Stock code: 8422

Cleanaway Company Limited

2019

Annual Report

Publication Date: April 20, 2020

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, Alley 1, 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:

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 the trading place where overseas securities are listed for trading and methods to inquire about the overseas securities information: None.

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

Cleanaway Company Limited

2019 Annual Report Table of Contents

Chapter 1. Letter to Shareholders

I. 2019 Business Report

(I) Results of the implementation of the 2019 Business Plan

The combined revenue of the Company and subsidiaries of the Company in 2019 was NT$2.7 billion and in 2018 was NT$3.4 billion. The difference is due to the large-scale project in the base period. After deducting operating costs and operating expenses, we generated NT$1.4 billion in consolidated operating revenue with net operating margin of 53%. Compared to 2018, consolidated operating revenue decreased by NT$ 300 million and net operating margin increased by 3%. It is mainly due to more large-scale projects in 2018.

Looking back at the performance of the industry in the past year, Cleanaway shall gradually adjust business operations and vertically arrange the environmental protection industry, 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. It is estimated that the life of the two Cleanaway landfills can service up to 15 years. In addition, the Company shall decrease the dependence on project revenue, increase the proportion of process customers' income, and reduce revenue fluctuations due to project contracting characteristics.

In response to the "Transparency in Waste Processing Prices" policy promoted by the Environmental Protection Administration on July 1 this year, the Company has made information public on the Internet by providing a platform for querying the scope of fees charged by waste processing agencies. We also developed the Chase Environmental Platform to match reliable removal and processing agencies for corporate users in order to avoid waste processing price escalation or price reduction competition, resulting in illegal waste processing and improper disposal of wastes. Meanwhiles, Chase Environmental Platform allows the government to encourage processors to enhance the proper facilities and fair prices to achieve a smoother realization.

(II) Budget execution status of 2019

The Company did not prepare a financial forecast for 2019. Therefore, there is no need to disclose execution information.

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

Item		2018	2019
Financial structure	Liability to asset ratio (%)	18.82	20.09
	Long-term capital to fixed assets ratio (%)	169.55	190.09
Solvency	Current ratio (%)	249.84	355.55
	Quick ratio (%)	248.07	350.52
Profitability	Return on assets (%)	20.53	17.02
	Return on equity (%)	24.13	21.00
	Net margin (%)	38.89	43.46
	Basic earnings per share (NT$)	12.13	10.83

Note: Compiled in accordance with data from the Financial Statements (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 and 2018. In addition, the Company's R&D team shall conduct research on methods for processing soil contaminated by oil. The Company obtained the parent certificates for the "soil scrubbing device" and "surface oil floatation device." In 2020, the Company obtained the invention patent for "Oil-contaminated soil washing system." The R&D team shall continue to expand the Company's research and development in various waste disposal technologies.

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.

(V) Environmental sustainability

Cleanaway Group has been committed to responding to the government's plan to solve the energy crisis and develop green power, and was awarded the Special Reward of Kaohsiung Photovoltaic Intelligent Building Certificate in 2019 in recognition of its implementation of the Green Energy Policy of the Kaohsiung Government. The Group installed solar panels at the open space above the sealed landfill, install the ground solar photovoltaic system (total 3.96 megawatts) at two sealed landfills (Kao Lien Landfill, Xiong Wei Landfill), which provides more than 5 million kWh of electricity per year, to define new green values for the sealed landfills. In addition to being in line with the international renewable energy trend, the Group also coincides with the direction of Kaohsiung Green Energy, combining the concept of sustainable building environment, developing building facilities tailored to local conditions, and giving the city a new positioning and value, while reducing the domestic power shortage crisis and enhancing Taiwan energy diversity.

Cleanaway Group will continue to cooperate with the Kaohsiung City Government to promote diversified sustainability policies, and regard energy transformation and global sustainability issues as major policy directions. On the other hand, the Group focuses on the waste treatment industry, expanding and integrating Taiwan's unique AI intelligent waste removal and transportation platform, from waste removal and transportation, resource reuse to the ultimate perfect one-stop treatment of solidified and buried to protect Taiwan's precious natural environment.

II. Overview of 2020 Business Plan

(I) Business strategies and implementation

In Taiwan's waste disposal market, general industrial waste has been growing steadily year by year, while hazardous industrial waste has been growing steadily. The quality laboratory confirms that the industrial waste has been properly processed before it is buried for maintaining the trust of customers for Cleanaway for many years.

As for the reinvestment business, the Group has begun to contribute to the reinvestment income in 2019, and it will continue to expand its existing business capacity in the coming year. Chung Tai will develop new production capacity, and the new production capacity and plant are expected to start contributing new conversion investment income in the second quarter and the second half of the year. The "Southern Special Hazardous Industrial Waste Treatment Center-Dafa Industrial Waste Treatment Plant" (hereinafter referred to as the Dafa Plant) will complete the installation of new equipment and introduce the first nitrogen seal crushing system (SMP) from Germany It can prevent solid waste with low flash point and reduce the risk of industrial safety incidents, allowing Dafa Plant to accept more types of solid waste that are difficult to handle. Waste treatment capacity, revenue continued to grow, and increase the investment income of Cleanaway.

(II) Promote e-production and e-marketing strategies to enhance the growth momentum of the environmental protection industry

Cleanaway believes that only by improving the operation mode of traditional industries and introducing information technology to accelerate the efficiency of the original industrial chain can improve the service quality of the environmental protection industry. Therefore, the Company will continue to promote the e-waste operation process and promote the introduction of environmental protection industry into electronic commerce model, establish an e-based customer service tool, and use intelligent computing to match the most efficient waste decontamination pipeline, reduce customer costs, reduce the administrative costs of traditional environmental protection companies, let the waste solution be a win-win for the environment, customers and environmental protection industry. The Company will make the industry more convenient and the price more transparent, so all kinds of hazardous industrial waste can be properly handled.

In the future, our vision for the development of an environmental protection platform is to actively integrate and optimize online friendly user interfaces and offline waste services, remove the original traditional opaque trading environment, and become "environmental protection Uber" for customers, clearer, processor, even for the government.

There are more than 700 types of industrial waste codes for "technical industry specialization." Most business owners only obtain a few kinds of processing licenses. Through the matching of big data, the waste is diverted and the efficiency of proper waste disposal is improved.

(III) Layout a diversified business vision and expand waste disposal energy.

In the short-term reinvestment outlook, as a leader in Taiwan's overall environmental protection solutions, Cleanaway is committed to providing customers with cost-effective one-stop waste service. In the future, the Company will focus on the potential of waste demand in Southeast Asia, prudently evaluate overseas business, and expand the Group's growth.

And we observe that Taiwan 's industrial waste still has a considerable potential market. We will complete the environmental protection industry layout and reduce secondary pollution in waste treatment by investing in more efficient waste treatment plants, allow most troublesome waste codes to be properly resolved, expand waste disposal energy, flexibly use the current stable and sufficient cash flow, actively evaluate new investment projects, make the Group stronger, lay the foundation for the Group's growth momentum, and assist Taiwan in solving the problem of decontamination of industrial waste from the source.

III. Future corporate development strategy

The landfill also bears the responsibility of sustainable operation and social enterprise. In addition to the high development cost, the landfill also bears the trust of the enterprise users to deliver to Cleanaway. The waste-accepting landfill is a permanent responsibility. With more than ten years of heavy responsibility in the landfill business, Cleanaway put aside its past strategy of pursuing landfills to achieve revenue, thinking about the way of waste with customers, even willing to sacrifice some customers, and also being friendly to Taiwan 's environment. By re-examining the customer's waste code and nature, and reviewing the past, the landfill plant received many wastes that should be reused or incinerated, whereby landfill is not the most efficient way for these waste. Therefore, the Company is more active in diversifying the scope of waste treatment and diversifying into more diversified areas to expand the growth space of the Cleanaway Group.

The revitalization of sanitary landfills is also one of the policies promoted and encouraged by the government. For example, the Metropolitan Park for the rehabilitation of sanitary landfills is a good environmental teaching material. Although the Group's current technology is only to temporarily store waste in landfills, with the recent experience of Cleanaway undertaking the sanitary landfill activation project, in the future, it will not rule out the search for a partner with better technical support and economies of scale. In addition to the rebirth of the landfill that Cleanaway has sealed, it has also re-launched the traditional landfill to gain profit momentum through a more efficient business model.

IV. Impact of corporate social responsibility and sustainable operation, external competitive environment, regulatory environment and overall operating 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.

In the past 20 years, Cleanaway has focused on the by-products of civilized society and properly handled more than 6.5 million tons of industrial waste. In the coming 20 years, Cleanaway is determined to treat waste issues with a higher degree of social responsibility. In addition to leading by example, the Group hopes that by taking the first step of environmental education, the Group will convey the correct concept of waste.

In particular, the development of the environmental protection industry is closely related to the public's environmental awareness. Cleanaway established an environmental education team to provide long-term business feedback, and regularly updated the fan page to invite the community to think about environmental issues together, and publish and share environmental teaching tips, by holding environmental education to inform the public about the decontamination of waste and related knowledge. Special lectures are held at the Group headquarters from time to time every month to convey real-time and correct environmental education knowledge to employees and the public through speeches. Cleanaway hopes to contribute to the sustainable development of society and the environment through environmental education, gather more energy, and strive to protect the beautiful island of Taiwan.

