited (Cleanaway Shanghai Management Holding)	General investment	100%	100%	
	Cleanaway Zoucheng Holding Company Limited (Cleanaway Zoucheng Holding)	General investment	100%	100%	
	Cleanaway Zhejiang Holding Company Limited (Cleanaway Zhejiang Holding)	General investment	100%	100%	
Cleanaway Shanghai Management Holding	Cleanaway (Shanghai) Company Limited (Cleanaway Shanghai)	Enterprise management consultation	100%	100%	
Cleanaway Zoucheng Holding	Cleanaway Zoucheng Co., Ltd. (Cleanaway Zoucheng)	Waste disposal	100%	100%	

Please refer to Table 6 in Note 29 for other related information.

(V) Foreign currencies

When preparing the individual financial statements, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are converted into functional currency at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When preparing the Consolidated Financial Report, the assets and liabilities of foreign operations of the Group are translated into New Taiwan Dollars at the rate of exchange prevailing on the balance sheet date. The income and expense items are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income (and are attributable to shareholders of the Company and non-controlling interest, respectively).

(VI) Inventories

Inventories refer to raw materials. The value of inventory shall be determined based on the cost and net realizable value (NRV), whichever is lower. With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and NRV. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Cost of inventory is calculated using weighted-average method.

(VII) Investment in affiliate enterprises

Affiliate enterprises (referred to as "associate" in IFRS 10) are companies in which the Group has major influence but they are neither its subsidiaries nor joint ventures.

The Group follows equity method for investment in affiliate enterprises.

Under the equity method, the investment is initially treated at cost and adjusted thereafter for the post-acquisition change in the investor's interest in profit and loss, shares in other total income and profit distribution by the affiliates. In addition, the interest from affiliates attributable to the Group and changes in joint ventures are recognized based on the shareholding ratio.

The net fair value of the number of shares of identifiable assets acquired and liabilities assumed in the affiliate by the Group on the acquisition date will be considered as goodwill. The goodwill is included in the carryover amount of the investment and may not be amortized. The Group's share of net fair value from assets and liabilities of affiliate enterprises as of the acquisition date that exceeds the acquisition cost shall be listed as profit or loss in the current year.

When an affiliate enterprise issues new shares and the Group does not subscribe to such shares based on its shareholding ratio and thus causes changes in the Group’s shareholding percentage and decrease in the net value of shares from investment, the increase and decrease shall be used to adjust the capital reserve - changes in net value of shares in affiliates and joint ventures accounted for using equity method and investment accounted for using equity method. However, if the Group fails to subscribe to or acquire new shares based on its shareholding ratio or causes its ownership interest in the affiliate enterprise to decrease, the amounts related to the affiliate enterprise recognized in other comprehensive income (loss) shall be decreased proportionally and reclassified. The basis of its accounting treatment shall be the same as the as the basis to be followed by the Group for direct disposal of related assets or liabilities. If the capital reserve is used for the aforementioned adjustment and the balance of capital reserve derived from investment accounted for using equity method is not sufficient, the difference shall be temporarily registered under retained earnings.

When the Group's share of losses of an affiliate enterprise equals or exceeds its interest in that affiliate enterprise (including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the affiliate enterprise), the Group shall cease the recognition of further losses. The Group shall only recognize additional losses and liabilities within the scope of legal obligations, constructive obligations, or payments made on behalf of the affiliate enterprise.

To assess impairment, the Group must consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts for the impairment test. The recognized impairment shall not be allocated to any asset, including goodwill, that constitutes part of the carrying amount of the investment. Any reversal of the impairment loss has to be considered after subsequent increases in the recoverable amount of investment.

The Group shall suspend the use of the equity method on the day that its investment is no longer an affiliate enterprise and shall measure its retained equity in the original affiliate enterprise through fair value. The difference between the fair value, the amount gained from the disposal, and the carrying amount of the investment on the day the equity method ceases to apply shall be listed into the profit or loss of the current period. In addition, the basis accounting policies for amounts of the affiliate enterprise shown in other comprehensive profit or loss accounts shall follow the same basis applicable to the Group for direct disposal of related assets or liabilities of affiliate enterprises. For investment in affiliate enterprises that turns them into joint ventures or investment in joint ventures that turns them into affiliate enterprises, the Group shall continue to use the equity method and shall not reassess retained equity.

Profit or loss in up- and downstream transactions between the Group and the affiliates or transactions between affiliates needs to be shown in the Consolidated Financial Report when not affecting the interests of the Group or the affiliate.

(VIII) Property, plant and equipment

PP&E are stated at cost and subsequently measured at cost less accumulated depreciation and impairment.

PP&E under construction are recognized at cost less accumulated impairment. The cost shall include professional service expenses and the cost of loans eligible for capitalization. Such assets shall be classified into appropriate PP&E categories upon completion and reaching the expected use status and the depreciation shall begin.

The Group shall adopt the straight-line basis or the units of production method for the depreciation of each property, plant and equipment in its useful life based on the nature of such property. Straight-line method allocates the cost of an asset, net of residual value, evenly over its estimated useful life. Units-of-output method uses the percentage of landfill volume of the period over the total estimated landfill volume. The Group shall conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods or those two methods. The effects of changes in accounting estimates shall be applied prospectively.

When derecognizing PP&E, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(IX) Contract cost-related assets

If direct related expenditures of the waste disposal and clean-up and transport services provided by the Group and the customer's contract will enhance future resources used to fulfill contractual obligations, the amounts within the recoverable scope shall be recognized as the cost of the performance of the contract (mainly the solidification processing costs and clean-up and transport services) and transferred to operating costs when the contractual obligations are fulfilled.

(X) Impairment of tangible assets and contract cost-related assets

The Group shall assess whether there are any indications of the possible impairment of tangible assets on each balance sheet date. If there is any sign of impairment, an estimate shall be provided for the recoverable amount of the asset. If it is not possible to determine the recoverable amount of an individual asset, the Group must determine the recoverable amount for the asset's cash-generating unit. Corporate assets are allocated to each cash generating unit on a reasonable and consistent basis.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash generating unit is lower than its carrying amount, the carrying amount of the asset or the cash generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

For customer contracts applicable to IFRS 15, the impairment of the inventory, property, plant and equipment, and intangible assets recognized in the customer's contract are recognized based on the inventory impairment regulations and the aforementioned regulations. Then, the carrying amount of the contract cost-related assets that exceed the expected remaining consideration receivable for provision of related products or labor services shall be deducted by direct related costs and listed as impairment loss. The carrying amount of the contract cost-related assets is subsequently added to the cash-generating unit for the impairment assessment of cash-generating units.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the cash generating unit, or contract cost-related asset shall be increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) of the asset, cash generating unit, or contract cost-related asset that was not impaired in the previous years. The reversal of impairment loss shall be recognized in profit or loss.

(XI) Financial Instruments

Financial assets and liabilities will be recognized in the balance sheet when the Group becomes a party to the contract of financial instrument.

Financial assets and financial liabilities not at fair value through profit or loss are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

The categories of financial assets held by the Group consist entirely of financial assets measured at amortized cost.

The Group's investment financial assets shall be classified as financial assets measured at amortized cost if both conditions below are met;

A. Where the financial asset is held under a certain business model with the purpose of holding financial assets to collect contract cash flow; and

B. The cash flow generated on specific dates specified in contractual terms is completely used to pay for the principal and interest for principal in external circulation.

After financial assets measured at amortized cost (including cash and cash equivalents, bills and accounts receivable measured at amortized cost, accounts receivable - related parties, bank term deposits with an original maturity date of more than 3 months in the future, and paid guaranteed deposits) are first recognized, they shall be measured through the effective Interest rate approach to determine the total carrying amount minus the amortized cost of any impairment loss. All foreign currency exchange gains and losses shall be recognized in profit or loss.

Except for the two following conditions, income from interest shall be calculated based on the effective interest rate multiplied by the total carrying amount of financial assets:

A. The interest income of a credit-impaired financial asset purchased or provided for the founding is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

B. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Cash equivalents include time deposits and bonds with repurchase agreement with maximum maturity of 3 months, which are high liquid, can be converted into a fixed amount of cash at any time and have relatively low risk in price changes. They are used for satisfying short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Group shall evaluate the financial assets ((including notes and accounts receivable) measured at amortized cost after the expected credit impairment loss on each balance sheet date.

Allowances shall be appropriated for notes and accounts receivable and contract assets for expected credit impairment for the duration of their existence. Other financial assets are first assessed based on whether the credit risk has increased significantly since the original recognition. If there is no significant increase in risks, an allowance for expected credit loss shall be recognized based on a 12-month period. If the risks have increased significantly, an allowance for losses shall be recognized in the duration of the existence of such assets.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses from possible defaults of the financial instrument within 12 months after the reporting date. The lifetime expected credit losses represent the expected credit losses from all possible defaults of the financial instrument during the expected period of existence.

The impairment loss of all financial assets is reduced based on the allowance account. However, the allowance for the investment in the debt instruments measured at fair value through other comprehensive gains and losses is recognized in other comprehensive gains and losses and shall not reduce its carrying amount.

(3) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the Group transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

On derecognition of an entire financial asset measured at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss. On derecognition of an entire debt instrument investment measured at fair value, the difference between the carrying amount and the consideration received, including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss. On derecognition of all equity instruments in other comprehensive income measured at fair value through profit and loss, the cumulative profit or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Equity instruments issued by the Group shall be recognized based on the price amount obtained deducted by the direct flotation costs.

3. Financial liabilities

(1) Subsequent assessment

Financial liabilities are measured at amortized cost by the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between its carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

(XII) Prepayments for land

Amounts paid for land acquired for operational uses before obtaining the ownership of the land are recognized under prepayments for land.

(XIII) Cost provisions for restoration

The environmental impact of waste after filling a landfill site or being processed through intermediate treatment solidification plants would decline as time passes based on the physical characteristics of waste. The pollution levels will not reoccur within a specific period of time and the Group shall appropriate total restoration based on the maintenance time, area, and characteristics of each landfill or intermediate treatment solidification plant. The unit cost of environmental impact of processed waste per ton shall then be estimated based on the tonnage that can be processed. The cost provisions for restoration is recognized based on the processed tons and the aforementioned unit cost.

(XIV) Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

1. Revenue from waste disposal, clean-up and transport

   Revenue from waste disposal, clean-up and transport is derived from the integrated one-stop services for waste disposal, clean-up and transport, solidification, and landfill provided by the Group. Revenue for each service is recognized revenue upon satisfaction of performance obligations which are explained as follows:

   (1) Revenue for solidification is recognized when Toxicity Characteristic Leaching Procedures (“TCLP”) are completed, compression laboratory acceptance reports on intermediate treatment of hazardous wastes are issued, and the stabilized hazardous wastes can be transported to landfill sites.
   (2) Landfill revenue is recognized after the waste is delivered to the landfill site and landfill of waste is completed.
   (3) Revenue for clean-up and transport is recognized when the waste is transported to the intermediate treatment solidification plant or upon the completion of transportation to landfill sites.

2. Revenue from contaminated and illegal dump sites cleanup

   Contaminated and illegal dump sites in cleanup contracts are sites controlled by customers. The Group benefits as the customer's contaminated plants or sites are improved in the cleanup process and revenue is thus recognized based on the completion percentage of the contracts. As the cost of investment for the cleanup project is directly related to the completion levels of the contract performance obligations, the Group uses the percentage of actual contract cost incurred over total contract cost to assess the completion progress of the contracts. The Group gradually recognizes contract assets in the duration of the cleanup project and transfers them to accounts receivable when invoices are issued. If the payments collected for cleanup projects exceed the recognized revenue amount, the difference shall be recognized as contract liabilities. The purpose of the construction retention bond withheld by the customer in accordance with contractual terms is to ensure that the Group completes all contractual obligations and it shall be listed as a contract asset before the Group completes the performance of the contract.

(XV) Leases

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. The Group is the lessee to lease models which are classified as operating leases. For operating leases, the lease payments shall be recognized as an expense on a straight-line basis over the lease term. Under operating leases, contingent rentals are recognized as expenses in the period they arise.

(XVI) Employee benefits

1. Short-term employee benefits

Related liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Benefits after retirement

Pension funds that are verified as contribution for retirement plans are recognized as expenses according to the amount of funds contributed to pension in the employee's service period.

The defined cost of benefits under the defined benefit retirement plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The service cost (including the service cost of the current period) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement amount (including actuarial gains and losses and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It shall not be reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. The net defined benefit assets may not exceed the present value of refund from the plan or reductions in future contributions.

(XVII) Income taxes

Income tax expenses are the sum of current income tax and deferred income tax.

1. Current income tax

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to income tax payable from previous years are recognized in the income tax of current year.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized when there are likely to be taxable income for the deductible temporary differences.

Deferred income tax liabilities is recognized for temporary differences in taxable investments in subsidiaries except in cases where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. The recognition of deferred income tax assets for deductible temporary differences derived from such investments are recognized only if it is probable that they generate sufficient taxable income to realize temporary differences and may be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. Assets that have not been recognized as deferred income tax assets are re-examined at each balance sheet date and the carrying amount is increased for assets that are likely to generate sufficient taxable income to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred income tax liabilities and assets reflects the tax consequences generated by the expected manner of recovery or repayment of the carrying amount of the assets and liabilities on the balance sheet date.

3. Current and deferred income tax of the period

Current and deferred income 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.

V. Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

When the Group adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from original estimates.

The management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the current period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the current year and future periods.

(I) Estimates of cost provisions for restoration

The Group recognizes cost provisions for restoration based on the number of tons of waste processed every month. The associated measurement and recognition are described in Note 4(13) and the Group regularly reviews the reasonableness of those estimates. However, the maintenance time and characteristics of landfills and solidification plants (sites) may require additional provisions in the future due to changes in the environmental laws and regulations and plant environment. Please refer to Note 15 for the carrying amount of cost provisions for restoration.

Estimated total landfill volume of a landfill site

Among the property, plant and equipment of the Group, depreciation for pollution control equipment under machinery and equipment, landfill sites and facilities adopts the units-of-output method, in which depreciation is computed on the rate of landfill volume of the period over the estimated total landfill volume. The Group estimates the total landfill volume based on the capacity of the landfill sites and characteristics of future waste upon the application and initiation of landfill sites. Those data are used as the bases for units-of-output depreciation method. As the landfill techniques, climate and landfill waste vary between periods, the Group would engage an external independent company to measure the remaining capacities on a semi-annual basis in order to assess the appropriateness of depreciation for landfill sites and facilities. Please refer to Note 10 for the carrying amount of the landfill sites and facilities.

VI. Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand	$ 263	$ 238
Checking accounts and demand deposits	436,026	180,244
Cash equivalents		
Bank time deposit with original maturity date within 3 months	426,675	752,843
Bonds with repurchase agreement	200,000	87,000
	$ 1,062,964	$ 1,020,325

The annual interest rate ranges of bank time deposit with original maturity date within 3 months and bonds with repurchase agreement on the balance sheet date were as follows:

	December 31, 2018	December 31, 2017
Bank time deposit with original maturity date within 3 months	0.60% - 3.80%	0.42% - 0.66%
Bonds with repurchase agreement	0.37%	0.35%

VII. Management of Credit Risks of Investments in Debt Instruments

All debt instruments invested by the Group are financial assets measured at amortized cost.

	December 31, 2018	December 31, 2017
Bank time deposit with original maturity date over 3 months	$ 420,929	$ 1,525,682
Current	$ 263,405	$ 1,294,838
Non-current	157,524	230,844
	$ 424,929	$ 1,525,682

The allowance for losses for financial assets measured at amortized cost as of December 31, 2018 and 2017 was both NT$0. The amortized cost and the carrying amount are consistent.

The debt instrument investment policy adopted by the Group serves only to sign debt instruments with low credit risks with reputable financial institutions in the form of time deposit certificates. The Group pays regular attention to the credit ratings of partner financial institutions and related financial news to evaluate whether there is a significant increase in credit risks of investments in debt instruments after their original recognition.

The financial institutions that conduct business transactions with the Group have normal credit ratings and exhibit no signs of irregularities or defaults. As the financial institutions that conduct business transactions with the Group have low credit risks and have sufficient capacity to repay contractual cash flows, the expected credit loss basis were based on an expected credit impairment evaluation and the expected credit loss rate were 0%. The credit risks in both 2018 and 2017 have remained unchanged.

(I) The annual interest rate ranges of bank time deposits with original maturity dates over 3 months on the balance sheet date were as follows:

	December 31, 2018	December 31, 2017
Bank time deposit with original maturity date over 3 months	0.30% - 3.438%	0.30% - 3.90%

(II) Refer to Note 26 for information on pledged debt investments.

VIII. Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 30,905	$ 27,889
Accounts receivable	608,499	491,710
	639,404	519,599
Minus: Allowance for losses	(5,897)	(6,481)
	$ 633,507	$ 513,118

(I) The average credit period of the Group for services rendered is 90 to 120 days. To lower the credit risk, the Group's management appoints a dedicated team to handle decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Group would review the recoverable amount of each receivables on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As such, the Group's management concludes that the credit risk of the Group is significantly reduced.

The Group adopted simplified methods in IFRS 9 to recognize the allowance for losses for notes and accounts receivable based on the expected credit losses in the period of existence. Lifetime expected credit losses are calculated based on the bad debt provision matrix which accounts for the customer's past default records, current financial status, economic conditions in the industry, and outlook of the industry. Customers of the Group can be classified into government institutions and general companies and their credit risks are explained as follows:

1. In principle, government institutions do not have credit quality issues. If difficulties in collection arise, assessment would be performed separately.
2. With regard to the credit quality of notes and accounts receivables of general business ventures, except for contracts with overall amounts less than NT$1,000 thousand that are exempted from credit investigations and reviews, before engaging a new customer, the Group would conduct finance and credit investigations (past transaction data, records of bounced check and breach of trust, etc.) The credit lines and ratings of customers shall be reviewed regularly. Based on the Group's experience of credit impairment, the types of losses suffered by general companies in different industries are not significantly different and the provision matrix therefore does not distinguish between customer groups but only establishes expected credit loss rates based on the number of overdue days of notes and accounts receivable.

If there is evidence showing that a transaction counterparty faces severe financial difficulties and the Group cannot reasonably expect to recover the amount such as cases where the transaction counterparty is being liquidated or where the debts are overdue for more than 365 days, the Group shall recognized 100% of the allowance for losses and continue to pursue repayment.

The Group's allowances for losses for notes and accounts receivable based on the provision matrix are as follows:

December 31, 2018

	Government authorities	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Overdue for more than 365 days	Total
Overdue credit loss rate	0%	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$268,047	$367,088	$ 2,072	$ -	$ -	$ 2,197	$639,404
Allowance for losses (lifetime expected credit losses)	-	(3,671)	(29)	-	-	(2,197)	(5,897)
Amortized cost	$268,047	$363,417	$ 2,043	$ -	$ -	$ -	$633,507

December 31, 2017

	Government authorities	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Overdue for more than 365 days	Total
Overdue credit loss rate	0%	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 74,436	$439,477	$3,594	$ -	$ -	$ 2,092	$519,599
Allowance for losses (lifetime expected credit losses)	-	(4,353)	(36)	-	-	(2,092)	(6,481)
Amortized cost	$ 74,436	$435,124	$3,558	$ -	$ -	$ -	$513,118

Information regarding changes in the allowance for losses of notes and accounts receivable is as follows:

	2018	2017
Opening balance	$ 6,481	$ 8,721
Minus: Reversed impairment loss in this period	(584)	(2,240)
Ending balance	$ 5,897	$ 6,481

As of December 31, 2018 and 2017, allowance losses including individual impaired accounts receivables that were subject to significant financial difficulties were NT$2,197 thousand and NT$2,092 thousand, respectively. The impairment loss recognized was the difference between the accounts receivable's carrying amount and the present value of expected recoverable amount upon liquidation. The Group did not hold any collaterals for the aforementioned accounts receivable.

(II) Receivables from material customers

Individual customers with amounts of notes and accounts receivable exceeding 5% of the Group's overall notes and accounts receivable balance as of December 31, 2018 and 2017 are summarized below:

	December 31, 2018	December 31, 2017
Customer A	$ 40,146	$ -
Customer B	101,762	121,940
Customer C	52,470	-
	$194,378	$121,940

Receivables that contribute to more than 10% of notes and accounts receivable of the Group were mostly generated from large projects. Except for material customers disclosed above, no other customer contribute more than 10% of the notes and accounts receivable balance. Please refer to Note 24 for relevant risk assessments.

IX. Equity-accounted investments

Investment in affiliate enterprises

Investee company name	December 31, 2018 Amount	December 31, 2018 Shareholding Ratio (%)	December 31, 2017 Amount	December 31, 2017 Shareholding Ratio (%)
Material affiliate enterprises				
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	$644,198	29	$ -	-
Chase Environmental Co., Ltd. (Chase)	14,607	25	-	-
	$658,805		$ -	

Please refer to Attachment 6 "Information on Investees, Locations, etc." in Note 29 for information on the nature of business, its area of operations, and country of company registry of the above affiliates.

Cleanaway SUEZ

The Group, Taiwan Sheng Ta International Waste Processing Co., Ltd., and RSEA Engineering Corporation jointly established Cleanaway SUEZ on July 31, 2018. Cleanaway SUEZ obtained business operations in the Dafa Plant of RSEA Engineering Corporation on the baseline date of November 1, 2018. The Group obtained 29% of the total outstanding shares of Cleanaway SUEZ totaling 21,750 thousand shares with a total investment amount of NT$650,000 thousand. The Group shall use this reinvestment to increase the categories of intermediate processing of hazardous industrial waste to provide customers with comprehensive solutions for waste disposal.

Chase

The Group invested in Chase to expand business operations. The original investment cost was NT$15,000 thousand and the shareholdings ratio was 25%. Chase mainly focuses on protection of the ecology and environment and technology integration and innovation. It also integrates AIoT and the environmental protection industry alliance to provide corporate customers with a smart one-stop environmental protection waste clean-up and transport solution.

The financial information of Cleanaway SUEZ and Chase is summarized as follows:

	Cleanaway SUEZ	Chase
	December 31, 2018	
Current assets	$ 127,959	$ 49,442
Non-current assets	634,132	12,724
Current liabilities	(15,012)	(6,354)
Non-current liabilities	(17,087)	-
Equity	$ 729,992	$ 55,812
Group shareholding ratio	29%	25%
Equity attributable to the Group	$ 211,698	$ 13,953
Investment premiums	432,500	654
Investment carrying amount	$ 644,198	$ 14,607

	July 31, 2018 to December 31, 2018	April 11, 2018 to December 31, 2018
Operating revenue	$ 14,359	$ 375
Net loss of this period	($ 20,008)	($ 4,188)
Other comprehensive income (loss)	-	-
Total comprehensive income	($ 20,008)	($ 4,188)

The Group's share of losses in affiliate enterprises accounted for using the equity method in 2018 amounted to NT$6,195 thousand. The amount is recognized based on the affiliate enterprises' audited financial statements for the same periods.

X. Property, plants and equipment

	Land	Buildings and structures	Machinery and equipment	Laboratory equipment	Landfill sites and related facilities	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Costs										
Balance as of January 1, 2018	$ 139,770	$ 789,512	$ 657,332	$ 5,284	$2,064,848	$ 154,229	$ 31,938	$ 34,529	$ 130,253	$4,007,695
Additions	-	15,135	3,802	4,993	1,987	18,580	2,289	638	368,826	416,250
Disposals	-	-	(2,580)	(351)	(253)	(1,370)	(375)	(2,066)	-	(6,995)
Reclassification	722,806	180,467	11,504	10,983	101,476	2,337	12,092	7,079	(298,539)	750,205
Net exchange differences	-	-	-	-	-	(114)	(27)	-	(238)	(379)
Balance at December 31, 2018	$ 862,576	$ 985,114	$ 670,058	$ 20,909	$2,168,058	$ 173,662	$ 45,917	$ 40,180	$ 200,302	$5,166,776
Accumulated depreciation										
Balance as of January 1, 2018	$ -	$ 99,880	$ 346,162	$ 3,438	$ 725,395	$ 133,909	$ 5,377	$ 10,816	$ -	$1,324,977
Depreciation	-	21,528	59,816	2,353	258,048	11,357	2,737	2,011	-	357,850
Disposals	-	-	(2,580)	(351)	(253)	(1,318)	(375)	(2,066)	-	(6,943)
Net exchange differences	-	-	-	-	-	(109)	(25)	-	-	(134)
Balance at December 31, 2018	$ -	$ 121,408	$ 403,398	$ 5,440	$ 983,190	$ 143,839	$ 7,714	$ 10,761	$ -	$1,675,750
Net amount as of December 31, 2018	$ 862,576	$ 863,706	$ 266,660	$ 15,469	$1,184,868	$ 29,823	$ 38,203	$ 29,419	$ 200,302	$3,491,026
Costs										
Balance as of January 1, 2017	$ 139,770	$ 122,063	$ 466,833	$ 3,470	$1,163,710	$ 156,021	$ 7,082	$ 38,100	$ 693,113	$2,790,162
Additions	-	8,931	5,000	1,814	23,615	982	2,603	424	571,591	614,960
Disposals	-	-	(817)	-	(652)	(2,710)	(3,183)	(3,670)	-	(11,032)
Reclassification	-	658,518	186,316	-	878,175	-	25,451	3,978	(1,134,318)	618,120
Transferred to other non-current assets	-	-	-	-	-	-	-	(4,300)	-	(4,300)
Net exchange differences	-	-	-	-	-	(64)	(15)	(3)	(133)	(215)
Balance at December 31, 2017	$ 139,770	$ 789,512	$ 657,332	$ 5,284	$2,064,848	$ 154,229	$ 31,938	$ 34,529	$ 130,253	$4,007,695
Accumulated depreciation										
Balance as of January 1, 2017	$ -	$ 81,094	$ 296,936	$ 3,043	$ 579,735	$ 118,061	$ 6,390	$ 12,373	$ -	$1,097,632
Depreciation	-	18,786	50,026	395	146,312	18,494	1,993	2,042	-	238,048
Disposals	-	-	(800)	-	(652)	(2,605)	(2,994)	(3,598)	-	(10,649)
Net exchange differences	-	-	-	-	-	(41)	(12)	(1)	-	(54)
Balance at December 31, 2017	$ -	$ 99,880	$ 346,162	$ 3,438	$ 725,395	$ 133,909	$ 5,377	$ 10,816	$ -	$1,324,977
Net amount as of December 31, 2017	$ 139,770	$ 689,632	$ 311,170	$ 1,846	$1,339,453	$ 20,320	$ 26,561	$ 23,713	$ 130,253	$2,682,718

(I) The increase of NT$750,205 thousand in reclassified accounts in 2018 included NT$751,107 thousand from prepayments on purchase of land and equipment and NT$902 thousand in accounts converted to expenses. The increase of NT$750,205 thousand in reclassified accounts in 2017 consisted of converted prepayments on purchase of land and equipment.

(II) Cleanaway acquired land situated in the Guantan Section, Guanyin District, Taoyuan City from non-related parties in 2018 to expand planned sites for environmental protection business operations. The total price of the acquisition amounted to NT$721,926 thousand and it is listed under land.

As of December 31, 2018, the Group's important contracts with construction in progress were as follows:

Contract counterparty	Contract price	Paid price
Hung Chi Construction Co., Ltd. (Hung Chi)	$ 201,852	$ 161,372
MHS Technology Co., Ltd. (MHST)	6,000	6,000
		$ 167,372

The aforementioned contracts with construction in progress were all construction contracts for the Group's construction of new solar power photovoltaics system. As of December 31, 2018, the paid amounts were listed under construction and progress and equipment awaiting examination because acceptance inspections of the overall construction were not yet completed.

(III) As there was no indication of impairment in 2018 and 2017, the Group did not conduct impairment assessment.

(IV) The Group recognizes property, plant and equipment of different categories base on the following methods:

1. Depreciation for pollution control equipment under machinery and equipment and landfill sites and facilities adopts the units-of-output method, in which depreciation is computed on the rate of landfill volume of the period over the estimated total landfill volume.

2. Buildings and structures, solidification and instrumentations under machinery and equipment, laboratory equipment, transportation equipment, furniture and fixtures and other equipment were depreciated on a straight-line basis over the following useful economic lives:

Buildings and structures	
Main building of intermediate treatment solidification plant	20 years
Ancillary facilities of plants	7 to 15 years
Operation headquarters main building ‹ ancillary facilities	50 years
Other facilities	3 to 5 years
Machinery and equipment	
Solidification production equipment	10 years
Thermal desorption equipment	3 to 5 years
Instrumentations	3 to 5 years
Laboratory equipment	3 to 5 years
Transportation equipment	
Acquisition of brand new transportation vehicles	5 to 8 years
Acquisition of used transportation vehicles	2 to 3 years
Office equipment	
Office furniture	5 to 10 years
Information communication equipment	3 to 6 years
Information communication equipment - extra-low-voltage systems engineering	50 years
Other equipment	
Monitoring and drainage facilities	10 to 11 years
Generators	15 years
Lease improvement and others	3 to 4 years

(V) Refer to Note 26 for the Group's PP&E amounts pledged as collateral.

XI. Other assets

	December 31, 2018	December 31, 2017
Prepayments on purchase of land and equipment	$147,041	$160,000
Guarantee deposits paid	55,200	42,352
Tax overpaid retained	29,007	25,491
Restricted bank deposits (Note 26)	6	6
Others	39,323	19,679
	$270,577	$247,528
Current	$ 48,960	$ 40,101
Non-current	221,617	207,427
	$270,577	$247,528

(I) Prepaid land and equipment amounts are mainly used to pay for the land of the landfill sites currently in preparation. Please refer to the explanation provided in Note 25(2)5. and 6. The changes in 2018 and 2017 were as follows:

	2018	2017
Balance, beginning of year	$160,000	$747,351
Additions	738,148	30,825
Reclassified to property, plant and equipment	(751,107)	(618,120)
Reclassified to operating expenses	-	(56)
Balance, end of year	$147,041	$160,000

(II) Guaranteed deposits paid are mainly bid bonds, performance bonds and rental deposits paid in cash.

XII. Loans

(I) Short-term loans

	December 31, 2018	December 31, 2017
Unsecured loans		
Credit limit loans	$ 150,000	$ -

The bank's interest rate for revolving loan facility as of December 31, 2018 was a fixed interest rate of 1.05%.

(II) Long-term loans

	December 31, 2018	December 31, 2017
Secured loans		
Bank loans	$ 200,000	$ -

Cleanaway and CTBC Bank signed a loan contract with land owned by Cleanaway as collateral (refer to Note 26 for more information). The loan maturity date is September 14, 2023 and the loan amount totaled NT$200,000 thousand. The annual interest rate is the Taipei Interbank Offered Rate plus 0.59%.

According to the contract, repayment of the principal is provided with a grace period of 2 years starting from the drawdown. Cleanaway shall repay NT$7,500 thousand in each quarter starting from the month of the expiry of the grace period (September 30, 2020) and the balance shall be repaid in one payment upon maturity. The drawdown amount shall be used to purchase land registered in Guantan Section, Guanyin District, Taoyuan City.

XIII. Accounts payable

	December 31, 2018	December 31, 2017
Accounts payable	$ 11,428	$ 14,177

Accounts payable of the Group are mainly payments for purchases to vendors. The average payment period is 60 to 90 days. The Group has financial risk management policy in place to ensure all payables are paid within the agreed credit periods.

XIV. Other liabilities

	December 31, 2018	December 31, 2017
Other payables		
Accrued employee compensation/bonus	$114,750	$109,622
Accrued excavation cost	88,104	31,547
Accrued maintenance cost	45,148	25,019
Accrued remuneration to directors and supervisors	35,000	35,000
Payables on equipment	31,803	10,342
Business tax payable	18,287	18,990
Accrued salaries	15,251	8,240
Accrued waste clean-up and transport expense	12,873	14,418
Other accrued expenses	44,434	29,103
	$405,650	$282,281

Accrued excavation cost consists of cleanup fees for contaminated and illegal dump sites.

	December 31, 2018	December 31, 2017
Other current liabilities		
Contract liabilities (Note 18)	$ 63,356	$ 4,327
Withheld taxes, etc.	718	700
Receipts under custody, etc.	69	254
	$ 64,143	$ 5,281

XV. Cost provisions for restoration

	2018	2017
Balance, beginning of year	$ 84,160	$ 55,106
Cost provisions for restoration appropriated	12,489	30,553
Actual cost for restoration	(28,507)	(1,499)
Balance, end of year	$ 68,142	$ 84,160

The cost provisions for restoration recognized under operating costs based on the number of tons of landfill and solidification processed for 2018 and 2017 totaled NT$12,489 thousand and $30,553 thousand, respectively. The accounts are listed under operating costs. The actual cost of restoration in 2018 and 2017 were NT$28,507 thousand and NT$1,499 thousand, respectively. They were mainly expenses for restoring the landfills owned by the Group.

XVI. Benefit plan after retirement

(I) Defined contribution plans

The pension system of the "Labor Pension Act" applicable to Cleanaway, Cleanaway Enterprise, Da Tsang, Kang Lien Enterprise, Chi Wei, Da Ning and Cleanaway Investment is a defined contribution plan under government administration. The Company contributes 6% of employees' monthly salaries to their personal accounts at the Bureau of Labor Insurance.

Employees of the Group's subsidiaries in China are participants of the pension plan operated by the People's Republic of China. Such subsidiaries shall contribute a certain percentage of salaries to the pension plan as its funding. Obligations of the Group towards the government-operated pension plan are limited to its contributions of specific amounts.

For CCL investment Holding, Cleanaway Shanghai Management Holding, Cleanaway Zoucheng Holding and Cleanaway Zhejiang Holding, as they do not have any employees, pension plans for employees are not established. Moreover, the pension plans are not mandatory according to local laws and regulations.

The Group recognized total amount of expenses to be paid in accordance with the appropriation ratio set forth in the defined contribution plans and NT$6,130 thousand and NT$5,391 thousand have been listed in the expenses in the consolidated statement of comprehensive income of 2018 and 2017.

(II) Defined benefit plans

The pension system of the Group's Cleanaway Company Limited and Kang Lien Enterprise Company Limited under the “Labor Standards Law” is a defined benefit pension plan managed by the government. Pension is based on the employee's years of service rendered and the average wages over the six months prior to retirement. The Group contributes 2% of the total monthly wages of employees to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. Before the end of each year, if the balance in the account is inadequate to pay pensions of laborers who are expected to reach retirement conditions in the following year, the Group shall make up the difference in one appropriation before the end of March in the following year. The Bureau of Labor Funds, Ministry of Labor, administers the account and Cleanaway and Kang Lien of the Group have no right over its investment and administration strategies.

The funds for defined benefit plans included in the consolidated balance sheet were as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 28,489	$ 29,920
Fair value of plan assets	(10,281)	(10,688)
Net pension benefit liabilities	$ 18,208	$ 19,232

Changes in net defined benefit liabilities were as follows:

	Defined benefits present value of obligations	Plan assets fair value	Defined benefits liabilities
January 1, 2017	$ 29,128	($ 9,879)	$ 19,249
Cost of service in the current period	27	-	27
Interest expenses (income)	412	(140)	272
Recognized in profit or loss	439	(140)	299
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	40	40
Actuarial losses - Changes in financial assumptions	815	-	815
Actuarial gains- Adjustments based on history	(462)	-	(462)
Recognized in other comprehensive income	353	40	393
Employer contribution	-	(709)	(709)
December 31, 2017	29,920	(10,688)	19,232
Cost of service in the current period	30	-	30
Interest fees (income)	331	(119)	212
Recognized in profit or loss	361	(119)	242
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(300)	(300)
Actuarial losses - Changes in financial assumptions	495	-	495
Actuarial gains- Adjustments based on history	(766)	-	(766)
Recognized in other comprehensive income	(271)	(300)	(571)
Benefits payment	(1,521)	1,521	-
Employer contribution	-	(695)	(695)
December 31, 2018	$ 28,489	($ 10,281)	$ 18,208

The amount of defined benefit plan recognized in profit or loss was summarized by functions as follows:

	2018	2017
Operating costs	$ 126	$ 160
Management expenses	116	139
	$ 242	$ 299

Cleanaway and Kang Lien of the Group are exposed to the following risks owing to the implementation of the pension system of the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor invests the labor pension fund in equity and debt securities, and bank deposits in domestic (foreign) banks on its own and also employing commissioned operations. However, the amount received by Cleanaway and Kang Lien of the Group from the plan assets is the profit and is not lower than the interest on a two-year fixed deposit of a local bank.
2. Interest rate risk: A decrease in interest rates of government bonds will increase the present value of defined benefit obligations but it will also increase the return on investment of debts for the assets of the plan. The two items partially cancel each other out with regard to their influence to net defined benefit liabilities.
3. Salary risk: The present value of defined benefit obligations is calculated based on the future salaries of members of the plan. Therefore, an increase in salaries of the members of the plan will cause the present value of defined benefit obligations to increase.

The present value of Cleanaway and Kang Lien of the Group's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	December 31, 2018	December 31, 2017
Discount rate	0.90%~1.00%	1.10%~1.20%
Expected growth rate of salaries	3.00%	3.00%

If reasonably possible changes occur in major actuarial assumptions while all other assumptions remain unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	December 31, 2018	December 31, 2017
Discount rate		
Increase of 0.25%	($ 617)	($ 664)
Decrease by 0.25%	$ 638	$ 686
Expected growth rate of salaries		
Increase of 0.25%	$ 553	$ 600
Decrease by 0.25%	($ 539)	($ 584)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	December 31, 2018	December 31, 2017
Expected appropriation amount within 1 year	$ 679	$ 691
Average maturity period of defined benefit obligations	10 to 12 years	11 to 13 years

XVII. Equity

(I) Capital

Common stocks

	December 31, 2018	December 31, 2017
Authorized shares (in thousands)	150,000	150,000
Authorized capital	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousand shares)	108,888	108,888
Issued capital	$ 1,088,880	$ 1,088,880

Common stocks are issued with par value of NT$10 per share and each common stock represents a right to vote and receive dividends.

The authorized capital included 10,000 thousand shares allocated for the exercise of employee stock options.

(II) Capital surplus

Capital surplus of Cleanaway came from additional paid-in capital. The capital surplus may be used to cover losses and may also be used for the distribution of cash dividends or capital replenishment when the company has no losses. However, the capital replenishment is restricted to a certain ratio of paid-in capital each year.

(III) Retained earnings and dividend policy

According to the regulations on earnings distribution in the Articles of Incorporation of Cleanaway, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid first and losses incurred in previous years shall be compensated. 10% of the remainder surplus shall be then allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds Cleanaway's total paid-in capital, such allocation may be exempted. The remainder may be set aside or reversed as special surplus reserve in accordance with laws and regulations. If there are remaining earnings, the Board of Directors shall draft an earnings distribution proposal regarding the remainder of the earnings as well as accumulated undistributed surplus for approval at the shareholders' meeting, at which the allocation of shareholders' bonuses shall be decided. Please refer to Note 19(3) Employee remuneration and remuneration for Directors and Supervisors for the distribution policy for remuneration for employees, Directors, and Supervisors in the Articles of Incorporation of Cleanaway.

Cleanaway may distribute bonus to shareholders in the form of cash or stocks, however, the cash bonus to shareholders cannot be lower than 10% of total share bonus. Cleanaway is in a growing industry. The type and ratio of earnings appropriation shall be submitted to the shareholders by the Board of Directors after considering the current operating conditions, the shareholders’ interests, the balance of dividends and capital demands.

The legal reserve is supplemented until the balance equals the Company's total paid-in capital. The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve that exceeds 25% of the total paid-in capital may be appropriated in cash in addition to being transferred to capital stock.

Cleanaway appropriates and reverses special reserve in accordance with the regulations in Jin-Guan-Zheng-Fa's Letter No. 1010012865 from the FSC and "Q&A on the Applicability of the Appropriation of Special Reserve after the Adoption of the International Financial Reporting Standards (IFRSs)".

Cleanaway held general shareholders meetings on June 22, 2018 and June 16, 2017, during which the 2017 and 2016 appropriation of earnings were passed, respectively, as follows:

	Appropriation of Earnings		Dividends per Share (NTD)	
	2017	2016	2017	2016
Statutory surplus reserve	$ 136,350	$ 144,105	$ -	$ -
Special surplus reserve (Note)	4	1,053	-	-
Cash dividends	1,197,768	1,252,212	11.00	11.50

Note: In accordance with the Jin-Guan-Zheng-Fa No. 1010012865 Order, Cleanaway appropriates amounts equivalent to the special surplus reserve from the net reduction amount in other equities in the final accounts of year (exchange differences on translation of foreign operations). After the balance of other equity reduction items are reversed, the reversed parts may be distributed as earnings.

The Boards of Directors of Da Tsang, Chi Wei and Kang Lien Enterprise can act on behalf of the shareholders' meetings pursuant to the rules and distribute the earnings after the legal reserve is appropriated. Earnings of Cleanaway Enterprise, Da Ning, Cleanaway Investment, Cleanaway Shanghai and Cleanaway Zoucheng cannot be distributed until deficits of prior years are offset. Also, earnings after tax, if any, shall be used to appropriate legal reserve or reserve funds in accordance with laws and regulations before it can be distributed. A certain portion of earnings of CCL investment Holding, Cleanaway Shanghai Management Holding, Cleanaway Zoucheng Holding and Cleanaway Zhejiang Holding shall be appropriated as reserves in accordance with resolutions of the Boards of Directors before dividends can be distributed.

XVIII. Revenue

	2018	2017
Revenue from contracts with customers		
Revenue from waste disposal, clean-up and transport		
Landfill revenue	$ 2,290,691	$ 2,111,012
Solidification revenue	586,650	420,644
Clean-up and transport revenue	156,114	118,965
	3,033,455	2,663,783
Revenue from contaminated and illegal dump sites cleanup	359,876	118,965
Other income	2,476	2,518
	$ 3,395,807	$ 2,785,266

Please refer to Note 30 for explanation of revenue from main labor services. Please refer to explanation in Note 4(14) for the timing for satisfying material contract performance obligations. Except for contracts for contaminated and illegal dump sites cleanup for which payment can only be requested once the customer completes stages of acceptance inspections, payment requests for other waste processing and removal are processed based on agreed payment cycles upon the completion of clean-up and transport services.

Service for each contract performance obligation shall be provided based on the business items specified on the license and the income for each category shall be recognized based on individual sales prices.

(I) Contract balance

	December 31, 2018	December 31, 2017
Notes and accounts receivable (Note 8)	$639,404	$519,599
Contract assets - current		
Contaminated and illegal dump site cleanup	$181,612	$ 42,862
Waste disposal	15,437	-
	$197,049	$ 42,862
Contract assets - non-current		
Contaminated and illegal dump site cleanup	$ 15,448	$ -
Waste disposal	10,365	-
	$ 25,813	$ -
Contract liabilities - current		
Waste disposal	$ 63,356	$ 4,327

Changes in contract assets mainly derived from the difference in the timing of the completion of contract performance obligations and of contaminated and illegal dump site cleanup projects and the customers' payments.

(II) Contract cost-related assets

	December 31, 2018	December 31, 2017
Contract performance costs		
Prepaid excavation cost	$ 29,241	$ 3,082
Solidification processing cost	3,012	2,212
Waste clean-up and transport cost	1,212	515
	$ 33,465	$ 5,809

Operating costs mainly comprise costs associated with solidification, such as the depreciation of landfill sites, facilities and equipment, cost of staff at the intermediate treatment solidification plant and landfill sites, cement and solidifying agents; costs of waste clean-up and transport, including cost of staff for clean-up and transport and the repair and depreciation of associated equipment; and costs of waste disposal, such as the costs of contaminated and illegal dump sites cleanup.

Related costs of contracts for which investments have been implemented but contract performance obligations have not been completed are deferred to assets - "contract performance costs" at the end of each month. They are reclassified under operating costs after services are completed in the following month upon revenue recognition.

(III) Contracts with customers that have not been fully completed

As of December 31, 2018, the transaction price allocated to contract performance obligations that have not been completed totaled NT$245,328 thousand. The Group shall recognize income based on the progress of contaminated and illegal dump sites cleanup projects. The contracts for contaminated and illegal dump sites cleanup projects will be completed from 2019 to 2023.

XIX. Net income

Net income for the period consists of the following items:

(I) Depreciation

	2018	2017
Summarized by functions		
Operating costs	$340,710	$223,570
Operating expenses	17,140	14,478
	$357,850	$238,048

(II) Employee benefit expenses

	2018	2017
Benefits after retirement (Note 16)		
Defined contribution plans	$ 6,130	$ 5,391
Defined benefit plans	242	299
	6,372	5,690
Salary expenses	218,341	201,533
Employee insurance premiums	12,658	11,359
Other employee benefits	11,522	7,758
Total employee benefit expenses	$248,893	$226,340
Summarized by functions		
Operating costs	$103,698	$ 95,056
Operating expenses	145,195	131,284
	$248,893	$226,340

(III) Remuneration for employees, Directors and Supervisors

Cleanaway appropriates the remuneration for employees, Directors and Supervisors for the current year based on the Articles of Incorporation. It appropriates no less than 1% as remuneration for employees and no more than 5% as remuneration for Directors and Supervisors. Remuneration for employees and for Directors and Supervisors in 2018 and 2017 were respectively determined by the Board of Directors in the meetings on March 15, 2019 and March 31, 2018. The resolutions are provided as follows:

Estimated ratio

	2018	2017
Employee remuneration	3.00%	3.00%
Remuneration to Directors and Supervisors	2.39%	2.38%

Amount

	2018		2017	
	Cash	Stock	Cash	Stock
Employee remuneration	$ 43,980	$ -	$ 44,084	$ -
Remuneration to Directors and Supervisors	35,000	-	35,000	-

If changes are made to the amount after the publication of the consolidated annual financial report, they apply in accordance with accounting estimation changes and will be included in the financial statements of the following year.

The actual employee compensation and remuneration to Directors and Supervisors in 2017 and 2016 were consistent with the recognized amounts in the Consolidated Financial Report for 2017 and 2016.

Please refer to the "Market Observation Post System" of Taiwan Stock Exchange for information on Cleanaway's employee remuneration and remuneration to Directors and Supervisors passed in the 2019 and 2018 Board of Directors meeting.

XX. Income tax

(I) Main composition of income tax expenses recognized in profit or loss

	2018	2017
Current income tax		
Generated in the current year	$375,774	$240,314
Surtax on unappropriated retained earnings	2,943	4,185
Adjustments of previous years	547	24
	379,264	244,523
Deferred income tax		
Generated in the current year	12,769	(6,737)
Tax rate variation	2,228	-
Adjustments of previous years	(6)	(66)
	14,991	(6,803)
Income tax expenses recognized in profit or loss	$394,255	$237,720

The reconciliation of accounting profit and income tax expense was as follows:

	2018	2017
Income before income tax of continuing operations	$ 1,714,865	$ 1,601,218
Income tax expense calculated as the product of income before income tax and the statutory tax rate (Note)	$ 343,262	$ 270,719
Non-deductible expenses	17,823	13,847
Tax-exempted income	(9,231)	(84,362)
Additional income tax under the Alternative Minimum Tax Act	-	16,557
Unrecognized operating loss carryforward and deductible temporary differences	36,689	19,125
Surtax on unappropriated retained earnings	2,943	4,185
Tax rate variation	2,228	-
Adjustments on income tax of prior periods	547	24
Adjustments on deferred income tax expense of prior periods	(6)	(66)
Adjustments on the applicable tax rates of deferred income tax assets and liabilities, beginning of period	-	(2,309)
Income tax expenses recognized in profit or loss	$ 394,255	$ 237,720

Note: The Group is applicable to a tax rate of 17% applicable to individual entities based on the Income Tax Act of the Republic of China. The Income Tax Act of the Republic of China amended in February 2018 adjusted the business income tax rate from 17% to 20%. The amendment was implemented in 2018. In addition, the applicable tax rate for undistributed earnings in 2018 was reduced from 10% to 5%. The applicable tax rate to subsidiary companies in mainland China is 25%. The taxes generated in other jurisdictions are calculated based on tax rates applicable to the respective jurisdictions.

As there are uncertainties in the earnings appropriation in the 2019 general shareholders meeting, the potential income tax impact for the 5% income tax imposed on unappropriated earnings of 2018 cannot be reliably determined.

(II) Income tax expenses recognized in other comprehensive income

	2018	2017
Deferred income tax income		
Recognized in other comprehensive income		
- Remeasurements of defined benefit plans	$ 83	$ 443

(III) Current income tax assets and liabilities

	December 31, 2018	December 31, 2017
Tax refund receivable	$ 263	$ 354
Income tax payable	$266,146	$143,453

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities were as follows:

2018

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences				
Cost provisions for restoration	$ 13,929	($ 684)	$ -	$ 13,245
Defined benefits retirement plans	3,140	275	83	3,498
Unrealized valuation on foreign currencies	1,352	720	-	2,072
Payable leave benefits	548	32	-	580
Property, plant and equipment	254	(223)	-	31
Allowance for doubtful accounts	153	12	-	165
Financial difference in employee benefits	29	(5)	-	24
	19,405	127	83	19,615
Operating loss carryforward	2,046	(2,046)	-	-
	$ 21,451	($ 1,919)	$ 83	$ 19,615
Deferred income tax liabilities				
Temporary differences				
Property, plant and equipment	$ 32,911	$ 13,072	$ -	$ 45,983

2017

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences				
Cost provisions for restoration	$ 6,710	$ 7,219	$ -	$ 13,929
Defined benefits retirement plans	2,153	544	443	3,140
Unrealized valuation on foreign currencies	848	504	-	1,352
Payable leave benefits	374	174	-	548
Property, plant and equipment	-	254	-	254
Allowance for doubtful accounts	100	53	-	153
Financial difference in employee benefits	58	(29)	-	29
	10,243	8,719	443	19,405
Operating loss carryforward	-	2,046	-	2,046
	$ 10,243	$ 10,765	$ 443	$ 21,451
Deferred income tax liabilities				
Temporary differences				
Property, plant and equipment	$ 28,949	$ 3,962	$ -	$ 32,911

(V) The unused operating loss carryforward and unused operating loss carryforward for which no deferred income tax assets have been recognized in the consolidated balance sheet

	December 31, 2018		December 31, 2017	
	Amount not yet deducted	Unrecognized deferred income tax assets	Amount not yet deducted	Unrecognized deferred income tax assets
Operating loss carryforward				
Expired in 2022	$ 1,701	$ 1,701	$ 2,771	$ 2,771
Expired in 2023	1,802	1,802	1,802	1,802
Expired in 2024	516	516	616	516
Expired in 2025	14,023	14,023	16,934	16,934
Expired in 2026	10,636	10,636	10,904	10,636
Expired in 2027	109,725	109,725	121,394	109,725
	$ 138,403	$ 138,403	$ 154,421	$ 142,384

(VI) The deductible temporary difference for which no deferred income tax assets have been recognized in the consolidated balance sheet

	December 31, 2018	December 31, 2017
Deductible temporary difference		
Amortization of depreciation of land for landfill sites	$535,949	$369,485
Investment in subsidiary companies and affiliate enterprises	146,936	133,472
Financial difference in employee benefits	640	-
Unrealized valuation on foreign currencies	13	10
	$683,538	$502,967

(VII) 5-year tax exemption for newly established enterprises and expansion projects of various consolidated individual new investments in 2018 and 2017 is as follows:

Company Name	Newly Established Enterprise or Expansion Project	Tax-exempted period
Cleanaway	Official Letter Gong-Yong No. 09900127530 from Ministry of Economic Affairs, Industrial Development Bureau approved the expansion investment plans of environmental protection technology services (waste disposal)	July 1, 2012 to June 30, 2017
Da Tsang	Official Letter Gong-Yong No. 09801082910 from Ministry of Economic Affairs, Industrial Development Bureau approved expansion investment plans of environmental protection services via capital increase	January 1, 2015 to December 31, 2019

(VIII) Income tax approval status

The enterprise business income tax returns of Cleanaway, Da Tsang, Chi Wei, Cleanaway Enterprise, Cleanaway Investment, Kang Lien, and Da Ning through 2016 have been approved by the tax authorities.