Cleanaway Company Limited
Chairman Ching-Hsiang Yang

Chapter 2. Company Profile

I. Date of founding: May 4, 1999.

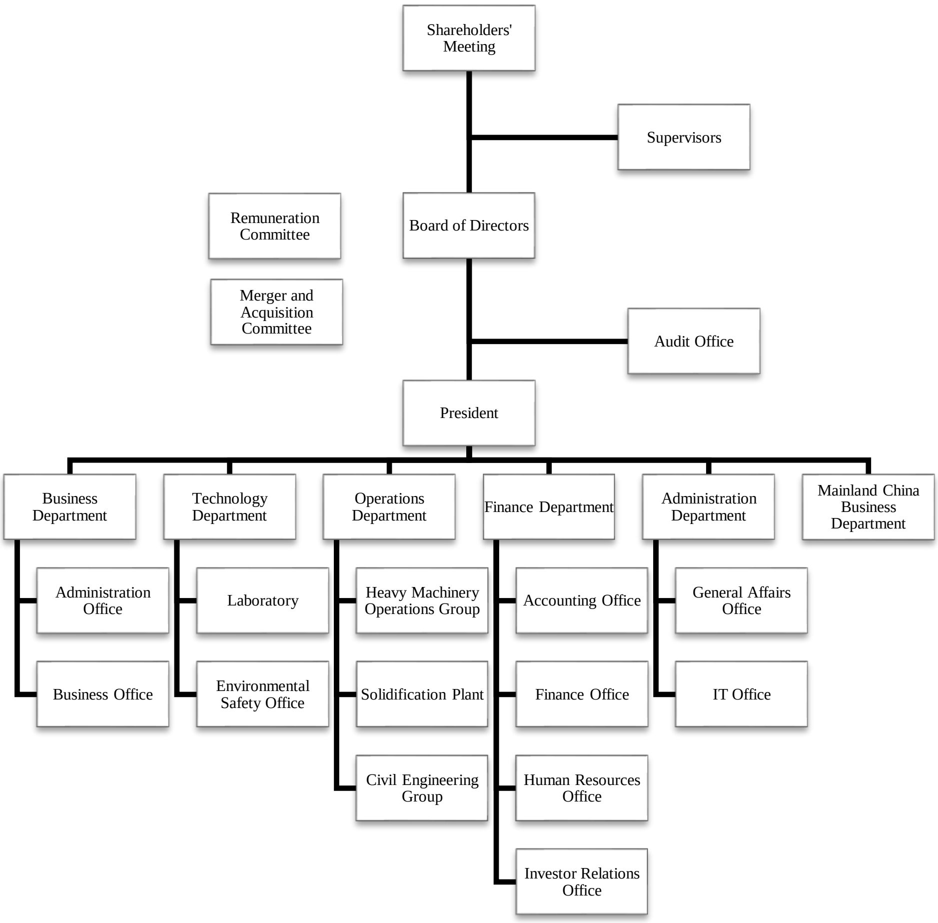
II. Company history:

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 Da Ning Company Limited
2015	◆The green wall of Chi Wei Landfill in Gangshan is the world's largest vertical garden and is listed in the Guinness World Records. ◆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) ◆The headquarter of the Group was inaugurated in Gangshan District, Kaohsiung, the characteristic green building won two awards in the Commercial Building division and the Open Space Vertical Planting division of "The 6th Kaohsiung LOHAS Building Kaohsiung Green Building Awards "
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$ 15,000 thousand in Chase Environmental Co., Ltd.
2019	◆Invested NT$ 55,000 thousand in Cleanaway Energy Co., Ltd. ◆Invested NT$ 374,400 thousand in Chung Tai Resource Technology Corp. ◆Cleanaway Group has won the Special Reward of Kaohsiung Photovoltaic Intelligent Building Certificate.

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. Supplier management and execution of procurement and contracts.
IT Office	Computer network and application system development and maintenance, computer hardware, peripheral equipment, information file maintenance and management, and planning and execution of system security.
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

As of April 20, 2020

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, 2019	3	April 22, 1999	12,112,350	11.12%	12,112,350	11.12%	37	0.00%	-	-	Studied in the Department of Business Administration, Dayeh University	Chairman of Da Ning Co. Ltd., Director of CCL Investment Holding Company Limited, Cleanaway Shanghai Management Holding Company Limited, Cleanaway Zoucheng Holding Company Limited. Cleanaway Zhejiang Holding Company Limited (	President	Yung-Fa Yang	Immediate family
Director	R.O.C.	Kang Lan Enterprise Co., Ltd.	-	July 1, 2019	3	March 22, 2002	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, 2019	3	April 22, 1999	80,000	0.07%	-	-	-	-	-	-	Department of Business Administration, Tamsui Oxford University College, EMBA, National Sun Yat-sen University	Chairman of Kang Lien Enterprise Company Limited, Da Tsang Industrial Company Limited, Cleanaway Zoucheng Co., Ltd., Cleanaway (Shanghai) Company Limited, Director of Cleanaway Investment Company Limited, Da Ning Co. Ltd., Cleanaway Zoucheng Holding Company Limited, Chin Wei Environmental Consultant	-	-	-
Director	British Virgin Islands	Jocris Ltd. (BVI)	-	July 1, 2019	3	August 10, 2010	5,832,522	5.36%	5,832,522	5.36%	-	-	-	-	-	None	-	-	-
	Singapore	Representative: Chung-Ming Li	Male	July 1, 2019	3	June 29, 2007	-	-	-	-	-	-	4,572,789	4.20%	UCLA MBA President, Asia, Brambles Heavy Contracting Limited (Australia)	Director of Kang Lien Enterprise Company Limited, Da Tsang Industrial Company Limited, Cleanaway Enterprise Company Limited, Chi Wei Company Limited, Cleanaway Investment Company Limited, Da Ning Co. Ltd., Cleanaway (Shanghai) Company Limited	-	-	-
Director	R.O.C.	Kun-Yu Chang	Male	July 1, 2019	3	January 19, 2011	150,000	0.14%	150,000	0.14%	-	-	-	-	Department of Finance, Fortune Institute of Technology	-	-	-	-
Independent Director	R.O.C.	Wen-Tsai Yang	Male	July 1, 2019	3	January 19, 2011	-	-	-	-	10,000	0.01%	-	-	Master from the Graduate Institute of Finance, Chaoyang Yunlin University of Technology; Deputy Director-General, Taxation Administration, Ministry of Finance; Director, National Taxation Bureau of Kaohsiung City, Ministry of Finance	Director, Kaohsiung Red Cross Nursery Center; Independent Director, Southeast Cement Corporation	-	-	-
Independent Director	R.O.C.	Kuo-Shu Fan	Male	July 1, 2019	3	July 1, 2019	11,000	0.01%	11,000	0.01%	-	-	-	-	PhD in Environmental Engineering, Ohio State University Vice President, National Kaohsiung University of Science and Technology Convener, Man-made Disaster Division, National Disaster Prevention and	President of CEITA; Adjunct Chair Professor, Department of Environmental, Safety and Sanitation Engineering, National Kaohsiung First University of Science and Technology	-	-	-

															Technology Center For Disaster Reduction CEO of General Waste Recycling and Disposal Fund				
Independent Director	R.O.C.	Tsu-En Chang	Male	July 1, 2019	3	July 1, 2019	-	-	-	-	-	-	-	-	PhD in Civil Engineering, Tohoku University, Japan Minister of Environmental Protection Administration	Professor, Department of Environmental Engineering, National Cheng Kung University Independent Director of Green River Holding Co. Ltd.	-	-	-
Independent Director	R.O.C.	Ta-Tai Chen	Male	July 1, 2016	3	January 19, 2011	-	-	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	-	-	-
Independent Director	R.O.C.	Chien-Hsun Wu (Note 4)	Male	July 1, 2016	3	April 17, 2012	6,000	0.01%	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	-	-	-
Supervisors	R.O.C.	Jung-Hsien Hou	Male	July 1, 2019	3	January 19, 2011	6,000	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 Hong Ho Precision Textile Co., Ltd., T.Y.C. Brother Industrial Co., Ltd., Prince Housing & Development Corp., Jiyuan Packaging Holdings Limited Director of Sheh Fung Screws Co., Ltd., Gamma Optical Co. Ltd., Family Tree Co., Ltd.; Supervisor of Jih Lin Technology Co., Ltd., E&R Engineering Corporation	-	-	-
Supervisors	R.O.C.	Cheng-Han Hsu	Male	July 1, 2019	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, 2019	3	January 19, 2011	1,000,000	0.92%	1,000,000	0.92%	-	-	-	-	-	-	-	-	-
		Legal Representative: Chin-Hui Ling	Female	July 1, 2019	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 13, 2020 (book closure date) is calculated and rounded to the second decimal.

Note 3. Based on an assessment of Independent Director Mr. Wen-Tsai Yang's participation in the Board of Directors in the past three terms, we believe that he will retain his independence and fair judgment. Considering his abundant experience in financial and related industries, the Company will leverage his experience and insights for guiding the Company's future.

Note 4. The term was from August 8, 2016 to June 30, 2019. At the end of the term, he has served as an independent director for three full terms, therefore, he was dismissed after the re-election.

Note 5. The Chairman and the President of the Company are first-degree of kinship. In response to the Company's operational innovation concepts and prospects, the Board of directors passed that the position of President of the company was assumed by Yung-Fa, Yang on November 9, 2018 to his President's expertise in brand management and marketing and lead the Group towards innovative operations. The Company adopts the supervisor system. In addition to the three professional supervisors, there are three independent directors to strengthen the independence of the Board of Directors and implement corporate governance. The Current three independent directors are financial and company-related environmental protection professionals and can effectively strengthen and exert their supervisory functions, and none of the current board members are concurrently serving as managers or employees of the Company

2. Major shareholders of corporate shareholders

As of April 20, 2020

Name of corporate shareholder	Major shareholders of corporate shareholders
Kang Lan 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

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	11	12	
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			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tsu-En Chang (Note 2)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Kuo-Shu Fan (Note 2)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ta-Tai Chen (Note 2)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chien-Hsun Wu (Note 2)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Jung-Hsien Hou	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Cheng-Han Hsu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kang Hsin Investment, Ltd. Chin-Hui Ling																0

Note 1. For any director or supervisor who fulfills the relevant condition(s) for two fiscal years before being elected to the office or during the term of office, please provide the [ ] sign in the field next to the corresponding conditions.

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

(2) Not a director or supervisor of the Company or any of its affiliates. (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 natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

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

(5) Not a director, supervisor, or employee of an corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among top five in shareholdings, or that designates its representatives to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (This restriction does not apply to independent directors in the Company or its parent company, subsidiary or subsidiary of the same parent, which have been appointed in accordance with local laws or laws of the registered country).

(6) Not a director, supervisor, or employee of that other company that controls a majority of the Company's director seats or voting shares and those of any other company. (This restriction does not apply to independent directors in the Company or its parent company, subsidiary or subsidiary of the same parent, which have been appointed in accordance with local laws or laws of the registered country).

(7) Not a director (or governor), supervisor, or employee of that other company or institution serve as the chairperson, general manager, or

person holding an equivalent position of the Company and a person in any of those positions at another company or institution or a spouse thereof (This restriction does not apply to independent directors in the Company or its parent company, subsidiary or subsidiary of the same parent, which have been appointed in accordance with local laws or laws of the registered country).

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company (This restriction does not apply to independent directors in the Company or its parent company, subsidiary or subsidiary of the same parent, which have been appointed in accordance with local laws or laws of the registered country).

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

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

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

(12) 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.

Note 2. The term of Ta-Tai Chen and Chien-Hsun Wu as Independent Directors is until June 30, 2019. Tsu-En Chang and Kuo-Shu Fan assumed the position of Independent Directors since July 1, 2019.

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

As of April 20, 2020

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	R.O.C.	Yung-Fa Yang (Note 3)	Male	2018.11.09	-	-	-	-	1,482,000	1.36%	Master in Brand Management, European Business School London Doctoral Program of Graduate Institute of Environmental Engineering, National Taiwan University	Chairman of Cleanaway Investment, George Yang Co., Ltd., Director of Cleanaway SUEZ Environmental Resources Limited, Chung Tai Resource Technology Corp., Cleanaway Energy, Wei Ho Industry, Hao Ta Industry, Cleanaway Zoucheng, President of Da Tsang, Cleanaway Enterprise, Chi Wei, Kang Lien, Da Ning, Cleanaway Investment	-	-	-
Vice President - Marketing & Sales	R.O.C.	Jen-Cheng Tsai	Male	2000.01.01	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	2000.07.01	-	-	-	-	-	-	Department of Industrial Engineering, Tunghai University, EMBA, Seton Hall University, Assistant Manager, Fornet Enterprise Co., Ltd.	Executive Vice President of Da Tsang, Cleanaway Enterprise, Kang Lien, Chi Wei, Da Ning, Cleanaway Investment	-	-	-
Vice President - Operations	R.O.C.	Yu-Tsung Tai	Male	1999.10.04	17,000	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	2002.11.01	-	-	-	-	-	-	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	2008.05.21	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., Cleanaway Energy			
Chief Auditor	R.O.C.	Mei-Chih Kao	Female	2011.02.14	-	-	-	-	-	-	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	-	-	-
Accounting Supervisor	R.O.C.	Ping-Cheng Hung	Male	2019.08.09	-	-	-	-	-	-	Master of Financial Management, National Kaohsiung University of Science and Technology	Chief Accountant of Da Tsang, Cleanaway Enterprise, Kang Lien, Chi Wei, Da Ning, Cleanaway Investment, Cleanaway Energy Supervisor of Chase Environmental Co., Ltd.	-	-	-

Note 1. The data on the number of shares held is accurate as of April 13, 2020 (book closure date).

Note 2. Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

Note 3. The Chairman and the President of the Company are first-degree of kinship. In response to the Company's operational innovation concepts and prospects, the Board of directors passed that the position of President of the company was assumed by Yung-Fa, Yang on November 9, 2018 to his President's expertise in brand management and marketing and lead the Group towards innovative operations. The Company adopts the supervisor system. In addition to the three professional supervisors, there are three independent directors to strengthen the independence of the Board of Directors and implement corporate governance. The Current three independent directors are financial and company-related environmental protection professionals and can effectively strengthen and exert their supervisory functions, and none of the current board members are concurrently serving as managers or employees of the Company.

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

1. Remuneration to Directors, Supervisors, President and Vice Presidents in the Most Recent Year (i.e. 2019)

(1) Remuneration of Directors (including Independent Directors)

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)		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					
Chairman	Ching-Hsiang Yang	0	0	0	0	5,600	5,600	290	290	0.50%	0.50%	0	0	0	0	0	0	0	0	5,890	5,890	0.50%	0.50%	None
Director	Chong-Meng Li, representative of Jocris Ltd. (BVI)																							
Director	Kun-Yu Chang																							
Independent Director	Wen-Tsai Yang																							
Independent Director	Ta-Tai Chen (Note 1)																							
Independent Director	Chien-Hsun Wu (Note 1)																							
Independent Director	Tsu-En Chang																							
Independent Director	Kuo-Shu Fan																							
Director	Kang Lien Enterprise Company Limited	0	0	0	0	26,800	26,800	0	0	2.27%	2.27%	0	0	0	0	0	0	0	0	26,800	26,800	2.27%	2.27%	
	Representative Cheng-Lun Tao	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	
Total		0	0	0	0	32,400	32,400	290	290	2.77%	2.77%	0	0	0	0	0	0	0	0	32,690	32,690	2.77%	2.77%	

Note 1: The term was from August 8, 2016 to June 30, 2019. At the end of the term, he has served as an independent director for three full terms, therefore, he was dismissed after the re-election.

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 2019,Chin Wei Environmental Consultant Co., Ltd. (Cheng-Lun Tao as Representative) collected technology consulting fees of NT$30 million in 2019.

Director remuneration range table

Paid to each Director of the Company (Representative of Institutional Director) Remuneration Brackets	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$1,000,000	Ching-Hsiang Yang, Chung-Ming Li, Ta-Tai Chen, Chien-Hsun Wu, Tsu-En Chang, Kuo-Shu Fan, Cheng-Lun Tao	Ching-Hsiang Yang, Chung-Ming Li, Ta-Tai Chen, Chien-Hsun Wu, Tsu-En Chang, Kuo-Shu Fan, Cheng-Lun Tao	Ching-Hsiang Yang, Chung-Ming Li, Ta-Tai Chen, Chien-Hsun Wu, Tsu-En Chang, Kuo-Shu Fan, Cheng-Lun Tao	Ching-Hsiang Yang, Chung-Ming Li, Ta-Tai Chen, Chien-Hsun Wu, Tsu-En Chang, Kuo-Shu Fan, Cheng-Lun Tao
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	Kun-Yu Chang, Wen-Tsai Yang,	Kun-Yu Chang, Wen-Tsai Yang,	Kun-Yu Chang, Wen-Tsai Yang,	Kun-Yu Chang, Wen-Tsai Yang,
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (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$15,00,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	Kang Lan Enterprise Co., Ltd.	Kang Lan Enterprise Co., Ltd.	Kang Lan Enterprise Co., Ltd.	Kang Lan Enterprise Co., Ltd.
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	10 persons	10 persons	10 persons	10 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 2019 (including salaries, job remuneration, pension, severance, bonuses, and rewards).

Note 3. The amount is the proposed remuneration to Directors according to the 2019 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 2019 (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 2019 (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 2019 (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. The total remuneration paid to the Company's directors by all the companies (including this Company) listed in 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 2019. 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. 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. 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. 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. Note 14: The remuneration of Directors and Supervisors in this year was approved by the Board of Directors on March 20, 2020.