XXI. Earnings per share (EPS)

The profits and weighted average number of common stocks used for the calculation of EPS were as follows:

Net income

	2018	2017
Net profit used for the calculation of basic EPS	$ 1,320,610	$ 1,363,498
Net profit used for the calculation of diluted EPS	$ 1,320,610	$ 1,363,498

Number of shares (in thousands)

	2018	2017
Weighted average number of common stocks used for the calculation of basic EPS	108,888	108,888
Effect of dilutive potential common stocks:		
Employee remuneration	327	306
Weighted average number of common stocks used for the calculation of diluted EPS	109,215	109,194

If Cleanaway can choose between stocks and cash for the appropriation of employee compensation, it shall assume the employee compensation would be appropriated in stocks for the calculation of diluted EPS. The dilutive potential common stocks shall be incorporated in the weighted average number of stocks outstanding when calculating the diluted EPS. The dilutive effect of such potential common stocks shall continue to be considered when calculating the diluted EPS before resolving the number of stocks to be distributed as employee compensation in the following year.

XXII. Operating lease agreements

Operating leases are mainly for leasing cars for business use and offices for operation. Except for items below, the lease term is 1 to 5 years. The Group does not have the right of first refusal regarding the aforementioned lease object at the end of lease term.

Considering the gradual increase in business scale and employee number, the Group leased 15 lots of land, including parcel number 184 at Dade Section, Gangshan District, Kaohsiung City from Ho Tsang Co., Ltd. on May 31, 2013 (Please refer to Note 27 for unrecognized contract commitment concerning the construction of operation offices). The monthly rent is originally set at NT$613 thousand which will be adjusted based on the percentage of change in the Consumer Price Index (at all-item level) of the month released by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan every 2 years from the inception of lease. If the changes exceeds 5%, the rent will be adjusted by 5%. The lease term is 20 years, which starts on June 1, 2013 and ends on May 31, 2033. The lease can be renewed with the original conditions at the end of lease term. The agreement regarding building constructed on the leased land would be renew if both parties can reach consensus at the end of lease term. If the Group decides against renewing the agreement, the building would be transferred to Ho Tsang Co., Ltd. without consideration. If Ho Tsang Co., Ltd. terminates the lease agreement before the end of lease term during 55 years, it shall compensate the Group of the net book value of the building.

As of December 31, 2018 and 2017, the guarantee deposits paid by the Group in accordance with operating lease agreements amounted to NT$8,222 thousand and NT$5,872 thousand, respectively. In addition, as of December 31, 2018 and 2017, the Group's post-dated checks issued for rents payable of every period and delivered to lessors of the operating leases amounted to NT$7,819 thousand and NT$8,085 thousand, respectively.

Future minimum lease gross payments that cannot be canceled were as follows:

	December 31, 2018	December 31, 2017
No more than 1 year	$ 16,271	$ 17,396
More than 1 year but no more than 5 years	38,869	39,238
More than 5 years	75,604	76,696
	$130,744	$133,330

XXIII. Capital risk management

The purpose of capital management policy of the Group is to secure its ability as a going concern entity in order to provide returns to shareholders and benefits to other stakeholders. To achieve the aforementioned objective, the Group regularly review the capital structure and adjust it by paying dividends or issuing new shares after taking into account the overall economy, current interest rates and adequacy of cash for operating activities.

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

XXIV. Financial instruments

(I) Information on fair value and categories of financial instruments

All financial instruments of the Group are financial assets (liabilities) measured at amortized cost instead of fair value.

The Group's management believes that the carrying amounts of financial assets (cash and cash equivalents, financial asset measured at amortized cost, notes and accounts receivable, other payables - related parties and guarantee deposits paid) and financial liabilities (short-term loans, accounts payable, other payables and guarantee deposits received) not measured at fair value are close to their fair values.

(II) Financial risk management objectives and policy

The Group's main financial instruments include cash and cash equivalents, contract assets, financial assets measured at amortized cost, notes and accounts receivable, guarantee deposits paid (received), notes and accounts payable, other payables, and long-term and short-term bank loans. The finance management department of the Group provides services to business units and coordinates operations in the domestic and overseas financial markets by supervising internal risk exposure reports and managing financial risks related to the operations of the Group in accordance with the risk level and breadth analyses. Such risks include market risk, credit risk and liquidity risk.

The finance and business departments regularly submit reports to the management of the Group. The management would carry out risk monitoring and policy implementation based on its duties and responsibilities to mitigate risk exposure.

1. Market risks

(1) Foreign exchange risk

The Group was exposed to foreign currency risk as it had time deposits in CNY (foreign currency).

The following information was summarized by foreign currencies of entities within the Group. The exchange rates were ones used to translate the foreign currencies into the functional currency.

Foreign-currency assets and liabilities with significant influence were as follows:

December 31, 2018

	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT$)
Foreign-currency assets			
Monetary items			
CNY	$ 46,655	4.472	$ 208,641

December 31, 2017

	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT$)
Foreign-currency assets			
Monetary items			
CNY	$ 44,700	4.565	$ 204,056

The losses from foreign currency exchange due to fluctuations in the CNY exchange rate (realized and unrealized) in 2018 and 2017 were NT$4,845 and NT$2,426, respectively.

Sensitivity Analysis

The following table was a sensitivity analysis regarding the impact of 1% change in CNY exchange rate on NTD (the functional currency). 1% was the sensitivity percentage used in the internal reporting of the Group on foreign currency risk to key management. It also represented the reasonable range of changes in exchange rates deemed by the management.

The sensitivity analysis only included outstanding monetary items denominated in foreign currencies and adjusted the translation at the end of year to a 1% change in exchange rate. In the table below, a positive number represented a decrease in income before income tax when NTD appreciated by 1% against CNY. When NTD depreciated by 1% against CNY, the impact on income before income tax would be of the same amount in positive.

	Effects of CNY	
	2018	2017
Income (loss) before income tax	($ 2,086)	($ 2,041)

(2) Interest rate risk

The interest rate risks derive mainly from the borrowing of funds by entities of the Group on floating interest rates. Loans with fixed interest rates exposes the Company to fair-value interest rate risks. However, parts of the risks are offset with term deposit certificates with fixed interest rates pledged for business activities. Loans with floating interest rates exposes the Group to cash flow interest rate risks. However, parts of the risks are offset with cash and cash equivalents held at floating interest rates. The nominal value of financial assets exposed to interest rate and the nominal value of financial liabilities of the Group on the balance sheet date are as follows:

	December 31, 2018	December 31, 2017
Interest rate risks with fair value		
- Financial assets	$ 476,129	$ 1,568,034
- Financial liabilities	150,000	-
Interest rate risks with cash flow		
- Financial assets	1,062,701	1,020,087
- Financial liabilities	200,000	-

Sensitivity Analysis

The sensitivity analysis below is based the Group's exposure to interest rate risk on the balance sheet date. For assets and liabilities based on floating interest rates, the analysis method assumes the assets and liabilities in external circulation on the reporting date remain so throughout the year. With regard to the evaluation of the possible range of changes to the interest rate, if the interest rate increases or decreases by 1% while all other variables remain unchanged, the Group’s net profit before tax in 2018 and 2017 will Increase by NT$8,627 or decrease by NT$10,201 thousand.

2. Credit risk

Credit risks refer to risks that cause financial loss of the Group due to the counterparty's delay in performing contractual obligations.

Credit risks of the Group are concentrated on customers of large projects (please refer to Note 8(2)). As of December 31, 2017 and 2016, notes and accounts receivable generated from aforementioned customers accounted for 30% and 23% of the overall notes and accounts receivable balance, respectively. The share of such notes and accounts is high. However, considering the progress of construction and good credit ratings of counterparties, there was no significant credit risk.

3. Liquidity risk

The Group supports its business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash and cash equivalents. In response to the Company's new investment plans starting from July 2018, the Group's management has supervised bank financing conditions and ensured compliance with loan contracts. Financing and loans from banks are regarded as an important source for maintaining liquidity.

(1) Table of liquidity and interest rate risks of non-derivative financial liabilities

The maturity analysis of remaining contracts of non-derivative financial liabilities is based on the earliest possible date on which the Group may be required to make repayments and the undiscounted cash flows of financial liabilities (including principal and estimated future interest). Therefore, the Group may be requested to immediately return bank loans in the earliest period specified in the table below without considering the probability of bank's immediate execution of such rights. Maturity analysis of other non-derivative financial liabilities shall be prepared in accordance with the agreed repayment date.

December 31, 2018

	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years
Non-interest-bearing liabilities	$ 234,625	$ 5,283	$ 72,266
Floating interest rate instruments	2,511	17,487	190,033
Fixed interest rate instruments	150,000	-	-
	$ 387,136	$ 22,770	$ 232,299

(2) Financing Limit

	December 31, 2018
Unsecured banks loans credit limit	
— amount utilized	$ 150,000
— amount not utilized	50,000
	$ 200,000
Secured bank loan credit limit	
— amount utilized	$ 200,000
— amount not utilized	195,000
	$ 395,000

XXV. Significant Related Party Transactions

All transactions between Cleanaway and its subsidiaries (related parties of Cleanaway), account balances, income and expenses are disregarded on the merger and therefore are not disclosed in this Note. Please refer to Table 8 in Note 29 for related written-off amounts. Transactions between the Group and other related parties were listed below.

(I) The names and relationships of the related parties

Related Party	Relationship with the Group
Jocris Ltd. (Jocris)	The Company's corporate director
Ho Tsang Co., Ltd. (Ho Tsang)	The spouse of Cleanaway's chairman is the chairman of the company
MHS Technology Co., Ltd. (MHST)	Cleanaway's chairman is a second-degree relative of the company's chairman
Yang Ching-Hsiang	Cleanaway's Chairman
Yang Li Pi Lien	Spouse of Cleanaway's Chairman
Yang Shu-Hui	Relative of Cleanaway's Chairman
Yang Chi Chuan Social Welfare Charity Foundation (Yang Chi Chuan Foundation)	Cleanaway's Chairman is a director of the foundation
Chase Environmental Co., Ltd. (Chase)	Affiliate enterprise
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	Affiliate enterprise

(II) Significant transactions with related parties

1. Accounts receivable - related parties

	December 31, 2018	December 31, 2017
Cleanaway SUEZ	$ 740	$ -
Chase	159	-
	$ 899	$ -

Refers to the Group's payments for revenue from waste disposal that have not been recovered as of the end of the period.

Collateral is not provided for receivables from related parties in external circulation. Allowances for bad debts for receivables from related parties have not been appropriated as of December 31, 2018 and 2017.

2. Operating revenue

	2018	2017
Cleanaway SUEZ	$ 740	$ -
Chase	159	-
	$ 899	$ -

The accounts are the Company's operating revenue from performing waste disposal on behalf of Cleanaway SUEZ and Chase which are calculated based on non-related parties' pricing.

3. Technical service fees (recognized under operating expenses)

	2018	2017
Jocris	$ 10,000	$ 10,000

Expense incurred due to technology and management consultation services provided by Jocris to the Group. Such transactions were all processed by the aforementioned related parties, and, therefore, there is no comparative price from third parties.

4. Rental expense (recognized under operating expense)

	2018	2017
Ho Tsang	$ 7,356	$ 7,356

Please refer to Note 22 for lease transactions with Ho Tsang.

5. Prepayments for land

As of December 31, 2018 and 2017, the Group has not yet obtained the approval letter for registration of certain landfill sites for specific industrial use. Therefore, the two parties in the transaction have not conducted registration and both accounts, NT$143,689 thousand, are listed under prepayments for land. Related owners of the land have set all liens to such lands to the Group and the details on the prepayments for land are as follows:

	December 31, 2018	December 31, 2017
Yang Li Pi Lien	$141,357	$141,357
Yang Ching-Hsiang	1,629	1,629
Yang Shu-Hui	703	703
	$143,689	$143,689

A part of the land for landfill sites had received the approval to be changed to land for special objective undertakings and the transfer of ownership was completed in August 2017. Thus, it was ready for use and the amount reclassified from prepayments for land to landfill sites and facilities under property, plant and equipment was NT$590,654 thousand.

6. Asset transactions

Acquisition of property, plant and equipment

The Group purchased solar equipment of NT$530 thousand from MH GoPower Company Limited (MHGP) and paid NT$104 thousand and NT$424 thousand in 2015 and 2017, respectively. Those amounts were reclassified from prepayments for equipment to property, plant and equipment upon completion of acceptance in 2017. The transaction terms were not significantly different from non-related-party transactions.

The Group appointed MHGP to plan a solar power generation site and paid a consulting fee totaling NT$6,000 thousand. As of September 30, 2018, the accounts were listed under construction in progress and equipment awaiting examination for property, plant and equipment.

7. Donations (recognized under operating expense)

	2018	2017
Yang Chi Chuan Foundation	$ 10,000	$ 10,000

To fulfill corporate social responsibilities, the Group donated NT$10,000 thousand in both 2018 and 2017 to the Yang Chi Chuan Foundation to sponsor its charity events.

(III) Remuneration to key management

Remuneration to Directors and key management was as follows:

	2018	2017
Remuneration of Directors	$ 32,400	$ 32,400
Short-term employee benefits		
Salaries	14,760	14,760
Bonus and compensation	35,130	40,260
Benefits after retirement		
Defined contribution	257	648
Defined benefits	648	257
Transportation expenses	290	250
	$ 83,485	$ 88,575

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

XXVI. Pledged assets

Assets provided by the Group as collaterals to the banks for construction performance guarantee were as follows:

	December 31, 2018	December 31, 2017
Pledged time deposit certificates (recognized under financial assets measured at amortized cost)		
- current	$191,131	$ 53,194
- non-current	154,067	230,844
Restricted bank deposits (Reserve account, Recognized under other current assets)		
- current	6	6
Land	722,806	-

XXVII. Significant Contingent Liabilities and Unrecognized Contract Commitments

Unrecognized contract commitments of the Group were as follows:

	December 31, 2018	December 31, 2017
Acquisition of property, plant and equipment (for construction of offices for operations)	$ 45,589	$ 8,666

XXVIII. Subsequent events

(I) Cleanaway established Cleanaway Energy Co., Ltd. (Cleanaway Energy) based on the approval of the competent authority on January 16, 2019 to expand environmental protection businesses. Cleanaway acquired 100% of total outstanding shares of Cleanaway Energy totaling 2,000 thousand shares with a total investment of NT$20,000 thousand. Cleanaway Energy Co., Ltd. is responsible for preliminary preparatory tasks for the development of land for environmental protection business operations in Guanyin District, Taoyuan City owned by Cleanaway.

(II) Cleanaway invested in Chung Tai Resource Technology Corp. (Chung Tai) in February 2019 to expand environmental protection businesses. Cleanaway acquired 20.02% of total outstanding shares of Chung Tai totaling 15,600 thousand shares with a total investment of NT$374,400 thousand. Chung Tai's main business operations include waste resource recycling and industrial waste disposal services.

(III) Da Tsang Industrial Company Limited organized a capital reduction for the purpose of optimizing the use of funds following a resolution of a board meeting on February 20, 2019. It canceled a total of 50,000 thousand shares and reduced its capital by NT$500,000 thousand.

XXIX. Additional Disclosures

Information on

(I) Significant Transactions and

(II) Investees:

1. Financings provided (Table 1)
2. Endorsements/guarantees provided to others (None)
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
4. Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital (Table 2)
5. Acquisition of real estate at price in excess of NT$300 million or 20% of the paid-in capital (Table 3)

6. Disposal of real estate at price in excess of NT$300 million or 20% of the paid-in capital (None)
7. Purchases and sales with related parties in excess of NT$100 million or 20% of the paid-in capital (Table 4)
8. Amount of receivable from related parties in excess of NT$100 million or 20% of its paid-in capital (Table 5)
9. Derivative financial instrument transactions (None)
10. Others: Business relationships, important transactions and amount between parent company and subsidiaries (Table 8)
11. Information on investees (Table 6)

(III) Information on Investments in Mainland China:

1. China investees' names, business items, amounts of paid-in capital, investment methods, capital transaction conditions, shareholding ratios, investment gains and losses, the ending investment book value, investment income repatriation and limits of investment in China (Table 7)
2. Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 7)
   (1) Purchase amount and percentage, and the ending balance and percentage of payables.
   (2) Sales amount and percentage, and the ending balance and percentage of receivables.
   (3) Property transaction amount and the resulting gain or loss.
   (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
   (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.
   (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.

XXX. Segment information

(I) Services

Segment revenue and operations

	2018						
	Solidification and excavation	Landfill	Clean-up and transport	China operations	Others	Reconciliation and elimination	Total
Revenue							
Revenue from external customers							
Landfill revenue	$ -	$ 2,290,691	$ -	$ -	$ -	$ -	$2,290,691
Solidification revenue	586,650	-	-	-	-	-	586,650
Clean-up and transport revenue	-	-	156,114	-	-	-	156,114
Revenue from contaminated and illegal dump sites cleanup	359,876	-	-	-	-	-	359,876
Other income	-	-	-	-	2,476	-	2,476
Revenue from inter-segment sales	-	1,157,258	81,807	-	4,983	(1,244,048)	-
Interest income	5,576	14,301	7	1,287	-	(3,366)	17,805
Total revenue	$ 952,102	$3,462,250	$ 237,928	$ 1,287	$ 7,459	($1,247,414)	$3,413,612
Segment profit/loss							
Net income	$ 206,899	$1,123,938	$ 11,195	($ 13,428)	($ 5,180)	($ 2,814)	$1,320,610

	2017						
	Solidification and excavation	Landfill	Clean-up and transport	China operations	Others	Reconciliation and elimination	Total
Revenue							
Revenue from external customers							
Landfill revenue	$ -	$ 2,111,012	$ -	$ -	$ -	$ -	$2,111,012
Solidification revenue	420,644	-	-	-	-	-	420,644
Clean-up and transport revenue	-	-	132,127	-	-	-	132,127
Revenue from contaminated and illegal dump sites cleanup	118,965	-	-	-	-	-	118,965
Other income	-	-	-	-	2,518	-	2,518
Revenue from inter-segment sales	-	280,400	69,147	-	-	(349,547)	-
Interest income	7,964	15,030	10	1,434	-	(2,011)	22,427
Total revenue	$ 547,573	$2,406,442	$ 201,284	$ 1,434	$ 2,518	($ 351,558)	$2,807,693
Segment profit/loss							
Net income	$ 108,590	$1,269,721	$ 2,670	($ 14,079)	$ 669	($ 4,073)	$1,363,498

Segments assets

	December 31, 2018	December 31, 2017
Solidification and excavation	$ 2,451,105	$ 2,120,461
Landfill	4,272,806	4,179,147
Clean-up and transport	132,703	95,104
China operations	82,420	95,580
Others	680,218	23,268
Reconciliation and elimination	(802,907)	(451,881)
Consolidated total assets	$ 6,816,345	$ 6,061,679

1. The Group has four reportable segments: solidification and excavation, landfill, clean-up and transport, and China operation.
   (1) Solidification and excavation: Hazardous waste treatment intermediate solidification treatment process and contaminated and illegal dump sites cleanup.
   (2) Landfill: Landfill for hazardous waste and industrial waste.
   (3) Clean-up and transport: Class A waste removal.
   (4) China operation: Establish companies in China to develop the environmental protection market in China.
2. The Group’s reportable segments are strategic business units providing different services. Every strategic business unit requires different technology and marketing strategies and so shall be administered separately. Most business units were obtained separately and retain management team at the time. The amounts reported are aligning with report used by the operating decision makers.
3. The accounting policies of the operating segments are the same as significant accounting policies described in Note 4. The net income of operating segments is used as the basis for assessing performance.

(II) Geographic information

	Revenue from external customers		Non-current assets	
	2018	2017	December 31, 2018	December 31, 2017
Taiwan	$ 3,395,807	$ 2,785,266	$ 3,671,445	$ 2,835,713
China	-	-	11,811	12,080
	$ 3,395,807	$ 2,785,266	$ 3,683,256	$ 2,847,793

Revenue by regions was presented based on the collection regions. Non-current assets refer to property, plant and equipment, prepayments on purchase of land and equipment, contract assets - non-current, and other non-current assets (excluding financial instruments and deferred income tax assets).

(III) Main customer information

No income from a single customer in 2018 and 2017 has exceeded 10% of the total income of the Group.

Cleanaway Company Limited and Subsidiaries
Lending to Others
January 1 to December 31, 2018

Table 1

In Thousands of New Taiwan Dollars Unless Otherwise Specified

No.	Lender company	Borrower	Transaction item	Related party status	Highest balance in the current year	Ending balance	Actual drawdown	Interest rate range	Nature of loan	Amount arising from ordinary course of business	Reason for short-term financing	Listed deductibles for bad debts	Collateral		Limitation on financing loans for specific entities (Note 1)	Total limit on loans (Note 1)	Notes
													Name	Value			
0	Cleanaway Company Limited	Da Ning Co. Ltd.	Other receivables - related parties	Yes	$ 250,000	$ -	$ -	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 2,213,524 (Note 2)	$ 2,213,524 (Note 2)	
1	Da Tsang Industrial Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	35,000	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	13,416 (RMB 3,000 thousand)	13,416 (RMB 3,000 thousand)	13,416 (RMB 3,000 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	50,000	50,000	38,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	50,000	50,000	50,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	250,000	250,000	250,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
2	Cleanaway Enterprise Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	25,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	13,416 (RMB 3,000 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	35,000	30,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	446,042 (Note 5)	446,042 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	50,000	50,000	50,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	446,042 (Note 5)	446,042 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	140,000	140,000	140,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	446,042 (Note 5)	446,042 (Note 5)	

Note 1: In accordance with the “Procedures for Lending Funds to Other Parties and Endorsement and Guarantee” of Cleanaway Company Limited, Da Tsang Industrial Company Limited, and Cleanaway Enterprise Company Limited (the “Company”):

(1) The parties to whom the Company may lend its funds to are companies or firms having business relationship with the Company, or ones requiring short-term financing.

(2) Total lending amount of the Company shall not exceed 80 percent of the Company’s net worth. The accumulated lending amount to firms or companies having business relationship with the Company shall not exceed 80 percent of the Company’s net worth. The accumulated lending amount to firms or companies requiring short-term financing shall not exceed 40 percent of the Company’s net worth.

(3) The lending amount to a single firm or company is limited to 40 percent of the Company’s net worth. For firms or companies having business relationship with the Company, the lending amount to a single firm or company is limited to the previous year’s transaction amount between both parties. The transaction amount means the sales or purchasing amount between the parties, whichever is higher. The lending amount to a single enterprise requiring short-term financing shall not exceed 20 percent of the Company’s net worth. For companies where the Company or the parent company held, either directly or indirectly, 50% or more of shares, the lending amount shall not exceed 40 percent of the Company’s net worth. In addition, the lending between the Company and its parent or subsidiary company, or between subsidiary companies shall not exceed 10% of the net value of the company's latest financial statements.

Note 2: Cleanaway Company Limited is the parent company of Da Ning Co. Ltd. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of the Company’s net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest financial statements audited or reviewed by the CPA, i.e. the net worth as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of the Company’s net worth.

Note 3: Cleanaway Enterprise Company, Cleanaway (Shanghai) Company Limited, Kang Lien Enterprise Company Limited, and Cleanaway Zoucheng Co., Ltd. are affiliates of Da Tsang Industrial Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Da Tsang Industrial Company Limited's net worth. Net worth of Da Tsang Industrial Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Da Tsang Industrial Company Limited's net worth.

Note 4: Kang Lien Enterprise Company Limited, Cleanaway (Shanghai) Company Limited, and Cleanaway Zoucheng Co., Ltd. are affiliates of Cleanaway Enterprise Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Cleanaway Enterprise Company Limited's net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Note 5: Cleanaway Enterprise Company Limited is an affiliate of Chi Wei Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Chi Wei Company Limited's net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest audited financial statements. As the loan has expired, the net worth shown is as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Cleanaway Company Limited and Subsidiaries
Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital
January 1 to December 31, 2018

Table 2

In Thousands of New Taiwan Dollars Unless Otherwise Specified

Buying/selling company	Securities Type and name (Note 1)	Financial statement account	Transaction counterparty (Note 2)	Relationship (Note 2)	Beginning of period		Buying		Selling				Cash balance	
					Number of shares	Amount	Number of shares	Amount	Number of Shares	Selling price	Carrying cost	Disposal profit or loss	Number of shares	Amount
Cleanaway Company Limited	Common shares of Cleanaway SUEZ Environmental Resources Limited	Equity-accounted investments	Please refer to Note 9	Affiliate enterprise	—	$ -	—	$ -	—	$ -	$ -	$ -	—	$ -

Note 1: Securities in the Table refer to stocks, bonds, certificates of beneficial interest, and securities derived from such items.

Note 2: The two fields are required for securities investments accounted for using equity method but exempted for others.

Cleanaway Company Limited and Subsidiaries
Acquisition of Real Estate at Cost in Excess of NT$300 Million or 20% of the Paid-in Capital
January 1 to December 31, 2018

Table 3

In Thousands of New Taiwan Dollars Unless Otherwise Specified

Company that acquired real property	Name of property	Date of occurrence	Transaction amount	Payment status	Transaction counterparty	Relationship	Prior transaction of related counterparty				Price determination Reference	Purpose of acquisition and status of usage	Other provisions
							Owner	Relationship with issuer	Date of transfer	Amount			
Cleanaway Company Limited	Land with an area of 9,255.47 pings in Guantan Section, Guanyin District, Taoyuan City	June 27, 2018	$ 721,926	Paid	Asia Pacific Technology Corporation	Non-related party	—	—	-	$ -	Based the appraisal report provided by Evermore Valuation, the appraisal value is NT$723,778 thousand	Land for environmental protection business expansion	—

Cleanaway Company Limited and Subsidiaries
Purchases and Sales with Related Parties Amounting to NT$100 Million or More Than 20% of the Paid-in Capital
January 1 to December 31, 2018

Table 4

In Thousands of New Taiwan Dollars Unless Otherwise Specified

Supplier (buyer) company	Name of trading partner	Relationship	Transaction details				Unusual trade conditions and its reasons		Notes and accounts receivable (payable)		Notes
			Purchase/Sale	Amount	Ratio of total procurement (sales)	Credit period	Unit price	Credit period	Balance	Percentage among total notes and accounts receivable (payable)	
Cleanaway Company Limited	Chi Wei Company Limited	Subsidiaries	Landfill and clean-up and transport expense	$ 196,822	19	Determined by the contract	-	-	($ 28,924)	(47)	—
Chi Wei Company Limited	Cleanaway Company Limited	Parent company	Landfill revenue	(196,822)	(26)	Determined by the contract	-	-	28,924	23	—
Cleanaway Company Limited	Da Ning Co. Ltd.	Subsidiaries	Landfill and clean-up and transport expense	167,622	16	Determined by the contract	-	-	(20,818)	(34)	—
Da Ning Co. Ltd.	Cleanaway Company Limited	Parent company	Landfill revenue	(167,622)	(11)	Determined by the contract	-	-	20,818	8	—
Da Ning Co. Ltd.	Da Tsang Industrial Company Limited	Subsidiaries	Landfill and clean-up and transport expense	710,751	72	Determined by the contract	-	-	(134,579)	(95)	—
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	Parent company	Landfill revenue	(710,751)	(82)	Determined by the contract	-	-	134,579	100	—

Cleanaway Company Limited and Subsidiaries
Amount of Receivable from Related Parties in Excess of NT$100 Million or 20% of Its Paid-in Capital
December 31, 2018

Table 5

In Thousands of New Taiwan Dollars
Unless Otherwise Specified

Company with accounts receivable	Name of trading partner	Relationship	Balance of accounts in receivables from related parties	Turnover rate	Overdue receivables from related parties		Receivables from related parties Amounts received in subsequent periods	Listed allowances for bad debts
					Amount	Processing method		
Chi Wei Company Limited	Cleanaway Company Limited	Parent company	$ 140,119 (Note 1)	(Note 3)	$ -	—	$ -	$ -
Chi Wei Company Limited	Cleanaway Company Limited	Parent company	28,924	7.45	-	—	-	-
Da Tsang Industrial Company Limited	Cleanaway Company Limited	Parent company	300,255 (Note 2)	(Note 3)	-	—	-	-
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	Subsidiaries	134,759	13.58	-	—	-	-

Note 1: NT$140,119 thousand in the principal and interest in the loan. Please refer to Table 1 for information on loans.

Note 2: NT$300,255 thousand in the principal and interest in the loan. Please refer to Table 1 for information on loans.

Note 3: The receivables were not generated from operating revenue; the turnover ratio is therefore not applicable.

Cleanaway Company Limited and Subsidiaries
Information on Investees, Locations, etc.
January 1 to December 31, 2018

Table 6

In Thousands of New Taiwan Dollars
Unless Otherwise Specified

Investor	Investee company name	Location	Main businesses	Initial investment		Holdings at the end of period			Investee company current profit or loss	Investment gain or loss recognized in the current period	Notes
				End of the current period	End of previous year	Number of shares	Percentage	Carrying amount			
Cleanaway Company Limited	Da Tsang Industrial Company Limited	No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City	Waste disposal	$ 800,977	$ 800,977	77,000,000	100	$ 2,162,228	$ 818,602	$ 818,602	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Enterprise Company Limited	〃	〃	159,507	159,507	18,000,000	100	232,615	516	516	Subsidiary of Cleanaway Company Limited
〃	Chi Wei Company Limited	〃	〃	735,000	735,000	41,000,000	100	1,115,107	302,226	302,226	Subsidiary of Cleanaway Company Limited
〃	Kang Lien Enterprise Company Limited	〃	Waste clean-up	58,222	58,222	6,020,000	100	77,387	11,195	11,324	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Investment Company Limited	〃	General investment	80,000	80,000	8,000,000	100	46,177	(2,990)	(2,990)	Subsidiary of Cleanaway Company Limited
〃	CCL Investment Holding Company Limited	Samoa	General investment	US$3,000 thousand (equivalent to NT$91,009 thousand)	US$2,500 thousand (equivalent to NT$76,369 thousand)	-	60	15,877	(13,464)	(7,845)	Subsidiary of Cleanaway Company Limited
〃	Cleanaway SUEZ Environmental Resources Limited	No. 25-1, Huadong Road, Daliao District, Kaohsiung City	Waste disposal	650,000	-	21,750,000	29	644,198	(20,008)	(5,802)	Affiliate enterprise of Cleanaway Company Limited
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City	Waste disposal	450,000	450,000	15,000,000	100	762,467	314,845	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	CCL Investment Holding Company Limited	Samoa	General investment	RMB 6,000 thousand (equivalent to NT$30,102 thousand)	RMB 6,000 thousand (equivalent to NT$30,102 thousand)	-	18	4,984	(13,464)	(Note 1)	Subsidiary of Cleanaway Company Limited
Cleanaway Investment Company Limited	CCL Investment Holding Company Limited	Samoa	General investment	US$1,124 thousand (equivalent to NT$33,034 thousand)	US$1,124 thousand (equivalent to NT$33,034 thousand)	-	22	5,814	(13,464)	(Note 1)	Subsidiary of Cleanaway Company Limited
〃	Chase Environmental Co., Ltd.	1F, No. 326, Huanke Road, Datan Village, Guanyin District, Taoyuan City	Waste clean-up	15,000	-	15,000,000	25	14,607	(4,188)	(Note 1)	Affiliate enterprise of Cleanaway Company Limited
CCL Investment Holding Company Limited	Cleanaway Shanghai Management Holding Company Limited	Samoa	General investment	US$1,124 thousand (equivalent to NT$33,034 thousand)	US$1,124 thousand (equivalent to NT$33,034 thousand)	-	100	(28,327)	(2,623)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	Cleanaway Zoucheng Holding Company Limited	Samoa	General investment	US$3,000 thousand (equivalent to NT$91,009 thousand)	US$2,500 thousand (equivalent to NT$76,369 thousand)	-	100	24,846	(11,846)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	Cleanaway Zhejiang Holding Company Limited	Samoa	General investment	-	-	-	100	1,328	-	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited

Note 1: For "Investment gain or loss recognized in the current period", only the Company's direct investment in subsidiaries shall be provided. The rest is not required. The profit or loss of each subsidiary already includes the investment gains of its investees required to be recognized by laws.

Note 2: Please refer to Table 6 for information on investees in Mainland China.

Cleanaway Company Limited and Subsidiaries
Information on Investments in Mainland China
January 1 to December 31, 2018

Table 7

In Thousands of New Taiwan Dollars
Unless Otherwise Specified

Name of investee in China	Main businesses	Paid-in capital	Investment method	Accumulated amount of investment transferred from Taiwan at the end of this period	Wire-in or wire-out amount investment amount		Accumulated amount of investment transferred from Taiwan at the end of this period	Investee Current profit and loss	Shareholding Ratio of the Company's Investment, Directly or Indirectly	Investment gain or loss recognized in the current period	End-of-period investment Carrying amount	Repatriated investment gains to Taiwan as of the end of the period	Notes
					Outflow	Inflow							
Cleanaway (Shanghai) Company Limited	Enterprise management consultation	$ 33,034 (RMB 7,000 thousand)	Note 1	$ 33,034 (RMB 7,000 thousand)	$ -	$ -	$ 33,034 (RMB 7,000 thousand)	($ 2,623)	100%	($ 2,623)	($ 28,331)	$ -	
Cleanaway Zoucheng Co., Ltd.	Waste disposal	91,009 (USD 3,000 thousand)	Note 2	76,369 (USD 2,500 thousand)	14,640 (USD 500 thousand)	-	91,009 (USD 3,000 thousand)	(11,842)	100%	(11,842)	22,772	-	

Note 1: The subsidiary, Cleanaway Investment Company Limited, invests in the Mainland China company through company established in a third region (Cleanaway Shanghai Management Holding Company Limited).

Note 2: The investment in the Mainland China company is done trough company established in a third region (Cleanaway Zoucheng Holding Company Limited).

Note 3: It is recognized based on the audited financial statements of the parent company in Taiwan.

Accumulated Investment in Mainland China from Taiwan as of December 31, 2018	Investment amount authorized by the Investment Commission, MOEA	Investment amount cap in China according to Investment Commission regulations
Cleanaway Investment Company Limited: NT$33,034 thousand (RMB 7,000 thousand)	Cleanaway Investment Company Limited: US$1,124 thousand (equivalent to NT$33,714 thousand)	The limit is 60% of the net value of Cleanaway Investment Company Limited. The limit calculated according to the regulations is as follows: 46,695 thousand × 60% = 28,017 thousand
Cleanaway Company Limited: NT$$91,009 thousand (US$2,500 thousand)	Cleanaway Company Limited: US$8,000 thousand (equivalent to NT$240,000 thousand)	The limit is 60% of the net value of Cleanaway Company Limited. The limit calculated according to the regulations is as follows: 5,533,812 thousand × 60%＝3,320,287 thousand

Note 4: Significant transactions with investees in Mainland China, either directly or indirectly through the third region (including purchase/sales, property transaction and provision and acceptance of services): None.

Note 5: Provision of endorsement, guarantee or collaterals to investees in Mainland China, either directly or indirectly through the third region: None.

Note 6: Financing provided to investees in Mainland China, either directly or indirectly through the third region: Please refer to Table 1. The total interest for the period amounted to NT$0 thousand.

Cleanaway Company Limited and Subsidiaries
Business Relationships, Important Transactions and Amount between the Parent Company and Subsidiaries
January 1 to December 31, 2018

Table 8 In Thousands of New Taiwan Dollars

No. (Note 1)	Company name	Counterparty	Relationship with counterparty (Note 2)	Transaction status: Account	Amount	Terms	Percentage of consolidated net revenue or total assets (Note 3)
0	Cleanaway	Da Tsang	1	Other receivables - related parties	$ 2,465	Collection in the following month	-
0	Cleanaway	Chi Wei	1	Other receivables - related parties	4,627	Collection in the following month	-
0	Cleanaway	Kang Lien Enterprise	1	Other receivables - related parties	1,451	Collection in the following month	-
0	Cleanaway	Da Ning	3	Other receivables - related parties	9,616	Collection in the following month	-
1	Da Ning	Kang Lien Enterprise	3	Accounts payable - related parties	7,121	Payment period determined by the contract	-
2	Chi Wei	Kang Lien Enterprise	3	Accounts payable - related parties	4,554	Payment period determined by the contract	-
0	Cleanaway	Da Ning	1	Accounts payable - related parties	20,818	Payment period determined by the contract	2
0	Cleanaway	Chi Wei	1	Accounts payable - related parties	28,924	Payment period determined by the contract	-
0	Cleanaway	Kang Lien Enterprise	1	Accounts payable - related parties	1,917	Payment period determined by the contract	-
0	Cleanaway	Cleanaway Investment	1	Other accounts payable — related parties	959	Payment period determined by the contract	-
1	Da Ning	Da Tsang	3	Accounts receivable - related parties	134,579	Payment period determined by the contract	2
1	Da Ning	Da Tsang	3	Other operating revenue	710,751	Share of profits based on contribution in joint operations contracts	21
0	Cleanaway	Chi Wei	1	Operating costs (landfill cost)	187,450	Unique expenses for which no comparative price from non-related parties is available	6
0	Cleanaway	Da Ning	3	Operating costs (landfill cost)	154,739	Unique expenses for which no comparative price from non-related parties is available	5
0	Cleanaway	Chi Wei	1	Operating costs (clean-up and transport cost)	9,372	Based on prices with non-related parties and adjusted according to the volume and distance of clean-up and transport	-

(Continued on next page)

(Continued from previous page)

No. (Note 1)	Company name	Counterparty	Relationship with counterparty (Note 2)	Transaction status			
				Account	Amount	Terms	Percentage of consolidated net revenue or total assets (Note 3)
0	Cleanaway	Da Ning	3	Operating costs (clean-up and transport cost)	$ 12,883	Based on prices with non-related parties and adjusted according to the volume and distance of clean-up and transport	-
2	Chi Wei	Kang Lien Enterprise	3	Operating costs (clean-up and transport cost)	29,583	Based on prices with non-related parties and adjusted according to the volume and distance of clean-up and transport	1
3	Da Tsang	Kang Lien Enterprise	3	Operating costs (clean-up and transport cost)	4,612	Based on prices with non-related parties and adjusted according to the volume and distance of clean-up and transport	-
0	Cleanaway	Kang Lien Enterprise	1	Operating costs (clean-up and transport cost)	14,775	Based on prices with non-related parties and adjusted according to the volume and distance of clean-up and transport	-
1	Da Ning	Kang Lien Enterprise	3	Operating costs (clean-up and transport cost)	32,965	Based on prices with non-related parties and adjusted according to the volume and distance of clean-up and transport	1
0	Cleanaway	Da Tsang	1	Operating costs (landfill cost)	74,846	Unique expenses for which no comparative price from non-related parties is available	2
0	Cleanaway	Da Tsang	1	Operating costs (clean-up and transport cost)	7,216	Based on prices with non-related parties and adjusted according to the volume and distance of clean-up and transport	-
0	Cleanaway	Kang Lien Enterprise	1	Inventories	238	Based on prices with non-related parties and adjusted according to the volume and distance of clean-up and transport	-
0	Cleanaway	Cleanaway Investment	1	Operating expenses (labor expenses)	4,983	Similar to those levels of non-related parties	-

(Continued on next page)

(Continued from previous page)

No. (Note 1)	Company name	Counterparty	Relationship with counterparty (Note 2)	Transaction status			
				Account	Amount	Terms	Percentage of consolidated net revenue or total assets (Note 3)
3	Da Tsang	Kang Lien Enterprise	3	Other receivables - related parties	$ 38,032	Short-term financing and interest receivable, repayment within one year, interest at 1% p.a.	-
3	Da Tsang	Cleanaway Zoucheng	3	Other receivables - related parties	64	Interest receivable from short-term financing, repayment within one year	-
3	Da Tsang	Cleanaway Shanghai	3	Other receivables - related parties	13,551	Short-term financing and interest receivable, repayment within one year	-
3	Da Tsang	Cleanaway	1	Other receivables - related parties	300,255	Short-term financing and interest receivable, repayment within one year, interest at 1% p.a.	4
4	Cleanaway Investment	Cleanaway Shanghai	3	Other receivables - related parties	132	Interest receivable from short-term financing	-
5	Cleanaway Enterprise	Cleanaway Zoucheng	3	Other accounts receivable - related parties	13,416	Short-term financing and interest receivable, repayment within one year	-
2	Chi Wei	Cleanaway	1	Other receivables - related parties	140,119	Short-term financing and interest receivable, repayment within one year, interest at 1% p.a.	2
2	Chi Wei	Cleanaway Enterprise	3	Other receivables - related parties	80,068	Short-term financing and interest receivable, repayment within one year, interest at 1% p.a.	1
0	Cleanaway	Da Ning	1	Interest income	1,467	Short-term financing, interest at 1% p.a.	-
3	Da Tsang	Cleanaway	1	Interest income	920	Short-term financing, interest at 1% p.a.	-
5	Cleanaway Enterprise	Kang Lien Enterprise	3	Interest income	114	Short-term financing, interest at 1% p.a.	-
2	Chi Wei	Cleanaway	1	Interest income	430	Short-term financing, interest at 1% p.a.	-
2	Chi Wei	Cleanaway Enterprise	3	Interest income	217	Short-term financing, interest at 1% p.a.	-
3	Da Tsang	Kang Lien Enterprise	3	Interest income	218	Short-term financing, interest at 1% p.a.	-

Note 1: Business operations information between parent company and subsidiary shall be indicated in column number, number filled in as follows:

1. The Parent company is coded "0".
2. The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationships are categorized into the following three types. Please specify the type. (The same transaction shall not be disclosed repetitively). For example, for transactions between the Parent company and its subsidiaries, if the Parent company discloses the information, the subsidiaries are exempted from doing so. The same applies to transactions between subsidiaries where only one subsidiary needs to disclose the same transaction.

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries

Note 3: Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for profit or loss items.

Stock code: 8422

Cleanaway Company Limited

Standalone Financial Statements and Independent Auditors' Report
2018 and 2017

Address: 1st Floor, No. 308, Zhongshan South Road, Houhong Village, Gangshan District, Kaohsiung City
Telephone: (07) 622-8422

TABLE OF CONTENTS

Independent Auditor's Report

To Cleanaway Company Limited:

Audit Opinion

The Parent Company Only Balance Sheet of Cleanaway Company Limited as of December 31, 2018 and 2017 and the Parent Company Only Comprehensive Income Statement, Parent Company Only Statement of Changes in Equity, Parent Company Only Cash Flow Statement, and Notes to the Individual Financial Statements (including the summary of material accounting policies) in from January 1 to December 31, 2018 and 2017 have been audited by the CPA firm.

Per opinions of the CPA, the Parent Company Only Financial Statements specified above have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and can be reasonably assessed to present the individual financial conditions of Cleanaway Company Limited as of December 31, 2018 and 2017 and the parent company only financial performance and cash flow in from January 1 to December 31, 2018 and 2017.

Basis for Audit Opinion

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

Key Audit Matters

The key audit matters pertain to the most important items of Cleanaway Company Limited's 2018 Parent Company Only Financial Statements as per the professional judgment of the CPA. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Listed below are the details of the CPA's verification of the key items in Cleanaway Company Limited's 2018 Parent Company Only Financial Statements:

<u>Revenue recognition for solidification under waste disposal revenue</u>

For the accounting policies for operating income, please refer to Note 4(13) of the Parent Company Only Financial Statements.

Cleanaway provides waste treatment services in Taiwan. The solidification process within the intermediate treatment requires many steps. As lead time exists between receiving of wastes to completing the process so that waste can be disposed through landfill, the appropriateness of timing for revenue recognition may be affected by such a process. The CPA therefore believes that the timing for recognizing revenue for solidification is key audit matter for this year.

The key audit procedures conducted in regard to the aforementioned matter are as follows:

1. To understand and test the effectiveness of internal controls concerning the accuracy of timing for solidification revenue recognition. The control points of Cleanaway Company Limited include the recognized income forms automatically generated by the system based on the completion of the solidification and inspections and the scheduled completion of vehicles' entry into the landfill. The records are checked one by one by hand to verify that the accounts receivable are consistent with the waste management summary table.
2. Check whether the solidification income policy and accounting treatment of Cleanaway and its subsidiaries are consistent.
3. Perform the cut-off test on revenue recognized before and after the end of year and check the acceptance reports on waste disposal and documents from external environmental agencies to ensure the appropriateness of revenue recognition.

Responsibilities of management and governance bodies for the parent company only financial statements

The responsibilities of management are to prepare parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of Cleanaway Company Limited in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the company or cease its operations, or has no realistic alternative but to do so.

The governance bodies of Cleanaway Company Limited (including supervisors) are responsible for supervising the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have utilized our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cleanaway Company Limited’s internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, to conclude on the appropriateness of management’s use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Cleanaway Company Limited's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need 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 Cleanaway Company Limited to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately represent the underlying transactions and events.

6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Cleanaway Company Limited to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit on the Group and the preparation of an audit opinion on Cleanaway Company Limited.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

The CPA has identified the key verification items to inspect in the 2018 Parent Company Only Financial Statements of Cleanaway Company Limited in communication with the governance unit. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte, Taiwan

CPA Te-Chen Cheng

CPA Kuan-Chung Lai

Financial Supervisory Commission
Approval Document No.
Jin-Guan-Zheng-Shen No. 1000028068

Securities and Futures Bureau Approval
Document No.
Tai-Cai-Zheng-6 No. 0920123784

March 15, 2019

Cleanaway Company Limited

Parent Company Only Balance Sheets

As of December 31, 2018 and 2017

Unit: NT$1,000

Code	Asset	December 31, 2018 Amount	%	December 31, 2017 (After adjustment and verification) Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 267,789	4	$ 473,930	8
1136	Financial assets measured at amortized cost - current (Notes 3, 4, 7 and 26)	104,768	2	434,620	8
1140	Contract assets - current (Notes 3, 4, and 18)	197,049	3	42,862	1
1170	Notes and account receivables (Notes 3, 4, 8, and 24)	301,735	4	197,071	3
1181	Accounts receivable - Related parties (Notes 4 and 25)	495	-	-	-
1210	Other accounts receivable - Related parties (Notes 4 and 25)	18,159	-	261,462	5
1330	Inventory (Note 4)	1,697	-	2,186	-
1479	Other current assets (Notes 3, 11, and 26)	28,916	-	4,317	-
1482	Fulfillment of contract costs (Notes 3, 4 and 18)	33,703	1	6,175	-
11XX	Total current assets	954,311	14	1,422,623	25
	Non-current assets				
1535	Financial assets measured at amortized cost - non-current (Notes 3, 4, 7 and 26)	153,301	2	208,662	4
1550	Investment using the equity method (Notes 4 and 9)	4,293,589	64	3,656,354	63
1560	Contract assets - non-current (Notes 3, 4 and 18)	25,813	-	-	-
1600	Property, plant, and equipment (Note 4, 10, 25 and 26)	1,295,748	19	472,314	8
1840	Deferred income tax assets (Notes 4 and 20)	5,433	-	4,783	-
1915	Prepaid land and equipment (Notes 11 and 25)	500	-	15,432	-
1920	Guarantee deposits paid (Notes 4, 11 and 22)	33,112	1	15,614	-
1990	Other non-current assets (Note 11)	4,300	-	4,300	-
15XX	Total non-current assets	5,811,796	86	4,377,459	75
1XXX	Total assets	$ 6,766,107	100	$ 5,800,082	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Note 12)	$ 150,000	2	$ -	-
2170	Accounts payable (Note 13)	9,960	-	12,885	-
2180	Accounts payable - Related parties (Note 25)	51,659	1	134,037	2
2219	Other payables (Note 14)	298,451	4	204,196	4
2220	Other payables - Related parties (Note 25)	441,333	7	-	-
2230	Current income tax liabilities (Notes 4 and 20)	54,209	1	9,757	-
2300	Other current liabilities (Notes 3 and 14)	2,419	-	3,009	-
21XX	Total current liabilities	1,008,031	15	363,884	6
	Non-current liabilities				
2541	Long-term bank loans (Notes 12 and 26)	200,000	3	-	-
2550	Cost provisions for restoration (Notes 4, 5 and 15)	6,774	-	6,442	-
2640	Net defined benefit liabilities - noncurrent (Notes 4 and 16)	17,490	-	18,474	1
2645	Deposits received	-	-	108	-
25XX	Total non-current liabilities	224,264	3	25,024	1
2XXX	Total liabilities	1,232,295	18	388,908	7
	Equity (Note 17)				
	Capital				
3110	Common stocks	1,088,880	16	1,088,880	19
3200	Capital surplus	1,701,775	25	1,701,775	29
	Retained earnings				
3310	Statutory surplus reserve	1,041,628	16	905,278	16
3320	Special surplus reserve	1,057	-	1,053	-
3350	Undistributed earnings	1,702,387	25	1,715,245	29
3300	Total retained earnings	2,745,072	41	2,621,576	45
	Other equity				
3410	Exchange differences in conversion of financial statements of foreign operating agencies (Notes 4 and 9)	(1,915)	-	(1,057)	-
3XXX	Total equity	5,533,812	82	5,411,174	93
	Total liabilities and equity	$ 6,766,107	100	$ 5,800,082	100

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

Chairman: Yang Qingxiang　　Manager: Yang Yongfa　　Accounting Supervisor: Chen Congtian