* 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 (2019):

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	0.24%	0.24%	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 Remuneration Brackets	Names of Supervisor	
	Total of (A+B+C)	
	The Company (Note 6)	All companies in consolidated statements (Note 7) D
Less than NT$1,000,000	Cheng-Han Hsu, Chin-Hui Ling, Kang Hsin Investment, Ltd.	Cheng-Han Hsu, Chin-Hui Ling, Kang Hsin Investment, Ltd.
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	Jung-Hsien Hou	Jung-Hsien Hou
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (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$15,00,000 (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 2019 (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 2019.
Note 4. Business expenses paid out to Supervisors in 2019 (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 2019. 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 20, 2020.
*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)(Note2)		Severance pay and pension (B)		Bonus and Special Allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				The ratio of the total amount of four items A, B, C and D to the net profit after tax (%) (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)		The Company	All companies in the Financial Report (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Yung-Fa Yang	14,760	14,760	0	0	4,000	13,000	15,000	0	15,000	0	2.86%	3.63%	None
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)
Less than NT$1,000,000		
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Jen-Cheng Tsai, Chi-Nan Chen, Yu-Tsung Tai, Lwon-Kuo Sung, Tsung-Tien Chen	Jen-Cheng Tsai, Tsung-Tien Chen
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	Chi-Nan Chen, Yu-Tsung Tai, Lwon-Kuo Sung
NT$10,000,000 (inclusive) to NT$15,00,000 (exclusive)	Yung-Fa Yang	Yung-Fa Yang
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 2019.
Note 3. Remuneration to the President and Vice Presidents in 2019, 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 2019. 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 2019. 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 aggregate amount of remunerations paid to the Company's General Managers and Deputy General Managers from all companies (including the Company) included in the 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 2019. 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 20, 2020.
*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:

As of April 20, 2020

Unit: NT$1,000

Title	Name	Stock amount	Cash amount	Total	Percentage of total compensations to NIAT (%)
President	Yung-Fa Yang	0	15,000	15,000	1.27%
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 20, 2020.

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	2018				2019			
	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	32,690	2.48%	32,690	2.48%	32,690	2.78%	32,690	2.78%
Supervisors	2,780	0.21%	2,780	0.21%	2,780	0.24%	2,780	0.24%
Total remuneration to the President and Vice Presidents	49,890	3.78%	49,890	3.78%	33,760	2.87%	42,760	3.64%

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 2019 to 2018, 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 six meetings (A) were held by the Board of Directors in the most recent fiscal year (2019). 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)
Chairman	Ching-Hsiang Yang	6	0	100%(6/6)
Director	Kang Lien Enterprise Company Limited Representative: Cheng-Lun Tao	6	0	100%(6/6)
Director	Jocris Ltd. (BVI) representative: Chong-Meng Li	5	1	83%(5/6)
Director	Kun-Yu Chang	6	0	100%(6/6)
Independent Director	Wen-Tsai Yang	6	0	100%(6/6)
Independent Director	Kuo-Shu Fan (Note)	4	0	100%(4/4)
Independent Director	Tsu-En Chang (Note)	4	0	100%(4/4)
Independent Director	Ta-Tai Chen (Note)	2	0	100%(2/2)
Independent Director	Chien-Hsun Wu (Note)	2	0	100%(2/2)

Note: The term of the 8th session of Independent Directors ended on June 30, 2019, In 2019,the Board of Directors has held 2 meetings as of June 30. After July 1, 2019, the Board of Directors has held 4 meetings.

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 (2019) 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 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
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 December 20, 2019)	They are the Company's current regular Directors and personal interests are involved	Recusal in accordance with regulations
Wen-Tsai Yang, Tsu-En Chang, Kuo-Shu Fan	The Company's distribution of remuneration for the three Independent Directors and all individual supervisors for 2018 (board meeting on December 20, 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 "Rules and Procedures of Board of Directors Meeting" 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 6 (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	6	100%(6/6)	
Supervisors	Cheng-Han Hsu	6	100%(6/6)	
Supervisors	Kang Hsin Investment, Co., Ltd. representative: Chin-Hui Ling	6	100%(6/6)	
Other matters that should be recorded: (I) Composition and responsibilities of Supervisors: The Company has 3 supervisors with term of 3 years. The duties include: 1. Supervision of business operations, the management team, and the internal control system of this Company 2. Limiting violations of law by the board or a director in the course of duties 3. Reviewing the books and records of this Company 4. Review of the business and finances of this Company (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 12, 2019	Report on the implementation status of internal audits in January 2019.	None
March 15, 2019 Board of Directors	Report on the implementation status of internal audits in February 2019. Report on the implementation and reporting status of the 2018 internal audit plan. Report on the internal control self-assessment report and Internal Control System Statement for 2018.	None
April 26, 2019 Board of Directors	Report on the implementation status of internal audits in March 2019. Report on the implementation and reporting status of the Internal Control System Statement in 2018.	None
June 6, 2019 Board of Directors	Report on the implementation status of internal audits in April and May 2019.	None
August 9, 2019 Board of Directors	Report on the implementation status of internal audits in June and July 2019.	None
November 8, 2019 Board of Directors	Report on the implementation status of internal audits in August, September and October 2019.	None
December 20, 2019 Board of Directors	Report on the implementation status of internal audits in November 2019.	None

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

Date	Key communication points
January 17, 2019	Impact of the application of IFRS 16 "Leases" on the Company's Financial Report
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.
April 26, 2019 Board of Directors	Consolidated Financial Statements for the first quarter of 2019 Distribution of 2018 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.
August 9, 2019 Board of Directors	Consolidated Financial Statements for the second quarter of 2019 The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.
November 8, 2019 Board of Directors	Consolidated Financial Statements for the third quarter of 2019 The Chief Financial Officer contacted the CPA to discuss and communicate issues raised by Independent Directors and participants.

(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 2019.

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

Item	State of operations			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	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/GTSM 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 material deviation from the "Corporate Governance Best Practice Principles for TWSE/GTSM 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 material deviation from the "Corporate Governance Best Practice Principles for TWSE/GTSM 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	No material deviation from the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies."

Item	State of operations			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
(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? (III) Has the Company established a performance evaluation method for the Board of Directors and conducted performance evaluation accordingly on an annual basis and reported the results of performance evaluation to the Board of Directors and applied to the remuneration of individual directors and nomination renewal as reference? (IV) Does the Company regularly implement assessments on the independence of the CPA?	**V** **V** **V**		Directors and three Independent Directors who have their own area of expertise including leadership skills, business judgments, business management, and crisis management as well as professional skills such as knowledge of the industry and international market perspectives. The three Independent Directors, Wen-Tsai Yang, Tsu-En Chang and Kuo-Shu Fan, specialize in finance and taxation, environmental engineering and waste disposal respectively, that is beneficial to the Company. There are no directors who also concurrently work as employees of the Company. Independent Director ratio is 43%, 2 independent directors have a term of less than 3 years, 1 independent director has a term of 9 years, 2 directors are over 70 years old, 4 are between 60 ad 69 years old, and 1 is under 60 years old. There are no female directors. The Company emphasizes that the board members have the knowledge, skills and qualities necessary to perform their duties. The board members shall have the eight abilities in the company's governance code respectively. This is the ideal goal of director diversification. The board members in this session have been elected and the Company has implemented a policy for ensuring the diversification of business members. 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. 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. For details of the evaluation items and results, please refer to "The Implementation of Evaluation by the Board of Directors."	

Item	State of operations			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			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 20, 2020 for review and passage. The Company has assessed and concluded that the CPAs Kuan-Chung Lai and Chin-Chuan Shih 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. (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	

Item	State of operations			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			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. To avoid the doubt that Company's accountants are not independent, the CPAs Chin-Chuan Shih and Kuan-Chung Lai will certify the financial statement of the Company since 2020. (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, Does the TWSE/GTSM listed company have an adequate number of corporate governance personnel with appropriate qualifications, appoint a chief corporate governance officer to be in charge of corporate governance affairs (Including but not limited to, furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings	**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 assist directors and supervisors with legal compliance, organize related matters for meetings of the Board of Directors 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.	No material deviation from the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies."

Item	State of operations			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
according to laws, applying for and changing company registry, producing minutes of board meetings and shareholders meetings, etc.)?				
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 material deviation from the "Corporate Governance Best Practice Principles for TWSE/GTSM 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 material deviation from the "Corporate Governance Best Practice Principles for TWSE/GTSM 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)? (III)Has the Company published and reported its annual financial report within two months after the	V 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. 3. The Company's announcement of the financial report schedule is declared in accordance with the time limit prescribed by the law:	No material deviation from the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies."

Item	State of operations			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?			a. Annual financial report: Declaration shall be completed within three months after the end of the year. b. Quarterly financial report: Declaration shall be completed within 45 days after the end of each quarter. c. Operational situation in each month: Declaration shall be completed by the 6th of each month at the latest, which is earlier than the prescribed period.	
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance (Including but not limited to 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)?	**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 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	No material deviation from the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies."

Item	State of operations			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			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 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.	