Cleanaway Company Limited

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2018 and 2017

Unit: NT$1,000
except for earnings per share which are in NT$

		2018		2017	
Code		Amount	%	Amount	%
4000	Net operating revenue (Notes 3, 4, 18, and 25)	$ 1,435,479	100	$ 853,437	100
5000	Operating cost (Notes 4, 15, 16, 19, and 25)	1,041,569	72	592,024	70
5900	Gross profit	393,910	28	261,413	30
	Operating expenses (Notes 16, 19 and 25)				
6200	Management expenses	118,972	8	123,105	14
6300	Research and development expenses	10,466	1	15,084	2
6000	Total operating expenses	129,438	9	138,189	16
6900	Net operating profit	264,472	19	123,224	14
	Non-operating income and expenses				
7070	Share of profits of subsidiaries accounted for using equity method (Note 4 and 9)	1,116,031	78	1,258,425	148
7100	Interest income (Notes 4 and 25)	5,577	-	7,964	1
7190	Other income	3,664	-	570	-
7210	Profit from disposal of property, plant and equipment (Note 4)	200	-	167	-
7510	Interest expenses (Notes 4 and 25)	(2,764)	-	-	-
7000	Total Non-operating income and expenses	1,122,708	78	1,267,126	149

(Continued on next page)

(Continued from previous page)

Code		2018 Amount	2018 %	2017 Amount	2017 %
7900	Net profit before tax	$ 1,387,180	97	$ 1,390,350	163
7950	Income tax expense (Notes 4 and 20)	66,570	5	26,852	3
8200	Net income	1,320,610	92	1,363,498	160
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Notes 4 and 16)	599	-	(882)	-
8330	Share of other comprehensive income/losses on equity-accounted subsidiary companies - Items that will not be reclassified to profit or loss (Notes 4 and 9)	(28)	-	489	-
8349	Income tax benefits relating to items that will not be reclassified (Notes 4 and 20)	83	-	443	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences in conversion of financial statements of foreign operating agencies (Notes 4 and 9)	(858)	-	(4)	-
8300	Total other comprehensive income for the year (net)	(204)	-	46	-
8500	Total comprehensive income for the year	$ 1,320,406	92	$ 1,363,544	160
	Earnings per share (Note 21)				
9710	Basic	$ 12.13		$ 12.52	
9810	Diluted	$ 12.09		$ 12.49	

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

Chairman: Yang Qingxiang Manager: Yang Yongfa Accounting Supervisor: Chen Congtian

Cleanaway Company Limited

Parent Company Only Statements of Changes in Equity

January 1 to December 31, 2018 and 2017

Unit: Unless otherwise specified, the unit shall be NT$1,000

Code		Common stock capital	Capital surplus	Retained earnings: Statutory surplus reserve	Retained earnings: Special surplus reserve	Retained earnings: Undistributed earnings	Other equity: Translation differences from foreign operations in financial statements conversion differences	Total equity
A1	Balance as of January 1, 2017	$ 1,088,880	$ 1,701,775	$ 761,173	$ -	$ 1,749,067	($ 1,053)	$ 5,299,842
	2016 earnings appropriation							
B1	Appropriation of legal surplus reserve	-	-	144,105	-	(144,105)	-	-
B3	Appropriation for special earnings reserve	-	-	-	1,053	(1,053)	-	-
B5	Cash dividends	-	-	-	-	(1,252,212)	-	(1,252,212)
D1	Net profit in 2017	-	-	-	-	1,363,498	-	1,363,498
D3	2017 other comprehensive income (loss) after tax	-	-	-	-	50	(4)	46
Z1	Balance at December 31, 2017	1,088,880	1,701,775	905,278	1,053	1,715,245	(1,057)	5,411,174
	Appropriations of 2017 earnings							
B1	Appropriation of legal surplus reserve	-	-	136,350	-	(136,350)	-	-
B3	Appropriation for special earnings reserve	-	-	-	4	(4)	-	-
B5	Cash dividends	-	-	-	-	(1,197,768)	-	(1,197,768)
D1	2018 net profit	-	-	-	-	1,320,610	-	1,320,610
D3	2018 other comprehensive income after tax	-	-	-	-	654	(858)	(204)
Z1	Balance at December 31, 2018	$ 1,088,880	$ 1,701,775	$ 1,041,628	$ 1,057	$ 1,702,387	($ 1,915)	$ 5,533,812

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

Chairman: Yang Qingxiang　　Manager: Yang Yongfa　　Accounting Supervisor: Chen Congtian

Cleanaway Company Limited

Parent Company Only Statements of Cash Flows

January 1 to December 31, 2018 and 2017

Unit: NT$1,000

Code		2018	2017 (After adjustment and verification)
	Cash flow from operating activities		
A10000	Net profit before tax	$ 1,387,180	$ 1,390,350
A20010	Income and expense items		
A20100	Depreciation	23,370	21,499
A20900	Interest expenses	2,764	-
A21200	Interest income	(5,577)	(7,964)
A22400	Share of profits of subsidiaries accounted for using equity method	(1,116,031)	(1,258,425)
A22500	Gain on disposal of property, plant and equipment	(200)	(167)
A22600	Prepayments for equipment reclassified to expenses	-	56
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(180,000)	242,500
A31150	Notes and Account Receivables	(104,664)	(14,347)
A31160	Accounts receivable - related parties	(495)	-
A31190	Other receivables - related parties	(6,909)	3,752
A31200	Inventories	489	(939)
A31240	Other current assets	(24,599)	2,486
A31280	Contract performance costs	(27,528)	(4,663)
A32150	Notes and account payable	(2,925)	4,001
A32160	Accounts payable - related parties	(82,378)	(20,066)
A32180	Other payables	78,987	(29,154)
A32190	Other payables - related parties	959	-
A32200	Cost provisions for restoration	332	299
A32230	Other current liabilities	(590)	(10,847)
A32240	Net defined benefit liabilities	(385)	(350)
A33000	Cash inflow (outflow) from operating activities	(58,200)	318,021
A33100	Interest received	5,789	7,752
A33300	Interest paid	(2,149)	-
A33500	Income tax paid	(22,685)	(42,926)
AAAA	Net cash inflow (outflow) from operating activities	(77,245)	282,847

(Continued on next page)

(Continued from previous page)

Code		2018	2017 (After adjustment and verification)
	Cash flow from investing activities		
B00060	Loan principal repayment upon maturity for financial assets measured at amortized cost	$ 385,213	$ 144,685
B01800	Acquisition of investments accounted for using equity method	(664,640)	(15,070)
B02700	Acquisition of property, plant and equipment	(80,917)	(61,186)
B02800	Proceeds from disposal of property, plant and equipment	200	445
B03700	Increase in guarantee deposits paid	(51,753)	(14,939)
B03800	Decrease in guarantee deposits paid	34,255	4,253
B04300	Increase in other receivables - related parties	-	(250,000)
B04400	Decrease in other receivables - related parties	250,000	-
B07100	Increase in prepayments for land and equipment	(735,928)	(26,892)
B07600	Cash dividends from subsidiaries	1,142,550	1,087,244
BBBB	Net cash inflow from investment activities	278,980	868,540
	Cash flow from financing activities		
C00100	Increase in short-term loans	200,000	-
C00200	Decrease in short-term loans	(50,000)	-
C01600	Borrowing long-term loans	200,000	-
C03000	Increase in guarantee deposits received	-	108
C03100	Decrease in guarantee deposits received	(108)	(28)
C03700	Other accounts payable - increase in related parties	440,000	-
C04500	Distribution of cash dividends	(1,197,768)	(1,252,212)
CCCC	Net cash outflow from financing activities	(407,876)	(1,252,132)
EEEE	Decrease in cash and cash equivalents in the current year	(206,141)	(100,745)
E00100	Cash and cash equivalents at beginning of year	473,930	574,675
E00200	Cash and cash equivalents at end of year	$ 267,789	$ 473,930

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

Chairman: Yang Qingxiang Manager: Yang Yongfa Accounting Supervisor: Chen Congtian

Cleanaway Company Limited

Notes to Parent Company Only Financial Statements

January 1 to December 31, 2018 and 2017

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

I. Company History

Cleanaway Company Limited (the “Company”) was incorporated on May 4, 1999 under the Company Law of the Republic of China (“ROC”) and Statute for Investment by Foreign Nationals. The Company primarily operates as an intermediate treatment solidification plant within the waste disposal process.

The Company has obtained a Waste Disposal Permit ("permit") issued by the Kaohsiung County Government on February 12, 2000 with effective period ending July 1, 2001. The permit is granted at the sole discretion of the local ROC government authority with effective periods that may vary. The Company has extended the permit multiple times and the latest valid date has been extended to July 1, 2019.

The Company’s shares have been listed on the Taiwan Stock Exchange ("TWSE") since October 5, 2011.

The Company’s parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency.

II. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements were approved in the Board of Directors' meeting on March 15, 2019.

III. Applicability of Newly Issued and Revised Standards and Interpretations

(I) The first application of the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereinafter "IFRSs") endorsed by the Financial Supervisory Commission (hereinafter "FSC").

With the exception of the following, the applicability of the aforementioned revised Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and announced by the FSC should not result in major changes to the accounting policies of the Company:

IFRS 15 “Revenue from Customer Contracts” and related amendments

IFRS 15 stipulates the principle of recognition of revenue from customer contracts. The guideline replaced IAS 18 "Income" and IAS 11 "Construction Contract" and related interpretations. Please refer to Note 4 for related accounting policies.

The net result of revenue recognition, accounts received and receivable shall be recognized as contract assets (liabilities). Prior to the application of IFRS 15, contracts processed under IAS 18 are listed as decrease in receivables or advance receipts when income is recognized.

For performance costs not directly derived from the applicable scope of IAS 2, IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”, if they generate resources that will be used to fulfill contract performance obligations in the future and are deemed to be recoverable, the cost shall be recognized as the cost for the performance of the contract. Before the adoption of IFRS 15, labor inventory is listed as inventory in accordance with IAS 2 and prepaid labor fees for specific contracts are recognized in prepayments under other current assets.

The Company adopted IFRS 15 retrospectively and redrafted comparative information for 2017 based on the following consideration:

1. Income from contracts completed prior to December 31, 2017 shall be directly listed as the actual changed consideration on the contract completion date to determine the income in various periods. This measure shall reduce the complexity and cost of retroactive adoption. The recognized income from contracts completed during periods in 2017 shall not be affected by changes in estimated considerations.
2. Information on the transaction price allocated to contract performance obligations that have not been completed and the estimated recognition of income in the 2017 comparison period shall not be disclosed. This measure will reduce the cost of compiling and providing such information.

In addition, the Company chooses to disclose only the impact of the first application of IFRS 15 for 2017.

The retrospective application of IFRS 15 has no effect on the Company's 2017 parent company only comprehensive income statement and retained earnings as of December 31, and January 1, 2017. Only the expression of the parent company only balance sheet has the following impact:

Effects on assets, liabilities and equity	Carrying amount before adjustment	Adjustment for first-time adoption	Carrying amount after adjustment
December 31, 2017			
Current assets			
Contract assets	$ -	$ 42,862	$ 42,862
Notes and Account Receivables	239,933	(42,862)	197,071
Inventories	5,279	(3,093)	2,186
Other-current assets－ other	7,399	(3,082)	4,317
Contract performance costs	-	6,175	6,175
Current liabilities			
Other current liabilities			
Advance payments	$ 2,518	($ 2,518)	$ -
Contract liabilities	-	2,518	2,518
January 1, 2017			
Current assets			
Contract assets	-	285,362	285,362
Notes and Account Receivables	468,086	(285,362)	182,724
Inventories	2,759	(1,512)	1,247
Contract performance costs	-	1,512	1,512
Current liabilities			
Other current liabilities			
Advance payments	8,022	(8,022)	-
Contract liabilities	-	8,022	8,022

IFRS 9 "Financial instruments" and related amendments

IFRS 9 "Financial instruments" replaced IAS 39 "Financial instruments: Recognition and Measurement and resulted in the consequential amendment of IFRS 7 "Financial instruments: Disclosure" and other standards. New requirements in IFRS 9 specify the classification, measurement, and impairment of financial assets and general accounting for hedging. Please refer to Note 4 for related accounting policies.

Classification, measurement, and impairment of financial assets

The existence and status of the financial assets held by the Company as of January 1, 2017 shall be retroactively adjusted based on the classifications of financial assets that had existed in the evaluation on the same day and the financial statements of the comparison period shall be retroactively restated.

The Company's financial assets under IAS 39 were all loans and account receivables (cash and cash equivalents, bills and account receivables, other receivables - related parties, investment in debt instruments with no active markets, and guarantee deposits paid). When converting to IFRS 9, all contract cash flow originally recognized were payments of the principal and interest for principal in external circulation. In addition, the contract cash flow was collected based on the facts of such existence and conditions in the evaluation of the business model. Therefore, after the amortized cost is measured in accordance with IFRS 9 classifications and the expected credit losses are evaluated, no remeasurement is required.

The financial liabilities (accounts payable, accounts payable - related parties, other payables, other payables - related parties, and guarantee deposits received) are recognized as financial liabilities measured through amortized cost. In addition, there are no cases of measurement of financial liabilities based on fair value on the date of initial application.

The effects of the retrospective application of IFRS 9 on the Company's 2017 financial statements are as follows:

Effects on assets, liabilities and equity	Carrying amount before adjustment	Adjustment for first-time adoption	Carrying amount after adjustment
December 31, 2017			
Current assets			
Investment in debt instrument in non-active market - current	$ 434,620	($ 434,620)	$ -
Financial assets measured at amortized cost - current	-	434,620	434,620
Non-current assets			
Investment in debt instrument in non-active market - non-current	208,662	(208,662)	-
Financial assets measured at amortized cost - non-current	-	208,662	208,662
January 1, 2017			
Current assets			
Investment in debt instrument in non-active market - current	757,967	(757,967)	-
Financial assets measured at amortized cost - current	-	757,967	757,967
Current liabilities			
Investment in debt instrument in non-active market - non-current	30,000	(30,000)	-
Financial assets measured at amortized cost - non-current	-	30,000	30,000

(II) Regulations Governing the Preparation of Financial Reports by Securities Issuers applicable to the securities issuer and IFRSs approved by the FSC in 2018

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB (Note 1)
"Annual Improvements 2015-2017 cycle"	January 1, 2019
Amendments to IFRS 9, "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 in "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Note 1: Unless otherwise specified, the aforementioned New/Revised/Amended Standards and Interpretations shall be effective for the fiscal year after the specified dates.

Note 2: FSC permits companies to elect to an earlier application of such amendment beginning on or after January 1, 2018.

Note 3: Plan amendments, curtailment or settlement occurring after January 1, 2019 shall be applicable to this amendment.

IFRS 16 "Leases"

IFRS 16 stipulates accounting treatments for the identification of lease agreements and lessors and lessees. It will replace IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", and related interpretations.

Definitions of leases

For the first-time application of IFRS 16, the Company shall elect to determine whether contracts signed (or changed) after January 1, 2019 are (or include) leases in accordance with IFRS 16. The lease contracts identified in accordance with IAS 17 and IFRIC 4 shall not be reassessed and shall be processed in accordance with transitional regulations in IFRS 16.

Where the Company is the lessee

For the first-time application of IFRS 16, the Company shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for small-amount and short-term leases which shall be recognized on a straight-line basis. Other leases shall recognize usage right assets and lease liabilities on the Parent Company Only Balance Sheets. On the Parent Company Only Statements of Comprehensive Income, the depreciation expense on right-of-use asset and interest expense computed by using effective interest method on the lease liability shall be presented separately. On the Parent Company Only Statements of Cash Flows, principal of the lease liability shall be classified as financing activities and interest payments shall be classified as operating activities. Before the adoption of IFRS 16, costs of contracts classified as operating leases are recognized as expenses based on straight-line method. Cash flow from operating leases are expressed in operating activities in the consolidated statements of cash flows.

The Company expects to retroactively implement adjustments for the cumulative effect of changes applicable to IFRS 16 in the retained earnings as of June 1, 2019 and it shall not recompile comparative information.

Based on current agreements for operating leases based on IAS 17, the measurement of lease liabilities in the remaining lease as of January 1, 2019 shall be based on the payment of discounted rent in accordance with the additional loan interest rate of the lessee as of that date. All right-of-use assets shall be measured based on the lease liabilities amount on the same day (adjusted previously recognized prepaid or payable rent). The right-of-use assets recognized shall be applicable to IAS 36 Impairment of Assets.

The Company is expected to adopt the following measures in response:

1. Use a single discount rate to measure lease liabilities for a combination of leases with reasonably similar characteristics.
2. Process leases set to terminate before December 31, 2019 as short-term leases.
3. Exclude the original direct costs into the measurement of right-of-use assets as of January 1, 2019.
4. When measuring lease liabilities, decisions regarding the lease period shall be adopted retroactively.

Estimated effects on assets, liabilities and equity as of January 1, 2019

	December 31, 2018 Carrying amount	Adjustment for first-time adoption	January 1, 2019 Carrying amount after adjustment
Right-of-use assets	$ -	$ 343,507	$ 343,507
Impact of assets	$ -	$ 343,507	$ 343,507
Lease liabilities - current	$ -	$ 11,090	$ 11,090
Lease liabilities - non-current	-	332,417	332,417
Impact of liabilities	$ -	$ 343,507	$ 343,507
Retained earnings	$ -	$ -	$ -
Effect on equity	$ -	$ -	$ -

Except for the aforementioned impact, as of the date of authorization of the Individual Financial Statement, the Company's assessment of the effects of amendments to other standards and interpretations shall not cause material effects on the financial status and performance of the parent company.

(III) IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB (Note 1)
Amendment to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 "Insurance Contracts"	January 1, 2021
Amendment to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: Unless otherwise specified, the aforementioned New/Revised/Amended Standards and Interpretations shall be effective for the fiscal year after the specified dates.

Note 2: Corporate mergers with an acquisition date between the starting date of the annual report on January 1, 2020 and assets acquired after this date shall be applicable to this amendment.

Note 3: Accounts in the fiscal years starting after January 1, 2020 shall be applicable to this amendment.

As of the date of authorization of the parent company only financial statements, the Company has continued to assess the effects of amendments to other standards and interpretations on financial status and performance. Related effects will be disclosed on completion of the assessment.

IV. Summarized Remarks on Significant Accounting Policies

(I) Statement of Compliance

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

In addition to assessment of financial instruments based on their fair value and the present value of defined benefit assets minus net defined benefit liabilities recognized at fair value, the Parent Company Only Financial Report was prepared based on historical costs.

The fair value measurement is classified into 3 levels based on the observability and importance of related input:

1. Level 1 inputs: Quoted (unadjusted) prices of identical assets or liabilities obtainable in active markets on the measurement date
2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (i.e. the price) or indirectly (deduced from the price) for the assets or liabilities.
3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

The Company accounts for subsidiaries and affiliate enterprises by using the equity method in the preparation of the parent company only financial statements. To ensure consistency between net income, other comprehensive income and equity in the parent company only financial statements and the net income, other comprehensive income and equity attributable to shareholders of the parent in the Company's consolidated financial statements, certain accounting treatment differences under the parent company only basis and consolidated basis were adjusted through "Investments accounted for using equity method", "Share of profits of subsidiaries accounted for using equity method " and "Share of other comprehensive income of subsidiaries accounted for using equity method".

(III) 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 balance sheet date; and
3. Cash or a cash equivalent (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred till at least 12 months after the balance sheet date.

The Company shall classify all other assets or liabilities that are not specified above as non-current.

(IV) Foreign currencies

When preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are converted into functional currency at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

The assets and liabilities of foreign operations (including subsidiaries at countries or using currencies different from the Company) are translated into New Taiwan Dollars at the rate of exchange prevailing on the balance sheet date. The income and expense items are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

(V) Inventories

Inventories refer to raw materials. The value of inventory shall be determined based on the cost and net realizable value (NRV), whichever is lower. With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and NRV. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Cost of inventory is calculated using weighted-average method.

(VI) Investment in subsidiary companies

The Company has adopted the equity method to account for investments in subsidiaries.

Subsidiaries are entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiary. In addition, changes in other equity of the subsidiary attributable to the Company shall be recognized in accordance with the Company's shareholding percentage.

When a change in the Company's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be accounted for as equity transaction. The difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company shall continue to recognize losses based on the shareholding percentage.

The excess of acquisition cost over the Company's share of the net fair value of the identifiable assets acquired and liabilities assumed of the subsidiary on the acquisition date is recognized as goodwill. The goodwill is included in the carrying amount of the investment and cannot be amortized. The excess of the Company’s share of the net fair value of the identifiable assets acquired and liabilities assumed of the subsidiary on the acquisition date over the acquisition cost shall be recognized as profit or loss of the period.

When the Company assesses impairment, the test shall be performed on the basis of cash generating unit within the financial statements. The recoverable amount and the carrying amount of cash generating unit shall be compared. If the recoverable amount of the asset later increases, the reversal of the impairment loss shall be recognized as profits, but the carrying amount of the asset after reversal of impairment loss may not exceed the carrying amount of the asset before recognizing the impairment loss, net of amortization. Impairment loss attributable to goodwill shall not be reversed in subsequent periods.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the parent company only financial statements. Profit or loss generated in upstream transactions between the Company and subsidiaries or transactions between subsidiaries shall only be recognized in the parent company only financial statements when it is not related to the Company's interest in the subsidiaries.

(VII) Investment in affiliate enterprises

Affiliate enterprises (referred to as "associate" in IFRS 10) are companies in which the Company has major influence but they are not its subsidiaries.

The Company follows the equity method for investment in affiliate enterprises.

Under the equity method, the investment is initially treated at cost and adjusted thereafter for the post-acquisition change in the investor's interest in profit and loss, shares in other total income and profit distribution by the affiliates. In addition, the interest from affiliates attributable to the Company and changes in joint ventures are recognized based on the shareholding ratio.

The net fair value of the number of shares of identifiable assets acquired and liabilities assumed in the affiliate by the Company on the acquisition date will be considered as goodwill. The goodwill is included in the carryover amount of the investment and may not be amortized. The balance of shares that exceeds the acquisition cost will be shown as profit or loss in the current year.

When an affiliate enterprise issues new shares and the Company does not subscribe to such shares based on its shareholding ratio and thus causes changes in the Company’s shareholding percentage and decrease in the net value of shares from investment, the increase and decrease shall be used to adjust the capital reserve - changes in net value of shares in affiliates and joint ventures accounted for using equity method and investment accounted for using equity method. However, if the Company fails to subscribe to or acquire new shares based on its shareholding ratio or causes its ownership interest in the affiliate enterprise to decrease, the amounts related to the affiliate enterprise recognized in other comprehensive income (loss) shall be decreased proportionally and reclassified. The basis of its accounting treatment shall be the same as the as the basis to be followed by the Company for direct disposal of related assets or liabilities. If the capital reserve is used for the aforementioned adjustment and the balance of capital reserve derived from investment accounted for using equity method is not sufficient, the difference shall be temporarily registered under retained earnings.

When the Company's share of losses of an affiliate enterprise equals or exceeds its interest in that affiliate enterprise (including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the affiliate enterprise), the Company shall cease the recognition of further losses. The Company shall only recognize additional losses and liabilities within the scope of legal obligations, constructive obligations, or payments made on behalf of the affiliate enterprise.

To assess impairment, the Company must consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts for the impairment test. The recognized impairment shall not be allocated to any asset, including goodwill, that constitutes part of the carrying amount of the investment. Any reversal of the impairment loss has to be considered after subsequent increases in the recoverable amount of investment.

The Company shall suspend the use of the equity method on the day that its investment is no longer an affiliate enterprise and shall measure its retained equity in the original affiliate enterprise through fair value. The difference between the fair value, the amount gained from the disposal, and the carrying amount of the investment on the day the equity method ceases to apply shall be listed into the profit or loss of the current period. In addition, the basis accounting policies for amounts of the affiliate enterprise shown in other comprehensive profit or loss accounts shall follow the same basis applicable to the Company for direct disposal of related assets or liabilities of affiliate enterprises. For investment in affiliate enterprises that turns them into joint ventures or investment in joint ventures that turns them into affiliate enterprises, the Company shall continue to use the equity method and shall not reassess retained equity.

Profit or loss in up- and downstream transactions between the Company and the affiliates or transactions between affiliates needs to be shown in the Parent Company Only Financial Report when they do not affect the interests of the Company or the affiliate.

(VIII) Property, plant and equipment

PP&E are stated at cost and subsequently measured at cost less accumulated depreciation and impairment.

PP&E under construction are recognized at cost less accumulated impairment. The cost shall include professional service expenses and the cost of loans eligible for capitalization. Such assets shall be classified into appropriate PP&E categories upon completion and reaching the expected use status and the depreciation shall begin.

The depreciation of PP&E in its useful life is considered on straight-line basis and each major part/component will be shown independently. The Company shall conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods. The effects of changes in accounting estimates shall be applied prospectively.

When derecognizing PP&E, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(IX) Contract cost-related assets

If direct related expenditures of the waste disposal and clean-up and transport services provided by the Company and the customer's contract will enhance future resources used to fulfill contractual obligations, the amounts within the recoverable scope shall be recognized as the cost of the performance of the contract (mainly the solidification processing costs and clean-up and transport services) and transferred to operating costs when the contractual obligations are fulfilled.