Item	State of operations			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	

(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

Title	**Name**	**Date of course**	**Organizer**	**Course title**	**Duration of the course**	**Hours**
Chairman	Ching-Hsiang Yang	November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	6
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	
Representative of Institutional Director	Cheng-Lun Tao	November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	6
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	
Representative of Institutional Director	Chong-Meng Li	November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	6
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	
Director	Kun-Yu Chang	November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	6
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	
Independent Director	Kuo-Shu Fan	November 21, 2019	Taiwan Stock Exchange (TWSE)	Board Functions Enhancement Seminars	3	9.0

Item	State of operations			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	

		November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	
Independent Director	Wen-Tsai Yang	November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	6
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	
Supervisors	Cheng-Han Hsu	November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	6
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	
Independent Director	Tsu-En Chang	November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	6
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	
Supervisors	Jung-Hsien Hou	November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	6
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	
Representative of corporate supervisor	Chin-Hui Ling	November 8, 2019	Taiwan Corporate Governance Association	Anti-Money Laundering and Countering Terrorism Financing - Focus on the Investigation of Money Laundering and Terrorism Financing crimes	3	6
		August 9, 2019	Taiwan Corporate Governance Association	Operational Practice of Shareholders' Meetings and Board Meetings	3	

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

<table>
<tr><th rowspan="2">Item</th><th colspan="3">State of operations</th><th rowspan="2">Deviations from the "Corporate Governance Best-Practice Principles for TWSE/GTSM 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>investors' interests.
5. Continuing education for the Company's finance and audit personnel</td><td></td></tr>
</table>

Title	Name	Date of course	Organizer	Course title	Duration of the course
Finance Manager	Ping-Cheng Hung	2019.09.26 2019.09.27	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	2019.11.21 2019.11.22	National Cheng Kung University	Continuing Education Course for Accounting Manager	12
Auditor Supervisor	Mei-Chih Kao	2019.07.25	Internal Audit Association	Analysis of Strengthening the Three Lines of Defense and the Operating Mechanism of the Board of Directors	12
		2019.10.25	Securities and Futures Institute	Unveiling Common Enterprise Crime Cases Important to Auditors	
Audit Agent	Yin-Yu Ke	2019.12.11 2019.12.12 2019.12.13	Internal Audit Association	Pre-job training for companies' internal auditing personnel	18

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 21% to 35% in the evaluation in 2018. The results of the Company's corporate governance evaluation for 2019 were not announced as of the publication of the Annual Report. According to the self-assessment scoring for the corporate governance evaluation in 2017, 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 2020 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 four investor conferences in 2019 and plan to hold at least one invited or self-organized investor conference quarterly in 2020.
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	Qualifications / Name	Has more than five years of work experience and the following professional qualifications			Meets the independence criteria (Note 1)										Number of other public companies in which the member also serves as a member of their remuneration committee
		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	9	10	
Independent Director	Wen-Tsai Yang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director	Kuo-Shu Fan	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent Director	Tsu-En Chang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director	Ta-Tai Chen (Note 2)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent Director	Chien-Hsun Wu (Note 2)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: For any committee member who fulfills the relevant condition(s) two years before being elected or during the term of office, please provide the mark in the field next to the corresponding condition(s).✓

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

(2) Not a director or supervisor of the Company or any of its affiliates. (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 natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

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

(5) Not a director, supervisor, or employee of an corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among top five in shareholdings, or that designates its representatives to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (This restriction does not apply to independent directors in the Company or its parent company, subsidiary or subsidiary of the same parent, which have been appointed in accordance with local laws or laws of the registered country).

(6) Not a director, supervisor, or employee of that other company that controls a majority of the Company's director seats or voting shares and those of any other company. (This restriction does not apply to independent directors in the Company or its parent company, subsidiary or subsidiary of the same parent, which have been appointed in accordance with local laws or laws of the registered country).

(7) Not a director (or governor), supervisor, or employee of that other company or institution serve as the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution or a spouse thereof (This restriction does not apply to independent directors in the Company or its parent company, subsidiary or subsidiary of the same parent, which have been appointed in accordance with local laws or laws of the registered country).

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company (This restriction does not apply to independent directors in the Company or its parent company, subsidiary or subsidiary of the same parent, which have been appointed in accordance with local laws or laws of the registered country).

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

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

Note 2: The term was from August 8, 2016 to June 30, 2019. At the end of the term, he has served as an independent director for three full terms, therefore, he was dismissed after the re-election.

2. Operations of the Remuneration Committee:
   (1) The Company's Remuneration Committee consists of three members.
   (2) Duration of the current term: August 9, 2019 to June 30, 2022.
   (3) The Compensation Committee's meeting, qualifications of the members and attendance in the most recent year are as follows:
   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	Number of meetings required to attend (A)	Attendance rate (%) (B/A)	Notes
Convener	Wen-Tsai Yang	2	0	2	100%.	
Committee Member	Kuo-Shu Fan	1	0	1	100%.	
Committee Member	Tsu-En Chang	1	0	1	100%.	
Committee Member (Note)	Ta-Tai Chen	1	0	1	100%.	
Committee Member (Note)	Chien-Hsun Wu	1	0	1	100%	

Other matters that should be recorded:

I. 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.

Note : The term was from August 8, 2016 to June 30, 2019. At the end of the term, he has served as an independent director for three full terms, therefore, he was dismissed after the re-election.

Indicate the date of the Remuneration Committee's meeting in 2019, the content of proposals, resolutions of the Committee, and the results of The Company's actions in response to the opinions of the Remuneration Committee:

Remuneration Committee	Content of motion and follow-up actions	Resolution	Method in which the Company handles the Remuneration Committee's opinions
March 15, 2019	1. Review the Company's distribution of remuneration for Directors and Supervisors' and employees' compensation for 2018. 2. The Company's distribution of remuneration to Independent Directors Ta-Tai Chen, Chien-Hsun Wu, and all individual directors for 2018. 3.The Company's distribution of remuneration for Independent Director Wen-Tsai Yang and all individual supervisors for 2018.	Adopted with the approval of all members of the Committee	Proposed by the Board of Directors Unanimous agreement of all Directors in attendance
December 20, 2019	1. Distribution of the Company's year-end bonus for managerial officers for 2019 2. The Company's distribution of remuneration for the Independent Directors Tsu-En Chang, Kuo-Shu Fan and all individual directors for 2018	Adopted with the approval of all members	Proposed by the Board of Directors Unanimous agreement of

	3. The Company's distribution of remuneration for the Independent Director Wen-Tsai Yang and all individual supervisors for 2018	of the Committee	all Directors in attendance
March 30, 2020	1. Review the Company's distribution of remuneration for Directors and Supervisors' and employees' compensation for 2019. 2. The Company's distribution of remuneration for the Independent Directors Tsu-En Chang, Kuo-Shu Fan and all individual directors for 2019. 3. The Company's distribution of remuneration for the Independent Director Wen-Tsai Yang and all individual supervisors for 2019.	Adopted with the approval of all members of the Committee	Proposed by the Board of Directors Unanimous agreement of all Directors in attendance

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) Deviations of the Company's corporate social responsibility from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation:

Evaluation item	State of operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
I. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies? (Note 1)	V		The Company has conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and has established relevant risk management policies. Please refer to the Company's 2019 corporate social responsibility report for the relevant risk management policies.	No material deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."
II. 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?	V		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.	No material deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."
III. Environmental Issues (I) Has the Company established a suitable environmental management system based on the nature of its industry? (II) Is the Company committed to improving the efficient use of resources and utilize renewable resources to reduce environmental impact?	V V		1. 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. 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. 2. The Company has established the "Energy and Resource Management Procedures" to regulate and evaluate the use of 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	No material deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."

Evaluation item	State of operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			on the environment.	
(III) Has the company assessed the potential risks and opportunities arising from climate change at present and in the future and taken related countermeasures?	V		3. The Company's response measures to climate change related issues briefly described below, and please refer to the relevant chapters of the company's 2019 CSR report, and a summary description is as follows: (1) Current potential risks and opportunities: install solar panels at the open space above the closed landfill, install the ground solar photovoltaic system (total 3.96 megawatts) at two sealed landfills (Kao Lien Landfill, Xiong Wei Landfill), which provides more than 5 million kWh of electricity per year. In total, the annual production rate of the entire Cleanaway solar panel installation exceeds 6 million kWh, and it is estimated that it can reduce 1,869 tons of carbon dioxide annually. Won the Special Reward of Kaohsiung Photovoltaic Intelligent Building Certificate in 2019. In addition, the company also collected organic gas in the landfill plant and use the biogas power generation system to generate electricity by using methane decomposed by the organic matter in the landfill. (2) Future potential risks and opportunities: In response to climate change the government's green energy policy, Cleanaway will also invest in Waste-to-energy) related factories, and use high-calorific value waste as the main source of waste treatment to increase energy generation. High-standard air pollution prevention equipment will be used to treat waste while reducing environmental damage and avoiding secondary pollution.	
(IV) Has the company the calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established the policies with regard to energy conservation and carbon reduction, greenhouse gas reductions, water consumption, and waste management?	V		4. For the Company's greenhouse gas emissions, water consumption and total weight of waste in the past two years, please refer to the 2019 Corporate Social Responsibility Report. 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.	

IV. Social Issues (I) Has the company formulated management policies and procedures following relevant regulations and international human rights treaties?	V		1. Please refer to "V. Labor relations" in "Chapter 5 Operational Highlights" of the Annual Report.	No material deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."
(II) Has the company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		2. The Company has established 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.	
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?	V		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 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:	

Item No.	Environmental safety inspection item	Inspection frequency
1	Fire extinguishers in various locations in the plants	Monthly inspections
2	Fire hydrants in various locations in the plants	Monthly inspections
3	Emergency lights in various locations in the plants	Monthly inspections
4	Respirators (breathing apparatus and gas masks)	Quarterly inspections
5	First aid medical supplies (oxygen supply equipment and first aid equipment)	Monthly inspections
6	Material environmental risk assessment	Implemented once a year

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">State of operations</th><th rowspan="2">Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(IV) Has the Company established effective career development and training plans for its employees?
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?</td><td>V
V
V</td><td></td><td><table><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>4. The Company has established education and training programs and employees file applications for continuing studies based on the required skills.
5. 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.

The Company evaluates suppliers' records for whether they have affected the environment or society when providing loans and conducting reviews. The Company establishes terms for the termination of the contracts in contracts signed with main suppliers if they cause pollution in the environment.</td><td></td></tr>
<tr><td>V. Did the Company, following internationally recognized guidelines, prepare and publish reports such as its Corporate Social Responsibility report to disclose non-financial information of the company? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?</td><td>V</td><td></td><td>Although the Company is not a company that compulsorily requires a corporate social responsibility report (hereafter referred to as CSR report) by the competent authority, the Company has prepared a CSR report for 2019 to disclose non-financial information of the Company in order to strengthen the communication with stakeholders. The content of the report is in accordance with the international standards or guidelines for the report preparation and obtains the confirmation or assurance opinions of third-party verification units.</td><td>No material deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."</td></tr>
<tr><td colspan="5">VI. If the Company has established the corporate social responsibility best practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," please describe any discrepancy between the Principles and their implementation:</td></tr>
</table>

Evaluation item	State of operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
No material deviation of the Company's "Corporate Social Responsibility Best Practice Principles" from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."				
VII. Other important information to facilitate better understanding of the company's Corporate Social Responsibility practices: The Company actively participates in community activities and also contributes extensively to various charitable initiatives. The Company contributes resources to the 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. To promote environmental protection issues to the general public, the Company has cooperated with Kaohsiung University of Science and Technology since 2018 to jointly promote the "Environmental Education" Train Event. In 2019, and the environmental education community page was established to go deep into the community and schools at various levels to organize events. The Company invites experts in the field of environmental protection to hold a lecture and open it to the community, Company colleagues, and the public to participate every month. (Measures adopted by the Company concerning environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social responsibility activities and the implementation status.)				

Note 1: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the company's investors and other stakeholders.

(VI) Deviations of the Company's ethical corporate management from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation:

Evaluation item	State of operations			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
I. Stipulating policies and plans for ethical corporate management (I) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies? (II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? (III) Has the company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	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/GTSM Listed Companies"
II. Implementing ethical corporate management (I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	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	No material deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed

Evaluation item	State of operations			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct? (III) Has the Company established policies to prevent conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly? (IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit? (V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V V V		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 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. 3. The Company has established related regulations for ethical conduct in the Work Rules. 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. 5. The Company regularly invites external professionals to provide related education and training at the Company.	Companies"

Evaluation item	State of operations			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
III. Operation of whistle-blowing system (I) Has the company established a concrete whistleblowing and rewarding system, and set up accessible methods for whistleblowers, and designate appropriate and dedicated personnel to investigate the accused? (II) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (III) Does the company take any measures to protect whistleblowers so that they are safe from mishandling?	**V** **V** **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. 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 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.	No material deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"
IV. Strengthening information disclosure (I) Has the company disclosed the content of its integrity operation principles and its result of implementation on its website and MOPS?	**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/GTSM Listed Companies"
V. If the Company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," describe any deviations between the principles and their implementation: None.				
VI. Other important information that facilitate 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 Procedures of 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.tse.com.tw).
2. Company website: Investors → Corporate Governance information. (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 20, 2020

Based on the findings of a self-assessment, Ho Tung Chemical Corporation states the following with regard to its internal control system during the year of 2019:

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 internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
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 uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. 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 findings of such evaluation, TSMC believes that, on December 31, 2017, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
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. This statement has been approved by the Board of Directors on March 20, 2020. Among the seven Directors present, none of them has any objection and all agree with the contents of this statement and make 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) Major Decisions of Shareholders' Meeting and Board Meetings in the most recent year as of the publication date of the Annual Report:

1. Important resolutions of the 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 16th meeting March 15, 2019	1. Approve the proposal for distribution of Directors and employees' compensation for 2018 2. 2018 Business Report and Financial Statements. 3. Amendment of the Company's "Articles of Incorporation" 4. Amendment of the "Procedures for Acquisition or Disposal of Assets" 5. Election of the 9th-Term Directors and Supervisors 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	P P P	
	Independent Directors' comments: None		
	The Company's actions in response to the opinions of independent directors: None.		
	Resolution: Passed by all directors present at the meeting.		

8th-term 17th meeting April 26, 2019	1. Financial Report for the first quarter of 2019.		
	2. 2018 earnings distribution proposal.		
	3. Amendment to the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees."	P	
	4. Amendment to the Company's Articles of Incorporation.		
	5. Proposal to convene the 2019 general shareholdings meeting and related affairs		
	6. Nomination and review of the 9th session of directors (including independent directors) and supervisors.		
	7. Proposal for the removal of the non-competition clauses for newly-appointed Directors (9th session of Board of Directors) and their representatives.		
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Resolution: Unanimous agreement of all Directors in attendance		
9th-term 1st extraordinary meeting June 6, 2019	Election of the Chairperson of the 9th-term of Board of Directors of this Company.		
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Resolution: Unanimous agreement of all Directors in attendance on electing director Ching-Hsiang Yang as chairman.		
9th-term 1st meeting August 9, 2019	1. Consolidated Financial Statements for the second quarter of 2019		
	2. Appointment of the 4th-term of the Company's Remuneration Committee.		
	3. Appointment of directors and supervisors of subsidiaries.		
	4. Change of the Company's Accounting Manager and Finance Manager	P	
	5. Proposal for the endorsement/guarantee for subsidiaries Da Tsang Industrial Company Limited and Cleanaway Enterprise.	P	
	6. Proposal for the application of a credit line of NT$ 220 million from CTBC Bank.		
	7. Proposal for the application of a credit line of NT$ 350 million from Hua Nan Commercial Bank.		
	8. Amendment to the Company's "Remuneration Committee Charter"		

	9. Amendment to the Company's "Guidelines for Business and Financial Operations for Specific Companies, the Group and Related Parties."		
	10. Appointment of the directors and supervisors of subsidiary Cleanaway Energy.		
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Resolution: Passed by all directors present at the meeting.		
9th-term 2nd meeting November 8, 2019	1. Consolidated Financial Statements for the third quarter of 2019		
	2. Amendment to the Company "Procedures for Acquisition or Disposal of Assets."	P	
	3. Amendment to the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees."	P	
	4. Amendments to the Company's "Internal Control System" and "Guidelines to Implement Internal Audit"	P	
	5. Amendment to the "Regulations Governing the Evaluation of the Performance of the Board of Directors"		
	6. Proposal of funds loaning of NT$ 300 million for Da Tsang Industrial Company Limited.	P	
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Resolution: Passed by all directors present at the meeting.		
9th-term 3rd meeting December 20, 2019	1. Reviewed and resolution of the Company's 2020 Business Plan.		
	2. Establishment of the Company's internal audit plan 2020.		
	3. Removal of non-compete clause for the Company's Accounting Manager, Finance Manager		
	4. Proposal for the application of a credit line from CTBC Bank Minzu Branch.		
	5. Proposal for the application of loan of NT$ 300 million from Taishin International Bank.		
	6. Proposal for the application of loan of NT$ 300 million from Bank SinoPac.		
	7. Proposal to distribute the 2019 year-end bonus for managers of the Company		
	8. The Company's distribution of remuneration for all individual directors for 2019.	P	
	9. The Company's distribution of remuneration for the three Independent Directors and all individual supervisors for 2018.	P	
	Opinions of independent directors: None.		

	The Company's actions in response to the opinions of independent directors: None.		
	Resolution: Passed by all directors present at the meeting.		
9th-term 4th meeting March 20, 2020	1. Proposal for distribution of Directors and employees' compensation for 2019 2. 2019 Business Report and Financial Statements. 3. 2019 earnings distribution proposal. 4. Amendment to the "Rules and Procedures of Shareholders' Meeting." 5. Proposal to convene the 2020 general shareholdings meeting and related affairs 6. Proposal of the Company's "Internal Control System Statement." 7. Amendment to the Company's "Rules and Procedures of Board of Directors Meeting." 8. Amendment to the Company's "Remuneration Committee Charter" 9. Replacement of the Company's CPA. 10. Proposal of loan for Kang Lien Enterprise Company Limited. 11. The Company's distribution of remuneration for all individual Directors for 2019 12. The Company's distribution of remuneration for the three Independent Directors and all individual supervisors for 2019. 13. Remuneration for the representative of the institutional director to Cleanaway SUEZ Environmental Resources Limited. 14. Remuneration for the representative of the institutional director to Chung Tai Resource Technology Corp.	P P	
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Resolution: Passed by all directors present at the meeting.		

2. Important resolutions from the 2019 general shareholders' meeting and implementation status:

Key resolutions	Implementation status
1. Ratification of the 2018 Business Report and Financial Statements.	Resolution passed.
2. Approval of the 2018 earnings distribution proposal.	Distribution of cash dividends of NT$10 per share. The Board of Directors established June 27, 2019 as the ex-dividend date and July 19, 2019 as the dividends issuance date.
3. Approved the amendment of the Company's "Articles of Incorporation."	On July 9, 2019, the Ministry of Economic Affairs approved the registration and it is announced in the Company's website.
4. Approved the amendment of the "Procedures for Acquisition or Disposal of Assets."	On June 25, 2019, it is announced on the Market Observation Post System and the Company's website in accordance with the revised procedure.

5. Amendment to the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees."	On June 25, 2019, it is announced on the Market Observation Post System and the Company's website in accordance with the revised procedure.
6. Election of the 9th-term Directors and Supervisors	The list of elected directors has been announced and was approved by the Ministry of Economic Affairs on July 9, 2019 to complete the registration of the Company's change list and announced on the Company's website.