(X) Impairment of tangible assets and contract cost-related assets

The Company shall assess whether there are any indications of the possible impairment of tangible assets on each balance sheet date. If there is any sign of impairment, an estimate shall be provided for the recoverable amount of the asset. If it is not possible to determine the recoverable amount for an individual asset, the Company shall determine the recoverable amount of the asset's cash generating unit. Corporate assets are allocated to each cash generating unit on a reasonable and consistent basis.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash generating unit is lower than its carrying amount, the carrying amount of the asset or the cash generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

For customer contracts applicable to IFRS 15, the impairment of the inventory, property, plant and equipment, and intangible assets recognized in the customer's contract are recognized based on the inventory impairment regulations and the aforementioned regulations. Then, the carrying amount of the contract cost-related assets that exceed the expected remaining consideration receivable for provision of related products or labor services shall be deducted by direct related costs and listed as impairment loss. The carrying amount of the contract cost-related assets is subsequently added to the cash-generating unit for the impairment assessment of cash-generating units.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the cash generating unit, or contract cost-related asset shall be increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) of the asset, cash generating unit, or contract cost-related asset that was not impaired in the previous years. The reversal of impairment loss shall be recognized in profit or loss.

(XI) Financial Instruments

Financial assets and financial liabilities shall be recognized in the parent company only balance sheet when the Company becomes a party of the financial instrument contract.

Financial assets and financial liabilities not at fair value through profit or loss are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

The categories of financial assets held by the Company consist entirely of financial assets measured at amortized cost.

The Company's investment financial assets shall be classified as financial assets measured at amortized cost if both conditions below are met;

a. The financial asset is held under a certain business model with the purpose of holding financial assets to collect contract cash flow; and

b. The cash flow generated on specific dates specified in contractual terms is completely used to pay for the principal and interest for principal in external circulation.

After financial assets measured at amortized cost (including cash and cash equivalents, bills and accounts receivable measured at amortized cost, accounts receivable - related parties, other accounts receivable - related parties, bank term deposits with an original maturity date of more than 3 months in the future, and paid guaranteed deposits) are first recognized, they shall be measured through the effective Interest rate approach to determine the total carrying amount minus the amortized cost of any impairment loss. All foreign currency exchange gains and losses shall be recognized in profit or loss.

Except for the two following conditions, income from interest shall be calculated based on the effective interest rate multiplied by the total carrying amount of financial assets:

a. The interest income of a credit-impaired financial asset purchased or provided for the founding is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
b. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Cash equivalents include time deposits and bonds with repurchase agreement with maximum maturity of 3 months, which are high liquid, can be converted into a fixed amount of cash at any time and have relatively low risk in price changes. They are used for satisfying short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Company shall evaluate the financial assets ((including notes and accounts receivable) measured at amortized cost after the expected credit impairment loss on each balance sheet date.

Allowances shall be appropriated for notes and accounts receivable and contract assets for expected credit impairment for the duration of their existence. Other financial assets are first assessed based on whether the credit risk has increased significantly since the original recognition. If there is no significant increase in risks, an allowance for expected credit loss shall be recognized based on a 12-month period. If the risks have increased significantly, an allowance for losses shall be recognized in the duration of the existence of such assets.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses from possible defaults of the financial instrument within 12 months after the reporting date. The lifetime expected credit losses represent the expected credit losses from all possible defaults of the financial instrument during the expected period of existence.

The impairment loss of all financial assets is reduced based on the allowance account. However, the allowance for the investment in the debt instruments measured at fair value through other comprehensive gains and losses is recognized in other comprehensive gains and losses and shall not reduce its carrying amount.

(3) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the Company transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

On derecognition of an entire financial asset measured at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss. On derecognition of an entire debt instrument investment measured at fair value, the difference between the carrying amount and the consideration received, including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss. On derecognition of all equity instruments in other comprehensive income measured at fair value through profit and loss, the cumulative profit or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Equity instruments issued by the Company shall be recognized based on the price amount obtained deducted by the direct flotation costs.

3. Financial liabilities

(1) Subsequent assessment

Financial liabilities are measured at amortized cost by the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between its carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

(XII) Cost provisions for restoration

The environmental impact of waste processed through intermediate treatment solidification plants would decline as time passes based on the physical characteristics of waste. The unit cost of environmental impact of processed waste per ton is estimated based on experience. The cost provisions for restoration is recognized as the product of processed tons and the aforementioned unit cost.

(XIII) Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

1. Revenue from waste disposal

Revenue for solidification is recognized when Toxicity Characteristic Leaching Procedures (“TCLP”) are completed, compression laboratory acceptance reports on intermediate treatment of hazardous wastes are issued, and the stabilized hazardous wastes can be transported to landfill sites.

2. Revenue from contaminated and illegal dump sites cleanup

Contaminated and illegal dump sites in cleanup contracts are sites controlled by customers. The Company benefits as the customer's contaminated plants or sites are improved in the cleanup process and revenue is thus recognized based on the completion percentage of the contracts. As the cost of investment for the cleanup project is directly related to the completion levels of the contract performance obligations, the Company uses the percentage of actual contract cost incurred over total contract cost to assess the completion progress of the contracts. The Company gradually recognizes contract assets in the duration of the cleanup project and transfers them to accounts receivable when invoices are issued. If the payments collected for cleanup projects exceed the recognized revenue amount, the difference shall be recognized as contract liabilities. The purpose of the construction retention bond withheld by the customer in accordance with contractual terms is to ensure that the Company completes all contractual obligations and it shall be listed as a contract asset before the Company completes the performance of the contract.

(XIV) Leases

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. The Company is the lessee to lease models which are classified as operating leases. For operating leases, the lease payments shall be recognized as an expense on a straight-line basis over the lease term. Under operating leases, contingent rentals are recognized as expenses in the period they arise.

(XV) Employee benefits

1. Short-term employee benefits

Related liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Benefits after retirement

Pension funds that are verified as contribution for retirement plans are recognized as expenses according to the amount of funds contributed to pension in the employee's service period.

The defined cost of benefits under the defined benefit retirement plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The service cost (including the service cost of the current period) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement amount (including actuarial gains and losses and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It shall not be reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. The net defined benefit assets may not exceed the present value of refund from the plan or reductions in future contributions.

(XVI) Income tax

Income tax expenses are the sum of current income tax and deferred income tax.

1. Current income tax

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to income tax payable from previous years are recognized in the income tax of current year.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized when there are likely to be taxable income for the deductible temporary differences.

Deferred income tax liabilities are recognized for temporary differences in taxable investments in subsidiaries except in cases where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. The recognition of deferred income tax assets for deductible temporary differences derived from such investments are recognized only if it is probable that they generate sufficient taxable income to realize temporary differences and may be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. Assets that have not been recognized as deferred income tax assets are re-examined at each balance sheet date and the carrying amount is increased for assets that are likely to generate sufficient taxable income to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred income tax liabilities and assets reflects the tax consequences generated by the expected manner of recovery or repayment of the carrying amount of the assets and liabilities on the balance sheet date.

3. Current and deferred income tax of the period

Current and deferred income 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.

V. Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

When the Company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from original estimates.

The management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the current period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the current year and future periods.

Estimates of cost provisions for restoration

The Company recognizes cost provisions for restoration based on the number of tons of waste processed every month. The associated measurement and recognition are described in Note 4(12) and the Company regularly reviews the reasonableness of those estimates. However, the maintenance time and characteristics of intermediate treatment solidification plants may require additional provisions in the future due to changes in the environmental laws and regulations and plant environment. Please refer to Note 15 for the carrying amount of cost provisions for restoration.

VI. Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand	$ 73	$ 73
Checking accounts and demand deposits	153,064	49,357
Cash equivalents		
Bank time deposit with original maturity date within 3 months	14,652	377,500
Bonds with repurchase agreement	100,000	47,000
	$ 267,789	$ 473,930

The annual interest rate ranges of bank time deposit with original maturity date within 3 months and bonds with repurchase agreement on the balance sheet date were as follows:

	December 31, 2018	December 31, 2017
Bank time deposit with original maturity date within 3 months	0.60% - 0.64%	0.42% - 0.66%
Bonds with repurchase agreement	0.37%	0.35%

VII. Management of Credit Risks of Investments in Debt Instruments

All debt instruments invested by the Company are financial assets measured at amortized cost.

	December 31, 2018	December 31, 2017
Bank time deposit with original maturity date over 3 months	$ 258,069	$ 643,282
Current	$ 104,768	$ 434,620
Non-current	153,301	208,662
	$ 258,069	$ 643,282

The allowance for losses for financial assets measured at amortized cost as of December 31, 2018 and 2017 was both NT$0. The amortized cost and the carrying amount are consistent.

The debt instrument investment policy adopted by the Company serves only to sign debt instruments with low credit risks with reputable financial institutions in the form of time deposit certificates. The Company pays regular attention to the credit ratings of partner financial institutions and related financial news to evaluate whether there is a significant increase in credit risks of investments in debt instruments after their original recognition.

The financial institutions that conduct business transactions with the Company have normal credit ratings and exhibit no signs of irregularities or defaults. As the financial institutions that conduct business transactions with the Group have low credit risks and have sufficient capacity to repay contractual cash flows, the expected credit loss basis was based on an expected credit impairment evaluation and the expected credit loss rate were 0%. The credit risks as of December 31, 2018 and 2017 have remained unchanged.

(I) The annual interest rate ranges of bank time deposits with original maturity dates over 3 months on the balance sheet date were as follows:

	December 31, 2018	December 31, 2017
Bank time deposit with original maturity date over 3 months	0.3% - 1.09%	0.3% - 1.09%

(II) Refer to Note 26 for information on pledged debt investments.

VIII. Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 11,063	$ 9,114
Accounts receivable	291,723	189,981
	302,786	199,095
Less: Allowance for losses	(1,051)	(2,024)
	$ 301,735	$ 197,071

(I) The average credit period of the Company for services rendered is 90 to 120 days. To lower the credit risk, management of the Company appoints a specific team to handle decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each receivables on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As such, the Company's management concludes that the credit risk of the Company is significantly reduced.

The Company adopted simplified methods in IFRS 9 to recognize the allowance for losses for notes and accounts receivable based on the expected credit losses in the period of existence. Lifetime expected credit losses are calculated based on the bad debt provision matrix which accounts for the customer's past default records, current financial status, economic conditions in the industry, and outlook of the industry. Customers of the Company can be classified into government institutions and general companies and their credit risks are explained as follows:

1. In principle, government institutions do not have credit quality issues. If difficulties in collection arise, assessment would be performed separately.
2. With regard to the credit quality of notes and accounts receivables of general business ventures, except for contracts with overall amounts less than NT$1,000 thousand that are exempted from credit investigations and reviews, before engaging a new customer, the Company would conduct finance and credit investigations (past transaction data, records of bounced check and breach of trust, etc.) The credit lines and ratings of customers shall be reviewed regularly. Based on the Company's experience of credit impairment, the types of losses suffered by general companies in different industries are not significantly different and the provision matrix therefore does not distinguish between customer groups but only establishes expected credit loss rates based on the number of overdue days of notes and accounts receivable.

If there is evidence showing that a transaction counterparty faces severe financial difficulties and the Company cannot reasonably expect to recover the amount such as cases where the transaction counterparty is being liquidated or where the debts are overdue for more than 365 days, the Company shall recognize 100% of the allowance for losses and continue to pursue repayment.

The Company's allowances for losses for notes and accounts receivable based on the provision matrix are as follows:

December 31, 2018

	Government authorities	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Overdue for more than 365 days	Total
Overdue credit loss rate	0%	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 198,234	$ 103,175	$ 1,377	$ -	$ -	$ -	$ 302,786
Allowance for losses (lifetime expected credit losses)	-	(1,037)	(14)	-	-	-	(1,051)
Amortized cost	$ 198,234	$ 102,138	$ 1,363	$ -	$ -	$ -	$ 301,735

December 31, 2017

	Government authorities	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Overdue for more than 365 days	Total
Overdue credit loss rate	0%	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 2,040	$ 196,087	$ 968	$ -	$ -	$ -	$ 199,095
Allowance for losses (lifetime expected credit losses)	-	(2,005)	(19)	-	-	-	(2,024)
Amortized cost	$ 2,040	$ 194,082	$ 949	$ -	$ -	$ -	$ 197,071

Information regarding changes in the allowance for losses of notes and accounts receivable is as follows:

	January 1 to December 31, 2018	January 1 to December 31, 2017
Opening balance	$ 2,024	$ 4,447
Less: Reversed impairment loss in this period	(973)	(2,423)
Ending balance	$ 1,051	$ 2,024

As of December 31, 2018 and 2017, the impairment loss recognized was the difference between the carrying amount of accounts receivable and the present value of expected recoverable amount upon liquidation. The Company did not hold any collaterals for the aforementioned accounts receivable.

(II) Receivables from material customers

Individual customers with amounts of notes and accounts receivable exceeding 5% of the Company's overall notes and accounts receivable balance as of December 31, 2018 and 2017 are summarized below:

	December 31, 2018	December 31, 2017
Customer A	$ 40,146	$ -
Customer B	101,762	120,141
Customer C	52,470	-
	$ 194,378	$ 120,141

Receivables that contribute to more than 10% of notes and accounts receivable of the Company were mostly generated from large projects. Except for material customers disclosed above, no other customer contributes more than 10% of the notes and accounts receivable balance. Please refer to Note 24 for relevant risk assessments.

IX. Equity-accounted investments

	December 31, 2018	December 31, 2017
Investee	$ 3,649,391	$ 3,653,354
Investment in affiliate enterprises	644,198	-
	$ 4,293,589	$ 3,656,354

(I) Investment in subsidiary companies

	December 31, 2018	December 31, 2017
Unlisted companies		
Da Tsang Industrial Company Limited	$ 2,162,228	$ 2,243,036
Chi Wei Company Limited	1,115,107	1,051,010
Cleanaway Enterprise Company Limited	232,615	232,099
Kang Lien Enterprise Company Limited	77,387	68,983
Cleanaway Investment Company Limited	46,177	46,695
CCL Investment Holding Company Limited	15,877	14,531
	$ 3,649,391	$ 3,656,354

1. The Company's ownership and voting right, either directly or indirectly, over each subsidiary were 100% on each balance sheet date.
2. The Company increased its investment in CCL Investment Holding Company Limited in the 2018 and 2017, totaling RMB 3,142 thousand and RMB 3,448 thousand, respectively (equivalent to NT$14,640 and NT$15,070 thousand, respectively).

3. (1) Shares of profits (losses) of subsidiaries accounted for using equity method for 2018 and 2017 were as follows:

	2018	2017
Da Tsang Industrial Company Limited	$ 818,602	$ 1,001,699
Chi Wei Company Limited	302,226	264,588
Cleanaway Enterprise Company Limited	516	364
Kang Lien Enterprise Company Limited	11,324	2,781
Cleanaway Investment Company Limited	(2,990)	(3,483)
CCL Investment Holding Company Limited	(7,845)	(7,524)
	$ 1,121,833	$ 1,258,425

(2) Shares of other comprehensive income (losses) of subsidiaries accounted for using equity method for 2018 and 2017 were as follows:

	2018	2017
Kang Lien Enterprise Company Limited	($ 28)	$ 489

The shares of profits (losses) and other comprehensive income (losses) of subsidiaries accounted for using equity method for 2018 and 2017 were recognized based on the subsidiaries' audited financial statements for the same periods.

4. Cash dividends received from subsidiaries for 2018 and 2017 were as follows:

	2018	2017
Da Tsang Industrial Company Limited	$ 901,529	$ 858,465
Chi Wei Company Limited	238,129	222,327
Kang Lien Enterprise Company Limited	2,892	6,452
	$ 1,142,550	$ 1,087,244

5. As of December 31, 2018 and 2017, the accumulated exchange differences on translation of foreign operations recognized by subsidiaries were as follows:

	December 31, 2018	December 31, 2017
Cleanaway Investment Company Limited	($ 105)	$ 90
Da Tsang Industrial Company Limited	(1,036)	(869)
CCL Investment Holding Company Limited	(774)	(278)
	($ 1,915)	($ 1,057)

(II) Investment in affiliate enterprises

	December 31, 2018	December 31, 2017
Investment in affiliate enterprises		
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	$ 644,198	$ -

Company name	Main businesses	Main place of business	Shareholding and voting rights ratio December 31, 2018	Shareholding and voting rights ratio December 31, 2017
Cleanaway SUEZ	Waste disposal	Kaohsiung	29%	-

The Company, Taiwan Sheng Ta International Waste Processing Co., Ltd., and RSEA Engineering Corporation jointly established Cleanaway SUEZ on July 31, 2018. Cleanaway SUEZ obtained business operations in the Dafa Plant of RSEA Engineering Corporation on the baseline date of November 1, 2018. The Company obtained 29% of the total outstanding shares of Cleanaway SUEZ totaling 21,750 thousand shares with a total investment amount of NT$650,000 thousand. The Company shall use this reinvestment to increase the categories of intermediate processing of hazardous industrial waste to provide customers with comprehensive solutions for waste disposal.

1. The financial information of Cleanaway SUEZ is summarized as follows:

	December 31, 2018
Current assets	$ 127,959
Non-current assets	634,132
Current liabilities	(15,012)
Non-current liabilities	(17,087)
Equity	$ 729,992
Company shareholding ratio	29%
Equity attributable to the Company	$ 211,698
Investment premiums	432,500
Investment carrying amount	$ 644,198

	July 31 to December 31, 2018
Operating revenue	$ 14,359
Net loss of this period	($ 20,008)
Other comprehensive income (loss)	-
Total comprehensive income	($ 20,008)

2. The Company's share of losses in affiliate enterprises accounted for using the equity method in 2018 amounted to NT$5,802 thousand. The amount is recognized based on the affiliate enterprises' audited financial statements for the same periods.

X. Property, plants and equipment

	Land	Buildings and structures	Machinery and equipment	Laboratory equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Costs									
Balance as of January 1, 2018	$ 139,770	$ 335,584	$ 42,602	$ 5,284	$ 30,818	$ 27,996	$ 30,870	$ 25,820	$ 638,744
Additions	-	12,885	3,042	4,993	-	2,109	638	72,277	95,944
Decrease	-	-	(2,380)	(351)	(1,120)	(374)	-	-	(4,225)
Reclassification	722,806	85,645	3,525	10,983	2,090	10,581	7,079	(91,849)	750,860
Balance at December 31, 2018	$ 862,576	$ 434,114	$ 46,789	$ 20,909	$ 31,788	$ 40,312	$ 38,587	$ 6,248	$1,481,323
Accumulated depreciation									
Balance as of January 1, 2018	$ -	$ 86,861	$ 35,682	$ 3,438	$ 28,974	$ 3,873	$ 7,602	$ -	$ 166,430
Depreciation	-	12,016	2,664	2,353	1,804	2,679	1,854	-	23,370
Decrease	-	-	(2,380)	(351)	(1,120)	(374)	-	-	(4,225)
Balance at December 31, 2018	$ -	$ 98,877	$ 35,966	$ 5,440	$ 29,658	$ 6,178	$ 9,456	$ -	$ 185,575
Net amount as of December 31, 2018	$ 862,576	$ 335,237	$ 10,823	$ 15,469	$ 2,130	$ 34,134	$ 29,131	$ 6,248	$1,295,748
Costs									
Balance as of January 1, 2017	$ 139,770	$ 115,790	$ 38,114	$ 3,470	$ 32,778	$ 5,570	$ 34,438	$ 198,425	$ 568,355
Additions	-	8,931	5,000	1,814	-	2,560	424	43,087	61,816
Decrease	-	-	(817)	-	(1,960)	(3,183)	(3,670)	-	(9,630)
Reclassification	-	210,863	305	-	-	23,049	3,978	(215,692)	22,503
Transferred to other non-current assets	-	-	-	-	-	-	(4,300)	-	(4,300)
Balance at December 31, 2017	$ 139,770	$ 335,584	$ 42,602	$ 5,284	$ 30,818	$ 27,996	$ 30,870	$ 25,820	$ 638,744
Accumulated depreciation									
Balance as of January 1, 2017	$ -	$ 76,105	$ 34,082	$ 3,043	$ 26,686	$ 5,016	$ 9,351	$ -	$ 154,283
Depreciation	-	10,756	2,400	395	4,248	1,851	1,849		21,499
Decrease	-	-	(800)	-	(1,960)	(2,994)	(3,598)		(9,352)
Balance at December 31, 2017	$ -	$ 86,861	$ 35,682	$ 3,438	$ 28,974	$ 3,873	$ 7,602	$	$ 166,430
Net amount as of December 31, 2017	$ 139,770	$ 248,723	$ 6,920	$ 1,846	$ 1,844	$ 24,123	$ 23,268	$ 25,820	$ 472,314

(I) The increase of NT$750,860 and NT$22,503 in reclassified accounts in 2017 consisted of converted prepayments on purchase of land and equipment.

(II) The Company acquired land situated in the Guantan Section, Guanyin District, Taoyuan City from non-related parties in 2018 to expand planned sites for environmental protection business operations. The total price of the acquisition amounted to NT$721,926 thousand and it is listed under land.

(III) As there was no indication of impairment in 2018 and 2017, the Company did not conduct impairment assessment.

(IV) PP&E are depreciated based on the straight-line method in accordance with the following useful life:

Buildings and structures	
Main building of intermediate treatment solidification plant	20 years
Ancillary facilities of plants	10 to 15 years
Operation headquarters main building and ancillary facilities	50 years
Other facilities	3 to 5 years
Machinery and equipment	
Solidification production equipment	10 years
Thermal desorption equipment	3 to 5 years
Instrumentations	3 to 5 years
Laboratory equipment	3 to 5 years
Transportation equipment	
Acquisition of brand new transportation vehicles	5
Acquisition of used transportation vehicles	3
Office equipment	
Office furniture	5 to 10 years
Information communication equipment	3 to 6 years
Information communication equipment - extra-low-voltage systems engineering	50 years
Other equipment	
Monitoring facilities	11
Generators	15 years
Lease improvement and others	3

(V) Refer to Note 26 for the Company's PP&E amounts pledged as collateral.

XI. Other assets

	December 31, 2018	December 31, 2017
Guarantee deposits paid	$ 33,112	$ 15,614
Tax overpaid retained	18,188	-
Advance equipment expenses	500	15,432
Restricted bank deposits (Note 26)	3	3
Others	15,025	8,614
	$ 66,828	$ 39,663
Current	$ 28,916	$ 4,317
Non-current	37,912	35,346
	$ 66,828	$ 39,663

Guarantee deposits paid are mainly bid bonds, performance bonds and rental deposits paid in cash.

Changes in prepaid equipment are as follows:

	2018	2017
Balance, beginning of year	$ 15,432	$ 11,099
New addition in the year	735,928	26,892
Transferred to real estate, plant and equipment this year	(750,860)	(22,503)
Reclassified to operating expenses	-	(56)
Balance, end of year	$ 500	$ 15,432

XII. Loans

(I) Short-term loans

	December 31, 2018	December 31, 2017
Unsecured loans		
Credit limit loans	$ 150,000	$ -

The bank's interest rate for revolving loan facility as of December 31, 2018 was a fixed interest rate of 1.05%.

(II) Long-term loans

	December 31, 2018	December 31, 2017
Secured loans		
Bank loans	$ 200,000	$ -

The Company and CTBC Bank signed a loan contract with land owned by the Company as collateral (refer to Note 26 for more information). The loan maturity date is September 14, 2023 and the loan amount totaled NT$200,000 thousand. The annual interest rate is the Taipei Interbank Offered Rate plus 0.59%.

According to the contract, repayment of the principal is provided with a grace period of 2 years starting from the drawdown. The Company shall repay NT$7,500 thousand in each quarter starting from the month of the expiry of the grace period (September 30, 2020) and the balance shall be repaid in one payment upon maturity. The drawdown amount shall be used to purchase land registered in Guantan Section, Guanyin District, Taoyuan City.

XIII. Accounts payable

	December 31, 2018	December 31, 2017
Accounts payable	$ 9,960	$ 12,885

Accounts payable of the Company are mainly payments for purchases to vendors. The average payment period is 60 to 90 days. The Company has financial risk management policy in place to ensure all payables are paid within the agreed credit periods.

XIV. Other liabilities

	December 31, 2018	December 31, 2017
Accrued employee compensation/bonus	$ 101,868	$ 100,397
Accrued excavation cost	88,104	31,547
Accrued remuneration to directors and supervisors	35,000	35,000
Payables on equipment	18,241	3,214
Accrued maintenance cost	14,035	6,712
Accrued salaries	10,979	5,346
Accrued waste clean-up and transport expense	8,307	3,819
Payable entertainment expenses	5,906	2,981
Payable leave benefits	2,902	3,222
Payable professional service fees	2,667	1,829
Business tax payable	2,506	2,163
Other accrued expenses	7,936	7,966
	$ 298,451	$ 204,196

Accrued excavation cost consists of cleanup fees for contaminated and illegal dump sites.

	December 31, 2018	December 31, 2017
Other current liabilities		
Contract liabilities (Note 18)	$ 1,921	$ 2,518
Withheld taxes, etc.	467	489
Receipts under custody, etc.	31	2
	$ 2,419	$ 3,009

XV. Cost provisions for restoration

	2018	2017
Balance, beginning of year	$ 6,442	$ 6,143
Add: Cost provisions for restoration recognized during the year	332	299
Balance, end of year	$ 6,774	$ 6,442

The cost provisions for restoration recognized under operating costs based on the number of tons of solidification processed for 2018 and 2017 was NT$332 thousand and $299 thousand, respectively. The accounts are listed under operating costs.

XVI. Benefit plan after retirement

(I) Defined contribution plans

The pension system of the "Labor Pension Act" applicable to the Company is a defined contribution plan under government administration. The Company contributes 6% of employees' monthly salaries to their personal accounts at the Bureau of Labor Insurance.