(XII) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2018 and as of the Date of this Annual Report: None.

(XIII) Resignation of Chairman, President and other Officers from the preceding year to the Printing Date of this 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, 2019 to December 31, 2019	

Unit: NT$ thousands

		Audit fees	Non-audit fees	Total
1	Under 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$ thousands

Name of CPA Firm	Name of CPA	Audit fees	Non-audit fees					Audit period	Notes
			System design	Business registration	Human resources	Others	Subtotal		
Deloitte, Taiwan	Te-Chen Cheng Kuan-Chung Lai	3,020	0	0	0	489	489	January 1, 2019 to December 31, 2019	NT$ 382 thousand of maintenance fees for offshore companies NT$ 12 thousand for COIs of offshore companies NT$ 95 thousand for business tax deduction audit expenses

2. The following information shall be disclosed in the event of one of the

following:

(1) If 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 thereof shall be disclosed: None.

(3) Where accounting fee paid for the year was more than 15% less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: None.

V. Replacement of CPAs

(I) Information on the previous CPA:

<table>
<tr><td>Date of replacement</td><td colspan="3">March 20, 2020</td></tr>
<tr><td>Cause and details of the replacement</td><td colspan="3">The Former CPAs Te-Chen Cheng and Kuan-Chung Lai are from Deloitte, Taiwan. Due to internal business rotation, CPAs Kuan-Chung Lai and Chin-Chuan Shih of Deloitte, Taiwan resumed the position since the first quarter of 2020.</td></tr>
<tr><td rowspan="3">Any details for the termination or rejection of the commissioner or CPA</td><td>Contracting party
Status</td><td>CPA</td><td>Commissioner</td></tr>
<tr><td>Active termination of the commission</td><td>-</td><td>-</td></tr>
<tr><td>Rejection of (continuing) commission</td><td>-</td><td>-</td></tr>
<tr><td>Opinion and reasons for audit report issued during the two past fiscal years containing an observation other than unqualified ones</td><td colspan="3">None</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td>-</td><td>Generally Accepted Accounting Principles (GAAP) or activities</td></tr>
<tr><td>-</td><td>Disclosure of financial reports</td></tr>
<tr><td>-</td><td>Scope or procedure of audits</td></tr>
<tr><td>-</td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Descriptions: None</td></tr>
<tr><td>Other items for disclosure (items in Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulations shall be disclosed)</td><td colspan="3">None</td></tr>
</table>

(II) Regarding the successor Certified Public Accountants:

Name of the accounting firm	Deloitte, Taiwan
Name of CPA	Kuan-Chung Lai, Chin-Chuan Shih
Date of commissioning	March 20, 2020
Accounting treatment or accounting principle for specific transactions as well as consultation items and results on audit assessment on the financial report prior to formal engagement	None
Written views on disagreements between the successor and former independent auditors	None

(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

Title	Name	2019		2020 as of April 13	
		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	0	0
Director	Kang Lien Enterprise	0	0	0	0
Representative of Institutional Director	Cheng-Lun Tao	(80,000)	0	0	0
Director	Jocris	0	0	0	0
Representative of Institutional Director	Chong-Meng Li	0	0	0	0
Director	Kun-Yu Chang	0	0	0	0
Independent Director	Wen-Tsai Yang	0	0	0	0
Independent Director	Ta-Tai Chen	0	0	0	0
Independent Director	Chien-Hsun Wu	0	0	0	0
Supervisors	Jung-Hsien Hou	0	0	0	0
Supervisors	Cheng-Han Hsu	0	0	0	0
Supervisors	Kang Hsin Investment	0	0	0	0
representative of corporate supervisor	Chin-Hui Ling	0	0	0	0
Vice President - Marketing & Sales	Jen-Cheng Tsai	0	0	0	0
Vice President - Administration	Chi-Nan Chen	(2,000)	0	0	0
Chief Financial Officer	Tsung-Tien Chen	0	0	0	0
Vice President - Operations	Yu-Tsung Tai	(1,000)	0	(5,000)	0
Vice President-Technology	Lwon-Kuo Sung	0	0	0	0
Chief Auditor	Mei-Chih Kao	0	0	0	0
Accounting Supervisor	Ping-Cheng Hung	0	0	0	0

Note: Data collected as of April 13, 2020 (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	-
Fubon Life Insurance Co., Ltd.	6,532,000	6.00	-	-	-	-	None	None	-
Fubon Life Insurance Co., Ltd. representative: Ming-Hsing Tsai	-	-	-	-	-	-	Fubon Life Insurance Co., Ltd.	Chairman	-
Jocris Ltd. (BVI)	5,832,522	5.36	-	-	-	-	Jusiu Limited (BVI)	Same person in charge	-
Jocris Ltd. (BVI) representative: Chong-Meng Li	-	-	-	-	4,572,789	4.20	Jocris Ltd. (BVI) Jusiu Limited (BVI)	Person in charge Person in charge	-
Kang Lan Enterprise Co., Ltd.	5,526,223	5.08	-	-	-	-	Ching-Hsiang Yang	Major shareholder	-
Kang Lien Enterprise Co., Ltd. representative: Cheng-Lun Tao	-	-	-	-	-	-	None	None	-
Jusiu Limited (BVI)	4,572,789	4.20	-	-	-	-	Jocris Ltd. (BVI)	Same person in charge	-
Jusiu Limited (BVI) representative: Chong-Meng Li	-	-	-	-	4,572,789	4.20	Jocris Ltd. (BVI) Jusiu Limited (BVI)	Person in charge Person in charge	- -
Shu-Hui Yang's trust account under the custody of Taishin International Bank	4,532,000	4.16	-	-	-	-	None	None	-
Pi-Lien Yang Li's trust account under the custody of Taishin International Bank	2,311,000	2.12	-	-	-	-	None	None	-
Wei Ho Industry Co., Ltd.	2,073,000	1.90	-	-	-	-	None	None	
Wei Ho Industry Co., Ltd. representative: Hsiu-Han Yang	-	-	-	-	2,073,000	1.90	Wei Ho Industry Co., Ltd.	Person in charge	
Cathay Life Insurance Co., Ltd.	2,063,888	1.90	-	-	-	-	None	None	-
Cathay Life Insurance Co., Ltd. representative: Hung-Tu Tsai	-	-	-	-	-	-	Cathay Life Insurance Co., Ltd.	Chairman	-
Hao Ta Industry Co., Ltd.	1,860,000	1.71	-	-	-	-	None	None	-
Hao Ta Industry Co., Ltd. representative: Yu-Ching Yang	10,000	0.01	41,000	0.04	1,860,000	1.71	Hao Ta Industry Co., Ltd.	Person in charge	-

Note: The data is accurate as of April 13, 2020 (book closure date).

IX. The shareholding of the Company, Directors, Supervisors, 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 Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Cleanaway Enterprise Company Limited	18,000,000	100.00%	-	-	18,000,000	100.00%
Da Tsang Industrial Company Limited	27,000,000	100.00%	-	-	27,000,000	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%
Cleanaway Energy Co., Ltd.			5,500,000	55.00%	5,500,000	55.00%
Chung Tai Resource Technology Corp.			15,600,000	20.02%	15,600,000	20.02%
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

As of April 20, 2020

Unit: thousand shares; NT$1,000

Year and month	Issue price (NT$)	Authorized capital		Paid-up capital		Note		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Subscriptions paid with property other than cash	Others
2011.1	10	200,000,000	2,000,000,000	108,888,000	1,088,880,000	Cash capital increase	None	see note below

Note: Approved in the Jing-Shou-Shang No. 10001240770 Letter of the Ministry of Economic Affairs on October 18, 2011.

April 20, 2020; unit: shares

Stock type Shares	Authorized capital stock					Notes
	Outstanding stocks			Unissued shares	Total	
	Listed	Unlisted	Total			
Ordinary shares	108,888,000	0	108,888,000	91,112,000	200,000,000	

Note: All shares issued by the Company are listed stocks

(II) Shareholder structure

As of April 20, 2020

Shareholder structure Quantity	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of people	1	24	90	14,386	163	14,664
Shares held (shares)	57,000	19,426,888	13,506,263	50,282,195	25,615,654	108,888,000
Shareholding ratio (%)	0.05%	17.84%	12.40%	46.18%	23.52%	100.00%

Note: The data is accurate as of April 13, 2020 (book closure date)

(III) Distribution of equity ownership

1. Ordinary shares

As of April 20, 2020

Shareholding classification	Number of shareholders	Number of shares held (shares)	Shareholding ratio (%)
1 ~ 999	2,508	541,508	0.50%
1,000 ~ 5,000	10,705	18,976,743	17.43%
5,001 ~ 10,000	831	6,401,611	5.88%
10,001 ~ 15,000	228	2,921,064	2.68%
15,001 ~ 20,000	118	2,141,010	1.97%
20,001 ~ 30,000	82	2,143,779	1.97%
30,001 ~ 40,000	44	1,584,000	1.45%
40,001 ~ 50,000	24	1,098,000	1.01%
50,001 ~ 100,000	55	4,017,442	3.69%
100,001 ~ 200,000	25	3,338,466	3.06%
200,001 ~ 400,000	16	4,680,525	4.30%
400,001 ~ 600,000	10	4,969,721	4.56%
600,001 ~ 800,000	2	1,456,000	1.34%
800,001 ~ 1,000,000	3	2,753,000	2.53%
More than 1,000,001	13	51,865,131	47.63%
Total	14,664	108,888,000	100.00%