(II) Defined benefit plans

The Company's pension system under the “Labor Standards Law” is a defined benefit pension plan managed by the government. Pension is based on the employee's years of service rendered and the average wages over the six months prior to retirement. The Company contributes 2% of the total monthly wages of employees to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. Before the end of each year, if the balance in the account is inadequate to pay pensions of laborers who are expected to reach retirement conditions in the following year, the Company shall make up the difference in one appropriation before the end of March in the following year. The Bureau of Labor Funds, Ministry of Labor is assigned to administer the account. The Company retains no rights that may influence its investment and administration strategies.

The funds for defined benefit plans included in the parent company only balance sheet were as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 26,665	$ 28,172
Fair value of plan assets	(9,175)	(9,698)
Net defined benefit liabilities	$ 17,490	$ 18,474

Changes in net defined benefit liabilities were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2017	$ 26,920	($ 8,978)	$ 17,942
Cost of service in the current period	28	-	28
Interest expenses (income)	377	(126)	251
Recognized in profit or loss	405	(126)	279
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	35	35
Actuarial losses - Changes in financial assumptions	730	-	730
Actuarial losses - Adjustments based on history	117	-	117
Recognized in other comprehensive income	847	35	882
Employer contribution	-	(629)	(629)
December 31, 2017	28,172	(9,698)	18,474
Cost of service in the current period	30	-	30
Interest expenses (income)	310	(107)	203
Recognized in profit or loss	340	(107)	233
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(273)	(273)
Actuarial losses - Changes in financial assumptions	453	-	453
Actuarial losses - Adjustments based on history	(779)	-	(779)
Recognized in other comprehensive income	(326)	(273)	(599)
Benefits payment	(1,521)	1,521	-
Employer contribution	-	(618)	(618)
December 31, 2018	$ 26,665	($ 9,175)	$ 17,490

The amount of defined benefit plan recognized in profit or loss was summarized by functions as follows:

	2018	2017
Operating costs	$ 117	$ 140
Management expenses	116	139
	$ 233	$ 279

The Company is exposed to the following risks due to the pension system of the "Labor Standards Act":

1. Investment risks: The Bureau of Labor Funds of the Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the

Company shall not be lower than interest on a two-year time deposit at a local bank.

2. Interest rate risk: A decrease in interest rates of government bonds will increase the present value of defined benefit obligations but it will also increase the return on investment of debts for the assets of the plan. The two items partially cancel each other out with regard to their influence to net defined benefit liabilities.
3. Salary risk: The present value of defined benefit obligations is calculated based on the future salaries of members of the plan. Therefore, an increase in salaries of the members of the plan will cause the present value of defined benefit obligations to increase.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. Major assumptions on the measurement date were as follows:

	December 31, 2018	December 31, 2017
Discount rate	0.90%	1.10%
Expected growth rate of salaries	3.00%	3.00%

If reasonably possible changes occur in major actuarial assumptions while all other assumptions remain unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	December 31, 2018	December 31, 2017
Discount rate		
Increase of 0.25%	($ 565)	($ 610)
Decrease by 0.25%	$ 583	$ 631
Expected growth rate of salaries		
Increase of 0.25%	$ 504	$ 550
Decrease by 0.25%	($ 491)	($ 536)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	December 31, 2018	December 31, 2017
Expected appropriation amount within 1 year	$ 602	$ 613
Average maturity period of defined benefit obligations	10	11

XVII. Equity

(I) Capital

Common stocks

	December 31, 2018	December 31, 2017
Authorized shares (in thousands)	150,000	150,000
Authorized capital	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousand shares)	108,888	108,888
Issued capital	$ 1,088,880	$ 1,088,880

Common stocks are issued with par value of NT$10 per share and each common stock represents a right to vote and receive dividends.

The authorized capital included 10,000 thousand shares allocated for the exercise of employee stock options.

(II) Capital surplus

Capital surplus of the Company came from additional paid-in capital. The capital surplus may be used to cover losses and may also be used for the distribution of cash dividends or capital replenishment when the company has no losses. However, the capital replenishment is restricted to a certain ratio of paid-in capital each year.

Retained earnings and dividend policy

The amended earning appropriation policy in the Articles of Incorporation provides that the Company shall use the earnings for year, if any, to pay for all taxes first and offset accumulated losses. Next, it shall allocate 10% of the remaining balance as legal surplus reserve. However, no additional legal surplus reserve shall be appropriated once it reaches the Company's paid-in capital. Special reserve shall then be appropriated or reversed from the balance pursuant to relevant laws and regulations. The Board of Directors shall draft the proposal for appropriation of earnings based on the remaining balance, if any, combined with accumulated unappropriated earnings and submit it to the shareholders' meeting for resolution on bonus to shareholders. Please refer to Note 19(3) Employee remuneration and remuneration for Directors and Supervisors for the distribution policy for remuneration for employees, Directors, and Supervisors in the Articles of Incorporation of the Company.

The Company may distribute bonus to shareholders in the form of cash or stocks, however, the cash bonus to shareholders cannot be lower than 10% of total share bonus. The Company is in a growing industry. The type and ratio of earnings appropriation shall be submitted to the shareholders by the Board of Directors after considering the current operating conditions, the shareholders' interests and the balance of dividends and capital demanding.

The legal surplus is supplemented until the balance equals the Company's total paid-in capital. The legal surplus may be used to make up for losses. When the Company has no loss, the portion of the legal surplus reserve that exceeds 25% of the total paid-in capital may be appropriated in cash in addition to being transferred to capital stock.

The Company appropriates and reverses special reserve in accordance with the regulations in Jin-Guan-Zheng-Fa's Letter No. 1010012865 from the FSC and "Q&A on the Applicability of the Appropriation of Special Reserve after the Adoption of the International Financial Reporting Standards (IFRSs)".

The Company held general shareholders meetings on June 22, 2018 and June 16, 2017, during which the 2017 and 2016 appropriation of earnings were passed, respectively, as follows:

	Appropriation of Earnings		Dividends per Share (NTD)	
	2017	2016	2017	2016
Statutory surplus reserve	$ 136,350	$ 144,105	$ -	$ -
Special surplus reserve (Note)	4	1,053	-	-
Cash dividends	1,197,768	1,252,212	11.00	11.50

Note: In accordance with the Jin-Guan-Zheng-Fa No. 1010012865 Order, the Company appropriates amounts equivalent to the special surplus reserve from the net reduction amount in other equities in the final accounts of year (exchange differences on translation of foreign operations). After the balance of other equity reduction items are reversed, the reversed parts may be distributed as earnings.

XVIII. Revenue

	2018	2017
Revenue from contracts with customers		
Revenue from waste disposal	$ 1,073,127	$ 731,954
Revenue from contaminated and illegal dump sites cleanup	359,876	118,965
Other income	2,476	2,518
	$ 1,435,479	$ 853,437

Please refer to explanation in Note 4(13) for the explanation of revenue from main labor services and timing for satisfying material contract performance obligations. Except for contracts for contaminated and illegal dump sites cleanup for which payment can only be requested once the customer completes stages of acceptance inspections, payment requests for other waste processing and removal are processed based on agreed payment cycles upon the completion of clean-up and transport services.

Service for each contract performance obligation shall be provided based on the business items specified on the license and the income for each category shall be recognized based on individual sales prices.

(I) Contract balance

	December 31, 2018	December 31, 2017
Notes and accounts receivable (Note 8)	$ 302,786	$ 199,095
Contract assets - current		
Contaminated and illegal dump site cleanup	$ 181,612	$ 42,862
Waste disposal	15,437	-
	$ 197,049	$ 42,862
Contract assets - non-current		
Contaminated and illegal dump site cleanup	$ 15,448	$ -
Waste disposal	10,365	-
	$ 25,813	$ -
Contract liabilities - current		
Waste disposal	$ 1,921	$ 2,518

Changes in contract assets mainly derived from the difference in the timing of the completion of contract performance obligations and of contaminated and illegal dump site cleanup projects and the customers' payments.

(II) Contract cost-related assets

	December 31, 2018	December 31, 2017
Contract performance costs		
Prepaid excavation cost	$ 29,241	$ 3,082
Solidification processing cost	3,012	2,212
Waste clean-up and transport cost	1,450	881
	$ 33,703	$ 6,175

Operating costs mainly comprise costs associated with solidification, such as the depreciation of landfill sites, facilities and equipment, cost of staff at the intermediate treatment solidification plant and landfill sites, cement and solidifying agents; costs of waste clean-up and transport, including cost of staff for clean-up and transport and the repair and depreciation of associated equipment; and costs of waste disposal, such as the costs of contaminated and illegal dump sites cleanup.

Related costs of contracts for which investments have been implemented but contract performance obligations have not been completed are deferred to assets - "contract performance costs" at the end of each month. They are reclassified under operating costs after services are completed in the following month upon revenue recognition.

(III) Contracts with customers that have not been fully completed

As of December 31, 2018, the transaction price allocated to contract performance obligations that have not been completed totaled NT$245,328 thousand. The Company shall recognize income based on the progress of contaminated and illegal dump sites cleanup projects. The contracts for contaminated and illegal dump sites cleanup projects will be completed from 2019 to 2023.

XIX. Net income

Net income for the period consists of the following items:

(I) Depreciation

	2018	2017
Summarized by functions		
Operating costs	$ 15,552	$ 15,354
Operating expenses	7,818	6,145
	$ 23,370	$ 21,499

(II) Employee benefit expenses

	2018	2017
Benefits after retirement (Note 16)		
Defined contribution plans	$ 3,340	$ 3,390
Defined benefit plans	233	279
	3,573	3,669
Salary expenses	158,133	156,582
Employee insurance premiums	7,290	7,412
Other employee benefits	3,526	2,770
Total employee benefit expenses	$ 172,522	$ 170,433
Summarized by functions		
Operating costs	$ 44,293	$ 50,146
Operating expenses	128,229	120,287
	$ 172,522	$ 170,433

(III) Remuneration for employees, Directors and Supervisors

The Company appropriates the remuneration for employees, Directors and Supervisors for the current year based on the Articles of Incorporation. It appropriates no less than 1% as remuneration for employees and no more than 5% as remuneration for Directors and Supervisors. Remuneration for employees and for Directors and Supervisors in 2018 and 2017 were respectively determined by the Board of Directors in the meetings on March 15, 2019 and March 31, 2018. The resolutions are provided as follows:

Estimated ratio

	2018	2017
Employee remuneration	3.00%	3.00%
Remuneration to Directors and Supervisors	2.39%	2.38%

Amount

	2018		2017	
	Cash	Stock	Cash	Stock
Employee remuneration	$ 43,980	$ -	$ 44,084	$ -
Remuneration to Directors and Supervisors	35,000	-	35,000	-

If there are changes made to the amount after the issuance of parent company only annual financial statements, the changes shall be accounted for as changes in accounting estimates and recognized in the financial statements of the following year.

The actual employee compensation and remuneration to directors and supervisors in 2017 and 2016 were consistent with the recognized amounts in the parent company only financial statements for 2017 and 2016.

Please refer to the "Market Observation Post System" of Taiwan Stock Exchange for information on the Company's employee remuneration and remuneration for Directors and Supervisors passed in the 2019 and 2018 Board of Directors meeting.

XX. Income tax

(I) Main composition of income tax expenses recognized in profit or loss

	2018	2017
Current income tax		
Generated in the current year	$ 63,669	$ 23,736
Surtax on unappropriated retained earnings	2,943	4,185
Adjustments of previous years	525	7
	67,137	27,928
Deferred income tax		
Generated in the current year	74	(1,076)
Tax rate variation	(641)	-
	(567)	(1,076)
Income tax expenses recognized in profit or loss	$ 66,570	$ 26,852

The reconciliation of accounting profit and income tax expense was as follows:

	2018	2017
Pre-tax profit	$ 1,387,180	$ 1,390,350
Income tax expense calculated as the product of income before income tax and the statutory tax rate	$ 277,436	$ 236,360
Unrealized share of profits of subsidiaries accounted for using equity method	(223,206)	(213,932)
Unrecognized deductible temporary difference	(1)	-
Non-deductible expenses	9,514	7,099
Tax-exempted income	-	(5,800)
Surtax on unappropriated retained earnings	2,943	4,185
Adjustments on current income tax expenses of prior periods in current period	525	7
Tax rate variation	(641)	-
Applicable tax rate adjustment of deferred income tax assets at beginning of period	-	(1,067)
Income tax expenses recognized in profit or loss	$ 66,570	$ 26,852

The Company's applicable tax rate in 2017 was 17%. The Income Tax Act of the Republic of China amended in February 2018 adjusted the business income tax rate from 17% to 20%. The amendment was implemented in 2018. In addition, the applicable tax rate for undistributed earnings in 2018 shall be reduced from 10% to 5%.

As there are uncertainties in the earnings appropriation in the 2019 general shareholders meeting, the potential income tax impact for the 5% income tax imposed on unappropriated earnings of 2018 cannot be reliably determined.

(II) Income tax expenses recognized in other comprehensive income

	2018	2017
Deferred income tax income		
Recognized in other comprehensive income		
- Remeasurements of defined benefit plans	$ 83	$ 443

(III) Current income tax liabilities

	December 31, 2018	December 31, 2017
Income tax payable	$ 54,209	$ 9,757

(IV) Deferred income tax assets

Changes in deferred income tax assets were as follows:

2018

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences				
Defined benefits retirement plans	$ 3,140	$ 275	$ 83	$ 3,498
Cost provisions for restoration	1,095	260	-	1,355
Payable leave benefits	548	32	-	580
	$ 4,783	$ 567	$ 83	$ 5,433

2017

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences				
Defined benefits retirement plans	$ 2,153	$ 544	$ 443	$ 3,140
Cost provisions for restoration	737	358	-	1,095
Payable leave benefits	374	174	-	548
	$ 3,264	$ 1,076	$ 443	$ 4,783

(V) Deductible temporary difference for which no deferred income tax assets have been recognized in the Parent Company Only Balance Sheets

	December 31, 2018	December 31, 2017
Investment in subsidiary companies	$ 49,366	$ 41,521

(VI) The Company enjoys a five-year tax exemption for capital increase and expansion project in 2017:

Expansion Project	Tax-exempted period
Official Letter Gong-Yong No. 09900127530 from Ministry of Economic Affairs, Industrial Development Bureau approved the expansion investment plans of environmental protection technology services (waste disposal)	July 1, 2012 to June 30, 2017

(VII) The Company’s income tax returns through 2016 have been assessed by the tax authorities.

XXI. Earnings per share (EPS)

The profits and weighted average number of common stocks used for the calculation of EPS were as follows:

Net income

	2018	2017
Net profit used for the calculation of basic EPS	$ 1,320,610	$ 1,363,498
Net profit used for the calculation of diluted EPS	$ 1,320,610	$ 1,363,498

Number of shares (in thousands)

	2018	2017
Weighted average number of common stocks used for the calculation of basic EPS	108,888	108,888
Effect of dilutive potential common stocks:		
Employee remuneration	327	306
Weighted average number of common stocks used for the calculation of diluted EPS	109,215	109,194

If the Company can choose between stocks and cash for the appropriation of employee compensation, it shall assume the employee compensation would be appropriated in stocks for the calculation of diluted EPS. The dilutive potential common stocks shall be incorporated in the weighted average number of stocks outstanding when calculating the diluted EPS. The dilutive effect of such potential common stocks shall continue to be considered when calculating the diluted EPS before resolving the number of stocks to be distributed as employee compensation in the following year.

XXII. Operating lease agreements

Operating leases are mainly for leasing cars for business use and offices for operation. Except for items below, the lease term is 1 to 5 years. The Company does not have the right of first refusal regarding the aforementioned lease object at the end of lease term.

Considering the gradual increase in business scale and employee number, the Company leased 15 lots of land, including parcel number 184 at Dade Section, Gangshan District, Kaohsiung City from Ho Tsang Co., Ltd. on May 31, 2013 (Please refer to Note 27 for unrecognized contract commitment concerning the construction of operation offices). The monthly rent is originally set at NT$613 thousand which will be adjusted based on the percentage of change in the Consumer Price Index (at all-item level) of the month released by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan every 2 years from the inception of lease. If the changes exceed 5%, the rent will be adjusted by 5%. The lease term is 20 years, which starts on June 1, 2013 and ends on May 31, 2033. The lease can be renewed with the original conditions at the end of lease term. The agreement regarding building constructed on the leased land would be renew if both parties can reach consensus at the end of lease term. If the Company decides against renewing the agreement, the building would be transferred to Ho Tsang Co., Ltd. without consideration. If Ho Tsang Co., Ltd. terminates the lease agreement before the end of lease term during 55 years, it shall compensate the Company of the net book value of the building.

As of December 31, 2018 and 2017, the guarantee deposits paid by the Company to the operating lease agreements amounted to NT$4,710 thousand and NT$2,360 thousand, respectively. In addition, as of December 31, 2018 and 2017, the post-dated checks issued for rents payable of every period and delivered to lessors of the operating leases amounted to NT$6,542 thousand and NT$3,704 thousand, respectively.

Future minimum lease gross payments that cannot be canceled were as follows:

	December 31, 2018	December 31, 2017
No more than 1 year	$ 14,790	$ 11,680
More than 1 year but no more than 5 years	38,682	33,588
More than 5 years	75,604	76,696
	$ 129,076	$ 121,964

XXIII. Capital risk management

The purpose of capital management policy of the Company is to secure its ability as a going concern entity in order to provide returns to shareholders and benefits to other stakeholders. To achieve the aforementioned objective, the Company regularly review the capital structure and adjust it by paying dividends or issuing new shares after taking into account the overall economy, current interest rates and adequacy of cash for operating activities.

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

XXIV. Financial instruments

(I) Information on fair value and categories of financial instruments

All financial instruments of the Company are financial assets (liabilities) measured at amortized cost instead of fair value.

The Company's management believes that the carrying amounts of financial assets (cash and cash equivalents, financial asset measured at amortized cost, notes and accounts receivable, other accounts receivable - related, and guarantee deposits paid) and financial liabilities (accounts receivable, accounts receivable - related parties, other receivables, other receivables - related parties, and guarantee deposits received) not measured at fair value are close to their fair values.

(II) Financial risk management objectives and policy

The Company's main financial instruments include cash and cash equivalents, contract assets, financial assets measured at amortized cost, notes and accounts receivable, accounts receivable - related parties, other accounts receivable - related parties, guarantee deposits paid (received), accounts payable, accounts payable - related parties, other payables, and other payables - related parties. The finance management department of the Company provides services to business units and coordinates operations in the domestic and overseas financial markets by supervising internal risk exposure reports and managing financial risks related to the operations of the Company in accordance with the risk level and breadth analyses. Such risks include market risk, credit risk and liquidity risk.

The finance and business departments regularly submit reports to the management of the Company. The management would carry out risk monitoring and policy implementation based on its duties and responsibilities to diminish the risk exposures.

1. Market risks

(1) Foreign exchange risk

There is no significant foreign exchange risk as the Company mainly operates in Taiwan and the functional currency is New Taiwan Dollars. The Company invests in Cleanaway (Shanghai) Company Limited and Cleanaway Zoucheng Co., Ltd. indirectly. As those companies are located in Mainland China, their functional currency is Renminbi. Their exposure to foreign exchange risk is not significant as their main operations involve the preparation for development in environmental market in China.

(2) Interest rate risk

The interest rate risks derive mainly from the borrowing of funds by the Company on floating interest rates. Loans with fixed interest rates exposes the Company to fair-value interest rate risks. However, parts of the risks are offset with term deposit certificates with fixed interest rates pledged for business activities. Loans with floating interest rates exposes the Company to cash flow interest rate risks. However, parts of the risks are offset with cash and cash equivalents held at floating interest rates. The nominal value of financial assets exposed to interest rate and the nominal value of financial liabilities of the Company on the balance sheet date are as follows:

	December 31, 2018	December 31, 2017
Interest rate risks with fair value		
- Financial assets	$ 291,181	$ 658,896
- Financial liabilities	150,000	-
Interest rate risks with cash flow		
- Financial assets	267,716	473,857
- Financial liabilities	200,000	-

Sensitivity Analysis

The sensitivity analysis below is based the Group's exposure to interest rate risk on the balance sheet date. For assets and liabilities based on floating interest rates, the analysis method assumes the assets and liabilities in external circulation on the reporting date remain so throughout the year. With regard to the evaluation of the possible range of changes to the interest rate, if the interest rate increases or decreases by 1% while all other variables remain unchanged, the Company’s net profit before tax in 2018 and 2017 will increase by NT$677 thousand or decrease by NT$4,739 thousand, respectively.

2. Credit risk

Credit risks refer to risks that cause financial loss of the Company due to the counterparty's delay in performing contractual obligations.

Credit risks of the Company are concentrated on customers of large projects (please refer to Note 8(2)). As of December 31, 2017 and 2016, notes and accounts receivable generated from aforementioned customers accounted for 64% and 60% of the overall notes and accounts receivable balance, respectively. The share of such notes and accounts is high. However, considering the progress of construction and good credit ratings of counterparties, there was no significant credit risk.

3. Liquidity risk

The Company supports its business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash and cash equivalents. In response to the Company's new investment plans starting from July 2018, the Company's management has supervised bank financing conditions and ensured compliance with loan contracts. Financing and loans from banks are regarded as an important source for maintaining liquidity.

(1) Table of liquidity and interest rate risks of non-derivative financial liabilities

The maturity analysis of remaining contracts of non-derivative financial liabilities is based on the earliest possible date on which the Company may be required to make repayments and the undiscounted cash flows of financial liabilities (including principal and estimated future interest). Therefore, the Company may be requested to immediately return bank loans in the earliest period specified in the table below without considering the probability of bank's immediate execution of such rights. Maturity analysis of other non-derivative financial liabilities shall be prepared in accordance with the agreed repayment date.

December 31, 2018

	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years
Non-interest-bearing liabilities	$ 647,939	$ -	$ -
Floating interest rate instruments	2,511	17,487	190,033
Fixed interest rate instruments	150,241	-	-
	$ 800,691	$ 17,487	$ 190,033

(2) Financing Limit

	December 31, 2018
Unsecured banks loans credit limit	
— amount utilized	$ 150,000
— amount not utilized	50,000
	$ 200,000
Secured bank loan credit limit	
— amount utilized	$ 200,000
— amount not utilized	195,000
	$ 395,000

XXV. Significant Related Party Transactions

In addition to those disclosed in other Notes, the transactions between the Company and related parties were as follows.

(I) The names and relationships of the related parties

Related Party	Relations with the company
Da Tsang Industrial Company Limited (Da Tsang)	Subsidiary
Kang Lien Enterprise Company Limited (Kang Lien Enterprise)	Subsidiary
Da Ning Co. Ltd. (Da Ning)	Sub-subsidiary
Chi Wei Company Limited (Chi Wei)	Subsidiary
Cleanaway Investment Company Limited (Cleanaway Investment)	Subsidiary
Chase Environmental Co., Ltd. (Chase)	Affiliate enterprise
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	Affiliate enterprise
Ho Tsang Co., Ltd. (Ho Tsang)	The spouse of the Company's chairman is the chairman of the company
MHS Technology Co., Ltd. (MHST)	Chairman of the Company is a second-degree relative of the company's chairman

(II) Significant transactions with related parties

1. Accounts receivable - related parties

	December 31, 2018	December 31, 2017
Cleanaway SUEZ	$ 336	$ -
Chase	159	-
	$ 495	$ -

Refers to the Company's payments for revenue from waste disposal that have not been recovered as of the end of the period.

Collateral is not provided for receivables from related parties in external circulation. Allowances for bad debts for receivables from related parties have not been appropriated as of December 31, 2018 and 2017.

2. Other receivables - related parties (excluding loans to related parties)

	December 31, 2018	December 31, 2017
Da Ning	$ 9,616	$ -
Chi Wei	4,627	3,257
Da Tsang	2,465	6,574
Kang Lien	1,451	1,419
	$ 18,159	$ 11,250

Other receivables - related parties consist of the Company's receivables from affiliate companies for the amortization of management expenses.

3. Accounts payable - related parties

	December 31, 2018	December 31, 2017
Chi Wei	$ 28,924	$ 38,138
Da Ning	20,818	-
Kang Lien	1,917	3,870
Da Tsang	-	92,029
	$ 51,659	$ 134,037

Accounts payable - related parties are landfill and clean-up and transport payable.

4. Other accounts payable - related parties (excluding loans from related parties)

	December 31, 2018	December 31, 2017
Cleanaway Investment	$ 959	$ -

Other accounts payable－ corporate management consultation service fees paid by related parties.

5. Operating revenue

	2018	2017
Cleanaway SUEZ	$ 336	$ -
Chase	159	-
	$ 495	$ -

The accounts are the Company's operating revenue from performing waste disposal on behalf of Cleanaway SUEZ and Chase which are calculated based on non-related parties' pricing.

6. Landfill expenses (recognized under operating costs)

	2018	2017
Chi Wei	$ 187,450	$ 170,794
Da Ning	154,739	-
Da Tsang	74,846	89,506
	$ 417,035	$ 260,300

Landfill expense incurred from Chi Wei for the disposal of treated industrial waste and thermal desorbed waste. Such transactions are all processed by the aforementioned related parties, and, therefore, there is no comparative price from third parties.

Landfill expenses incurred from Da Ning and Da Tsang for the disposal of general waste due to contaminated and illegal dump site cleanup. All such transactions were processed by the aforementioned related parties; therefore, there is no comparative price from non-related parties.

7. Clean-up and transport expenses (recognized under operating costs)

	2018	2017
Kang Lien	$ 14,775	$ 14,376
Da Ning	12,883	-
Chi Wei	9,372	8,540
Da Tsang	7,216	6,564
	$ 44,246	$ 29,480

Those are clean-up and transport expenses incurred from related parties. Such costs are calculated based on non-related parties' pricing according to cleaning quantity and transport distance.

8. Labor service expenses (recognized under operating expenses)

	2018	2017
Cleanaway Investment	$ 4,983	$ -

Refers to corporate management consultation services provided to the Company. It is a unique transaction with no comparative price from non-related parties.

9. Rental expense (recognized under operating expense)

	2018	2017
Ho Tsang	$ 7,356	$ 7,356

Please refer to Note 22 for lease transactions with Ho Tsang.

10. Administrative and selling expenses allocated to affiliated companies (recognized under operating expenses deduction)

	2018	2017
Da Ning	$ 50,557	$ -
Chi Wei	44,738	31,487
Da Tsang	31,746	59,734
Kang Lien	15,741	14,256
	$ 142,782	$ 105,477

Such transactions are allocated office expenses between the affiliated companies and the Company.

11. Loans to related parties (recognized under other receivables - related parties)

Related party	2018 Actual expenditure Highest balance in the current year	Actual expenditure Ending balance	Annual interest rate Range	Interest in the current period Earnings	End-of-period accounts receivable Interest (accounts other receivables - related parties)
Da Ning	$ 250,000	$ -	1%	$ 1,467	$ -

Related party	2017 Actual expenditure Highest balance in the current year	Actual expenditure Ending balance	Annual interest rate Range	Interest in the current period Earnings	End-of-period accounts receivable Interest (recognized under other receivables - related parties)
Da Ning	$ 250,000	$ 250,000	1%	$ 589	$ 212

The interest rates of financing provided to related parties make reference to the cost of fund management within the Company and interest rates of time deposits in banks.

12. Loans from related parties (recognized under other payables - related parties)

Related party	2018 Actual expenditure Highest balance in the current year	Actual expenditure Ending balance	Annual interest rate Range	Interest in the current period Fees	End-of-period accounts payable Interest (recognized under other payables - related parties)
Da Tsang	$ 300,000	$ 300,000	1%	$ 921	$ 255
Chi Wei	140,000	140,000	1%	430	119
		$ 440,000		$ 1,351	$ 374

The interest rates of financing provided by related parties make reference to the cost of fund management within the Company and interest rates of time deposits in banks.

13. Property transaction - acquisition of property, plant and equipment

The company purchased solar energy equipment from MHST at the cost NT$530 thousand. The Company paid NT$106 thousand and NT$424 thousand respectively in 2015 and 2017. Upon completion of acceptance inspections in 2017, the prepaid equipment expenses were transferred to property, plant and equipment. The transaction terms were not significantly different from non-related-party transactions.

14. Remuneration to key management

Remuneration to Directors and key management was as follows:

	2018	2017
Remuneration of Directors	$ 32,400	$ 32,400
Short-term employee benefits		
Salaries	14,760	14,760
Bonus and compensation	35,130	40,260
Benefits after retirement		
Defined contribution	257	648
Defined benefits	648	257
Transportation expenses	290	250
	$ 83,485	$ 88,575

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

XXVI. Pledged assets

Assets provided by the Company as collaterals to the banks for construction performance guarantee were as follows:

	December 31, 2018	December 31, 2017
Pledged time deposit certificates (recognized under financial assets measured at amortized cost)		
- current	$ 103,898	$ 28,090
- non-current	149,845	208,662
Restricted bank deposits (Reserve account, Recognized under other current assets)		
- current	3	3
Land	722,806	-

XXVII. Significant Contingent Liabilities and Unrecognized Contract Commitments

Unrecognized contract commitments of the Company were as follows:

	December 31, 2018	December 31, 2017
Acquisition of property, plant and equipment (for construction of offices for operations)	$ 45,589	$ 5,066

XXVIII. Subsequent events

(I) The Company established Cleanaway Energy Co., Ltd. (Cleanaway Energy) based on the approval of the competent authority on January 16, 2019 to expand environmental protection businesses. The Company acquired 100% of total outstanding shares of Cleanaway Energy totaling 2,000 thousand shares with a total investment of NT$20,000 thousand. Cleanaway Energy Co., Ltd. is responsible for preliminary preparatory tasks for the development of land for environmental protection business operations in Guanyin District, Taoyuan City owned by the Company.

(II) The Company invested in Chung Tai Resource Technology Corp. (Chung Tai) in February 2019 to expand environmental protection businesses. The Company acquired 20.02% of total outstanding shares of Chung Tai totaling 15,600 thousand shares with a total investment of NT$374,400 thousand. Chung Tai's main business operations include waste resource recycling and industrial waste disposal services.

XXIX. Additional Disclosures

Information on

(I) Significant Transactions and

(II) Investees:

1. Financings provided (Table 1)
2. Endorsements/guarantees provided to others (None)
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
4. Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital (Table 2)
5. Acquisition of real estate at price in excess of NT$300 million or 20% of the paid-in capital (Table 3)
6. Disposal of real estate at price in excess of NT$300 million or 20% of the paid-in capital (None)
7. Purchases and sales with related parties in excess of NT$100 million or 20% of the paid-in capital (Table 4)
8. Amount of receivable from related parties in excess of NT$100 million or 20% of its paid-in capital (None)
9. Derivative financial instrument transactions (None)
10. Information on investees (Table 5)

(III) Information on Investments in Mainland China:

1. China investees' names, business items, amounts of paid-in capital, investment methods, capital transaction conditions, shareholding ratios, investment gains and losses, the ending investment book value, investment income repatriation and limits of investment in China (Table 6)
2. Significant transactions with China investees through direct or indirect third region, and their prices, terms of payment, unrealized gains and losses: (Table 6)
   (1) Purchase amount and percentage, and the ending balance and percentage of payables.
   (2) Sales amount and percentage, and the ending balance and percentage of receivables.
   (3) Property transaction amount and the resulting gain or loss.
   (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
   (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.
   (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.

Cleanaway Company Limited
Lending to Others
January 1 to December 31, 2018

Table 1

Unit: NT$1,000
Unless Otherwise Specified

No.	Lender company	Borrower	Transaction item	Related party status	Highest balance in the current year	Ending balance	Actual drawdown	Interest rate range	Nature of loan	Amount arising from ordinary course of business	Reason for short-term financing	Listed allowances for bad debts	Collateral Name	Collateral Value	Limitation on financing loans for individual entities (Note 1)	Total limit for loans (Note 1)	Notes
0	Cleanaway Company Limited	Da Ning Co. Ltd.	Other receivables - related parties	Yes	$ 250,000	$ -	$ -	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 2,213,524 (Note 2)	$ 2,213,524 (Note 2)	
1	Da Tsang Industrial Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	35,000	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	13,416 (RMB 3,000 thousand)	13,416 (RMB 3,000 thousand)	13,416 (RMB 3,000 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	50,000	50,000	38,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	50,000	50,000	50,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	250,000	250,000	250,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
2	Cleanaway Enterprise Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	25,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	13,416 (RMB 3,000 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	35,000	30,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	446,042 (Note 5)	446,042 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	50,000	50,000	50,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	446,042 (Note 5)	446,042 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	140,000	140,000	140,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	446,042 (Note 5)	446,042 (Note 5)	

Note 1: In accordance with the “Procedures for Lending Funds to Other Parties and Endorsement and Guarantee” of Cleanaway Company Limited, Da Tsang Industrial Company Limited, and Cleanaway Enterprise Company Limited (hereinafter, the “Company”):

(1) The parties to whom the Company may lend its funds to are companies or firms having business relationship with the Company, or ones requiring short-term financing.

(2) Total lending amount of the Company shall not exceed 80 percent of the Company’s net worth. The accumulated lending amount to firms or companies having business relationship with the Company shall not exceed 80 percent of the Company’s net worth. The accumulated lending amount to firms or companies requiring short-term financing shall not exceed 40 percent of the Company’s net worth.

(3) The lending amount to a single firm or company is limited to 40 percent of the Company’s net worth. For firms or companies having business relationship with the Company, the lending amount to a single firm or company is limited to the previous year’s transaction amount between both parties. The transaction amount means the sales or purchasing amount between the parties, whichever is higher. The lending amount to a single enterprise requiring short-term financing shall not exceed 20 percent of the Company’s net worth. For companies where the Company or the parent company held, either directly or indirectly, 50% or more of shares, the lending amount shall not exceed 40 percent of the Company’s net worth. In addition, the lending between the Company and its parent or subsidiary company, or between subsidiary companies shall not exceed 10% of the net value of the company's latest financial statements.

Note 2: Cleanaway Company Limited is the parent company of Da Ning Co. Ltd. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of the Cleanaway Company Limited’s net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest financial statements audited or reviewed by the CPA, i.e. the net worth as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of the Company’s net worth.

Note 3: Cleanaway Enterprise Company, Cleanaway (Shanghai) Company Limited, Kang Lien Enterprise Company Limited, and Cleanaway Zoucheng Co., Ltd. are affiliates of Da Tsang Industrial Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Da Tsang Industrial Company Limited's net worth. Net worth of Da Tsang Industrial Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Da Tsang Industrial Company Limited's net worth.

Note 4: Kang Lien Enterprise Company Limited, Cleanaway (Shanghai) Company Limited, and Cleanaway Zoucheng Co., Ltd. are affiliates of Cleanaway Enterprise Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Cleanaway Enterprise Company Limited's net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Note 5: Cleanaway Enterprise Company Limited is an affiliate of Chi Wei Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Chi Wei Company Limited's net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest audited financial statements. As the loan has expired, the net worth shown is as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Cleanaway Company Limited
Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital
January 1 to December 31, 2018

Table 2

Unit: NT$1,000
Unless Otherwise Specified

Buying/selling company	Securities Type and name (Note 1)	Financial statement account	Transaction counterparty (Note 2)	Relationship (Note 2)	Beginning of period		Buying		Selling				Cash balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Disposal profit or loss	Number of shares	Amount
Cleanaway Company Limited	Common shares of Cleanaway SUEZ Environmental Resources Limited	Equity-accounted investments	Please refer to Note 9	Affiliate enterprise	—	$ -	—	$ -	—	$ -	$ -	$ -	—	$ -

Note 1: Securities in the Table refer to stocks, bonds, certificates of beneficial interest, and securities derived from such items.

Note 2: The two fields are required for securities investments accounted for using equity method but exempted for others.

Cleanaway Company Limited
Acquisition of Real Estate at Cost in Excess of NT$300 Million or 20% of the Paid-in Capital
January 1 to December 31, 2018

Table 3

Unit: NT$1,000
Unless Otherwise Specified

Company that Acquired property	Name of property	Date of occurrence	Transaction amount	Payment status	Transaction counterparty	Relationship	Prior transaction of related counterparty				Price determination Reference	Purpose of acquisition and status of usage	Other provisions
							Owner	Relationship with the issuer	Date of transfer	Amount			
Cleanaway Company Limited	Land with an area of 9,255.47 pings in Guantan Section, Guanyin District, Taoyuan City	June 27, 2018	$ 721,926	Paid	Asia Pacific Technology Corporation	Non-related party	—	—	-	$ -	Based the appraisal report provided by Evermore Valuation, the appraisal value is NT$723,778 thousand	Land for environmental protection business expansion	—

Cleanaway Company Limited
Purchases and Sales with Related Parties Amounting to NT$100 Million or More Than 20% of the Paid-in Capital
January 1 to December 31, 2018

Table 4

Unit: NT$1,000
Unless Otherwise Specified

Supplier (buyer) company	Name of trading partner	Relationship	Transaction details				Different situations and reasons from general transaction terms		Notes and accounts receivable (payable)		Notes
			Purchase/Sale	Amount	Ratio of total procurement (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
Cleanaway Company Limited	Chi Wei Company Limited	Subsidiary	Landfill and clean-up and transport expense	$ 196,822	19	Determined by the contract	-	-	($ 28,924)	(47)	—
Chi Wei Company Limited	Cleanaway Company Limited	Parent company	Landfill revenue	(196,822)	(26)	Determined by the contract	-	-	28,924	23	—
Cleanaway Company Limited	Da Ning Co. Ltd.	Subsidiary	Landfill and clean-up and transport expense	167,622	16	Determined by the contract	-	-	(20,818)	(34)	—
Da Ning Co. Ltd.	Cleanaway Company Limited	Parent company	Landfill revenue	(167,622)	(11)	Determined by the contract	-	-	20,818	8	—

Cleanaway Company Limited
Information on Investees, Locations, etc.
January 1 to December 31, 2018

Table 5

Unit: NT$1,000
Unless Otherwise Specified

Investor	Investee company name	Location	Main businesses	Initial investment		Holdings at the end of period			Investee company current profit or loss	Investment gain or loss recognized in the current period	Notes
				End of the current period	End of previous year	Number of shares	Percentage	Carrying amount			
Cleanaway Company Limited	Da Tsang Industrial Company Limited	No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City	Waste disposal	$ 800,977	$ 800,977	77,000,000	100	$ 2,162,228	$ 818,602	$ 818,602	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Enterprise Company Limited	〃	〃	159,507	159,507	18,000,000	100	232,615	516	516	Subsidiary of Cleanaway Company Limited
〃	Chi Wei Company Limited	〃	〃	735,000	735,000	41,000,000	100	1,115,107	302,226	302,226	Subsidiary of Cleanaway Company Limited
〃	Kang Lien Enterprise Company Limited	〃	Waste clean-up	58,222	58,222	6,020,000	100	77,387	11,195	11,324	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Investment Company Limited	〃	General investment	80,000	80,000	8,000,000	100	46,177	(2,990)	(2,990)	Subsidiary of Cleanaway Company Limited
〃	CCL Investment Holding Company Limited	Samoa	General investment	US$3,000 thousand (equivalent to NT$91,009 thousand)	US$2,500 thousand (equivalent to NT$76,369 thousand)	-	60	15,877	(13,464)	(7,845)	Subsidiary of Cleanaway Company Limited
〃	Cleanaway SUEZ Environmental Resources Limited	No. 25-1, Huadong Road, Daliao District, Kaohsiung City	Waste disposal	650,000	-	21,750,000	29	644,198	(20,008)	(5,802)	Affiliate enterprise of Cleanaway Company Limited
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City	Waste disposal	450,000	450,000	15,000,000	100	762,467	314,845	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	CCL Investment Holding Company Limited	Samoa	General investment	RMB 6,000 thousand (equivalent to NT$30,102 thousand)	RMB 6,000 thousand (equivalent to NT$30,102 thousand)	-	18	4,984	(13,464)	(Note 1)	Subsidiary of Cleanaway Company Limited
Cleanaway Investment Company Limited	CCL Investment Holding Company Limited	Samoa	General investment	US$1,124 thousand (equivalent to NT$33,034 thousand)	US$1,124 thousand (equivalent to NT$33,034 thousand)	-	22	5,814	(13,464)	(Note 1)	Subsidiary of Cleanaway Company Limited
〃	Chase Environmental Co., Ltd.	1F, No. 326, Huanke Road, Datan Village, Guanyin District, Taoyuan City	Waste clean-up	15,000	-	15,000,000	25	14,607	(4,188)	(Note 1)	Affiliate enterprise of Cleanaway Company Limited
CCL Investment Holding Company Limited	Cleanaway Shanghai Management Holding Company Limited	Samoa	General investment	US$1,124 thousand (equivalent to NT$33,034 thousand)	US$1,124 thousand (equivalent to NT$33,034 thousand)	-	100	(28,327)	(2,623)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	Cleanaway Zoucheng Holding Company Limited	Samoa	General investment	US$3,000 thousand (equivalent to NT$91,009 thousand)	US$2,500 thousand (equivalent to NT$76,369 thousand)	-	100	24,846	(11,846)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	Cleanaway Zhejiang Holding Company Limited	Samoa	General investment	-	-	-	100	1,328	-	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited

Note 1: For "Share of Profits/Losses", only the Company's direct investment in subsidiaries shall be provided. The rest is not required. The profit or loss of each subsidiary already includes the investment gains of its investees required to be recognized by laws.

Note 2: Please refer to Table 6 for information on investees in Mainland China.

Cleanaway Company Limited
Information on Investments in Mainland China
January 1 to December 31, 2018

Table 6

Unit: NT$1,000
Unless Otherwise Specified

Name of investee in China	Main businesses	Paid-in capital	Investment method	Accumulated amount of investment transferred from Taiwan at the end of this period	Wire-in or wire-out amount investment amount		Accumulated amount of investment transferred from Taiwan at the end of this period	Investee Current profit and loss	Shareholding Ratio of the Company's Investment, Directly or Indirectly	Investment gain or loss recognized in the current period	End-of-period investment Carrying amount	Repatriated investment gains to Taiwan as of the end of the period	Notes
					Outflow	Inflow							
Cleanaway (Shanghai) Company Limited	Enterprise management consultation	$ 33,034 (RMB 7,000 thousand)	Note 1	$ 33,034 (RMB 7,000 thousand)	$ -	$ -	$ 33,034 (RMB 7,000 thousand)	($ 2,623)	100%	($ 2,623)	($ 28,331)	$ -	
Cleanaway Zoucheng Co., Ltd.	Waste disposal	91,009 (USD 3,000 thousand)	Note 2	76,369 (USD 2,500 thousand)	14,640 (USD 500 thousand)	-	91,009 (USD 3,000 thousand)	(11,842)	100%	(11,842)	22,772	-	

Note 1: The subsidiary, Cleanaway Investment Company Limited, invests in the Mainland China company through company established in a third region (Cleanaway Shanghai Management Holding Company Limited).

Note 2: The investment in the Mainland China company is done trough company established in a third region (Cleanaway Zoucheng Holding Company Limited).

Note 3: It is recognized based on the audited financial statements of the parent company in Taiwan.

Accumulated Investment in Mainland China from Taiwan as of December 31, 2018	Investment amount authorized by the Investment Commission, MOEA	Investment amount cap in China according to Investment Commission regulations
Cleanaway Investment Company Limited: NT$33,034 thousand (RMB 7,000 thousand)	Cleanaway Investment Company Limited: US$1,124 thousand (equivalent to NT$33,714 thousand)	The limit is 60% of the net value of Cleanaway Investment Company Limited. The limit calculated according to the regulations is as follows: 46,177 thousand × 60% = 27,706 thousand
Cleanaway Company Limited: NT$91,009 thousand (US$2,500 thousand)	Cleanaway Company Limited: US$8,000 thousand (equivalent to NT$240,000 thousand)	The limit is 60% of the net value of Cleanaway Company Limited. The limit calculated according to the regulations is as follows: 5,533,812 thousand × 60% = 3,320,287 thousand

Note 4: Significant transactions with investees in Mainland China, either directly or indirectly through the third region (including purchase/sales, property transaction and provision and acceptance of services): None.

Note 5: Provision of endorsement, guarantee or collaterals to investees in Mainland China, either directly or indirectly through the third region: None.

Note 6: Financing provided to investees in Mainland China, either directly or indirectly through the third region: Please refer to Table 1. The total interest for the period amounted to NT$0 thousand.

TABLE OF CONTENTS FOR STATEMENTS OF MATERIAL ACCOUNTS

Cleanaway Company Limited

Statement of Inventories

December 31, 2018

Statement 1

Unit: NT$1,000

Item	Description	Amount: Cost	Amount: Basis of calculation for the NRV:
Raw materials		$ 1,697	$ 1,697
Less: Allowance for inventory write-down		-	
		$ 1,697	

Cleanaway Company Limited

Statement of Changes in Investments Accounted for Using Equity Method

January 1 to December 31, 2018

Statement 2

Unit: NT$1,000

Name	Balance, beginning of year		Addition during the Year		Reduction during the Year		Balance, end of year			Market value/net equity		Evaluation basis	Collateral or pledge
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Shareholding %	Amount	Unit price per share (NT$)	Total price		
Da Tsang Industrial Company Limited (Note 1)	77,000,000	$ 2,243,036	-	$ 820,888	-	($ 901,696)	77,000,000	100	$ 2,162,228	28.08	$ 2,162,228	Equity method	None
Chi Wei Company Limited (Note 2)	41,000,000	1,051,010	-	302,226	-	(238,129)	41,000,000	100	1,115,107	27.20	1,115,107	Equity method	None
Cleanaway Enterprise Company Limited (Note 3)	18,000,000	232,099	-	516	-	-	18,000,000	100	232,615	12.92	232,615	Equity method	None
Kang Lien Enterprise Company Limited (Note 4)	6,020,000	68,983	-	11,324	-	(2,920)	6,020,000	100	77,387	12.85	77,387	Equity method	None
Cleanaway Investment Company Limited (Note 5)	8,000,000	46,695	-	2,667	-	(3,185)	8,000,000	100	46,177	5.77	46,177	Equity method	None
CCL Investment Holding Company Limited (Note 6)	-	14,531	-	14,640	-	(13,294)	-	100	15,877	0	15,877	Equity method	None
Cleanaway SUEZ Environmental Resources Limited (Note 7)	-	-	21,750,000	650,000	-	(5,802)	21,750,000	29	644,198	29.61	644,198	Equity method	None
		$ 3,656,354		$ 1,802,261		($ 1,165,026)			$ 4,293,589		$ 4,293,589		

Note 1: The increase in this period was due to the share of interest from the subsidiaries in the current period recognized though the equity method which amounted to NT$818,602 thousand and the recognized amount affected by changes in shareholding ratio in investee companies which amounted to NT$2,286 thousand. The decrease in this period included cash dividends of NT$901,529 thousand and the loss of NT$167 thousand from the exchange difference on translation of foreign operations' financial statements.

Note 2: The increase this year was the share of profits from subsidiaries accounted for using equity method which amounted to NT$302,226 thousand. The decrease this year was the cash dividend payment of NT$238,129 thousand.

Note 3: The increase this year was the share of profits from subsidiaries accounted for using equity method which amounted to NT$516 thousand.

Note 4: The increase this year was due to shares of profits of subsidiaries of NT$11,324 thousand; the decrease in this year was the cash dividend payment of NT$2,892 thousand and other comprehensive income of subsidiaries accounted for using equity method which amounted to NT$28 thousand.

Note 5: The increase this year was the recognized amount affected by changes in shareholding ratio in investee companies which amounted to NT$2,667 thousand. The decrease this year was due to the share of losses of subsidiaries accounted for using equity method which amounted to NT$2,990 thousand and exchange loss on translation of foreign operations which amounted to NT$195 thousand.

Note 6: The increase this year was due to new investments of NT$14,640 thousand. The decrease this year was due to the share of losses of subsidiaries accounted for using equity method which amounted to NT$7,845 thousand, the exchange loss on translation of foreign operations which amounted to NT$496 thousand, and recognized amount affected by changes in shareholding ratio in investee companies which amounted to NT$4,953 thousand.

Note 7: The increase this year due to new investments of NT$650,000 thousand. The decrease this year was due to the share of losses from subsidiaries accounted for using equity method which amounted to NT$5,802 thousand.

Cleanaway Company Limited

Statement of Accounts Payable

December 31, 2018

Statement 3 Unit: NT$1,000

Supplier name	Description	Amount
Accounts payable:		
Vendor A	Purchase	$ 5,962
Vendor B	〃	1,410
Vendor C	〃	1,307
Vendor D	〃	1,071
Others (Note)	〃	210
		$ 9,960

Note: Suppliers with amount less than 5% of the account balance were aggregated.

Cleanaway Company Limited

Statement of Operating Revenue

2018

Statement 4 Unit: NT$1,000

Item	Amount
Landfill expense	$ 417,035
Contaminated and illegal dump site cleanup cost	363,455
Solidification cost	191,637
Clean-up and transport cost	69,442
	$ 1,041,569

Cleanaway Company Limited

Statement of Operating Expenses

2018

Statement 5

Unit: NT$1,000

Item	Management expenses	Research and development expenses	Total
Salaries	$ 112,920	$ 6,383	$ 119,303
Rents	13,782	-	13,782
Stationary	918	-	918
Travel expense	8,109	-	8,109
Postage	1,211	-	1,211
Repairs and maintenance	2,872	599	3,471
Utilities	1,337	-	1,337
Insurance expense	4,739	-	4,739
Entertainment expense	51,280	-	51,280
Donations	8,662	-	8,662
Bad debt expense	(973)	-	(973)
Depreciation	7,190	628	7,818
Meals expense	1,190	279	1,469
Employee benefits	884	-	884
Pension	1,883	-	1,883
Professional service fees	26,479	-	26,479
Miscellaneous purchases	1,158	1,345	2,503
Other expenses	18,113	1,232	19,345
Selling and administrative expenses allocated to affiliated companies	(142,782)	-	(142,782)
	$ 118,972	$ 10,466	$ 129,438

Cleanaway Company Limited

Summary Table of Employee Benefit, Depreciation, Depletion and Amortization Expenses for the Current Year

2018 and 2017

Statement 6

Unit: NT$1,000

Type \ Function	2018			2017		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee welfare expenses						
Salary expenses	$ 38,830	$ 86,613	$ 125,443	$ 44,500	$ 79,432	$ 123,932
Employee insurance premiums	2,794	4,496	7,290	2,965	4,447	7,412
Pension expenses	1,690	1,883	3,573	1,792	1,877	3,669
Remuneration of Directors	-	32,690	32,690	-	32,650	32,650
Other employee benefit expenses	979	2,547	3,526	889	1,881	2,770
	$ 44,293	$ 128,229	$ 172,522	$ 50,146	$ 120,287	$ 170,433
Depreciation	$ 15,552	$ 7,818	$ 23,370	$ 15,354	$ 6,145	$ 21,499

As of December 31, 2018 and 2017, the number of employees of the Company were 85 and 97, respectively. There were 6 Directors who do not serve concurrently as employees.

Cleanaway Company Limited

Chairman: Ching-Hsiang Yang