Note: The data is accurate as of April 13, 2020 (book closure date)

2. Preferred shares: None.

(IV) List of major shareholders

As of April 20, 2020

Shares / Name of major shareholder	Shares held (shares)	Shareholding ratio (%)
Ching-Hsiang Yang	12,112,350	11.12%
Fubon Life Assurance Co., Ltd.	6,532,000	6.00%
Jocris Limited (BVI)	5,832,522	5.36%
Kang Lan Enterprise Co., Ltd.	5,526,223	5.08%
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%
Pi-Lien Yang Li's trust account under the custody of Taishin International Bank	2,311,000	2.12%
Wei Ho Industry Co., Ltd.	2,073,000	1.90%
Cathay Life Insurance Co., Ltd.	2,063,888	1.90%
Hao Ta Industry Co., Ltd.	1,860,000	1.71%

Note: The data is accurate as of April 13, 2020 (book closure date)

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

Unit: NT$

<table>
<tr><th colspan="3">Year / Item</th><th>2018</th><th>2019</th><th>Current year as of March 31, 2020</th></tr>
<tr><td rowspan="3">Market value per share</td><td colspan="2">Highest</td><td>198.00</td><td>177.50</td><td>163.00</td></tr>
<tr><td colspan="2">Lowest</td><td>165.50</td><td>151.00</td><td>126.00</td></tr>
<tr><td colspan="2">Average</td><td>179.59</td><td>163.04</td><td>148.66</td></tr>
<tr><td rowspan="2">Net value per share</td><td colspan="2">Before distribution</td><td>50.82</td><td>52.07</td><td>52.07</td></tr>
<tr><td colspan="2">After distribution</td><td>40.82</td><td>42.07</td><td>42.07</td></tr>
<tr><td rowspan="2">Earnings per share</td><td colspan="2">Weighted average shares (thousand shares)</td><td>108,888</td><td>108,888</td><td>108,888</td></tr>
<tr><td colspan="2">Earnings per share</td><td>12.13</td><td>10.83</td><td>10.83</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>10</td><td>10</td><td>10</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>Stock dividends from retained earnings</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Stock dividends from capital reserve</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Cumulative unpaid dividends</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return on investment</td><td colspan="2">PE ratio</td><td>14.81</td><td>15.05</td><td>13.73</td></tr>
<tr><td colspan="2">Price-dividend ratio</td><td>17.96</td><td>16.30</td><td>14.87</td></tr>
<tr><td colspan="2">Cash dividend yield</td><td>0.056</td><td>0.061</td><td>0.067</td></tr>
</table>

Note: The latest quarterly financial statements audited (reviewed) by the CPA consist of information from Q4 of 2019.

(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:

In 2019 dividend distribution, based on the number of shares recorded in the register of shareholders on the record date, cash dividend of NT$1,088,880,000 will be distributed with NT$10 per share.

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:

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.

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 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$38,954 thousand and Directors and Supervisors' remuneration of NT$35,000 thousand in the board meeting on March 20, 2020. There is no discrepancy from the 2019 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 payment of compensation to employees, Directors and Supervisors in the previous year (including the number of shares, amount and stock price), and if it is different from the amount of compensation recognized, the differences, causes, and ways of reconciliation shall be disclosed.**

The Company passed the distribution of Directors and Supervisors' remuneration of NT$35,000 thousand and employee remuneration of NT$43,980 thousand in a resolution in the 2019 shareholders' meeting. There is no discrepancy from the recognized amount in the 2018 financial statements.

(IX) Company share repurchase status: None.

II. Issuance of corporate bonds (including overseas corporate 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:

<u>Cash capital increase before public offering in 2011</u>

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	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
		Actual	0-	

Project item	Implementation status			Reasons for the schedule to be ahead or fell behind and the improvement plan
generating system	implementation progress	Anticipated	-	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%-	

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 2019 (consolidated information)

Unit: NT$1,000

Business activities	2019 operating revenue	Proportion of 2019 operating revenue
Waste solidification and excavation	668,120	24.68%
Waste landfill	1,936,722	71.56%
Waste clearing	81,543	3.01%
Others	20,189	0.75%
Net operating revenue	2,706,574	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 burial 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 or service under development

The R&D team shall continue to expand the Company's research and development in various waste disposal technologies.

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) 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	2018
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	147
A-4901	Sludge generated from waste water disposal in the manufacturing of chrome yellow and chrome orange coatings	40	42	42	41	38
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	189,580
A-7201	Scrapped acid liquor left from steel industry's steel material processing or soaking	11,479	9,892	7,058	17,585	45,630
A-7301	Furnace dust or sludge discharged and controlled in the process of iron chrome alloys	154	139	71	111	186
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	1,056
A-8101	Residual or sludge with mercury content generated from waste recycling	5	3	0	0	0
A-8201	Solid metal residuals generated from waste recycling	1	1	1	1	1
A-8301	Acid scrapped liquor or sludge generated from waste recycling	265	334	300	320	248
A-8401	Furnace dust generated from crushing, selection, and recycling of waste wires and cables	0	1	0	2	1
A-8501	Waste phosphor generated from waste recycling	28	61	24	21	18

Waste code	Waste code name	Serial form report volume (ton)				
		2014	2015	2016	2017	2018
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 aluminizing (4) incidental cleaning or stripping carbon steel tinning or aluminizing (5) aluminum's etching and grinding	112,256	112,582	113,242	119,383	123,350
A-8901	Sludge generated from waste water disposal in aluminum's chemical conversion and coating process	1,800	1,428	1,282	1,184	870
C-0101	Mercury and its chemical compounds (total mercury)	10	16	13	7	19
C-0102	Lead and its chemical compounds (total lead)	31,188	30,168	40,231	34,661	32,551
C-0103	Cadmium and its chemical compounds (total cadmium)	130	164	62	51	80
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	16,720
C-0105	Chromium(VI) compounds	38	16	17	10	40
C-0106	Arsenic and its chemical compounds (total arsenic)	1,999	2,300	2,185	2,298	2,573
C-0109	Selenium and its chemical compounds (total selenium)	0	0	13	27	129
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	111,090
C-0111	Barium and its chemical compounds (total barium)	1,130	833	1,738	690	1,338
C-0119	Other mixture waste containing toxic heavy metals containing toxic substances and exceeding the leaching standard limit	409	475	1,327	330	1,042
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	981
合計		823,144	585,237	524,680	503,412	527,689

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 2,143 sites totaling 1,394.75 hectares including 1,941 sites polluted by heavy metals (statistics as of April 2020) totaling 658.44 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

Upstream		Midstream		Downstream
Steel plant **Incinerator** **Electronics industry** **Wastewater treatment** **Pollution site**	→	**Solidification** **Heat desorption treatment**	→	**Final disposal site (Landfill)**

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	Sludge with	Lead chromate,	1. Advantages in selective	Model plant stage	Am-MAR

Technology Type	Technology name	Applicable targets	Resource products	Features	Technology maturity	Actual applications
	immersion	multiple types of heavy metals	iron oxide, copper sulfate, zinc sulfate, nickel sulfate	immersion 2. Slower immersion speed 2. Ammonia and extracts can be recycled and reused 4. Mature resource recycling technology	Section	(Sweden)
	Microorganism processing technology	Sludge with multiple types of heavy metals	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 Section	
	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:

1) Mature 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.
2) Growth-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.
3) New 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.
4) Emerging 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 2019: NT$16,953 thousand

2. Successfully Developed Technologies and 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.

On-site remediation of oil-contaminated soil is an important service area of the Company. The recently developed water washing reduction method can effectively reduce the cost of off-site treatment and provide customers with comprehensive remediation services.

(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	2018		2019	
	Amount	%	Amount	%
Waste solidification | Taiwan	586,650	17.28%	377,446	13.94%
Waste excavation | Taiwan	359,876	10.60%	290,674	10.74%
Waste landfill | Taiwan	2,290,691	67.46%	1,936,722	71.56%
Waste clearing | Taiwan	156,114	4.60%	81,543	3.01%
Others | Taiwan	2,476	0.07%	20,189	0.75%
Total operating revenue	3,395,807	100.00%	2,706,574	100.00%

Note: The Company's sales revenues in 2019 and 2018 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	2018			Year 2019		
	Volume (ton)	Revenue	Market share	Volume (ton)	Revenue	Market share
Waste solidification	66,732	586,650	9.13%	29,497	377,446	Note 1
Waste landfill	448,512	2,290,691	11.68%	166,207	1,936,722	Note 1

Note 1. The Environmental Protection Administration has not yet announced the reported waste processing volume for 2019.

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 478,586 tons (EPA statistics from 2019).

B. Hazardous waste solidification for steel and iron industry ash: Hazardous ash with heavy metal content with an annual production volume of 169,797 tons (EPA statistics from 2019). The current storage volume in various steel plants is 1,755 tons (EPA statistics from 2019).

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 579 tons (EPA statistics from 2019).

E. Illegal dump sites and soil and groundwater pollution control sites: According to the EPA's statistics in April 2020, there are currently 14 illegal waste dump sites (control/remediation sites) and 11.3 hectares that require cleanup of pollutants. The EPA currently lists 2,039 control sites and 105 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

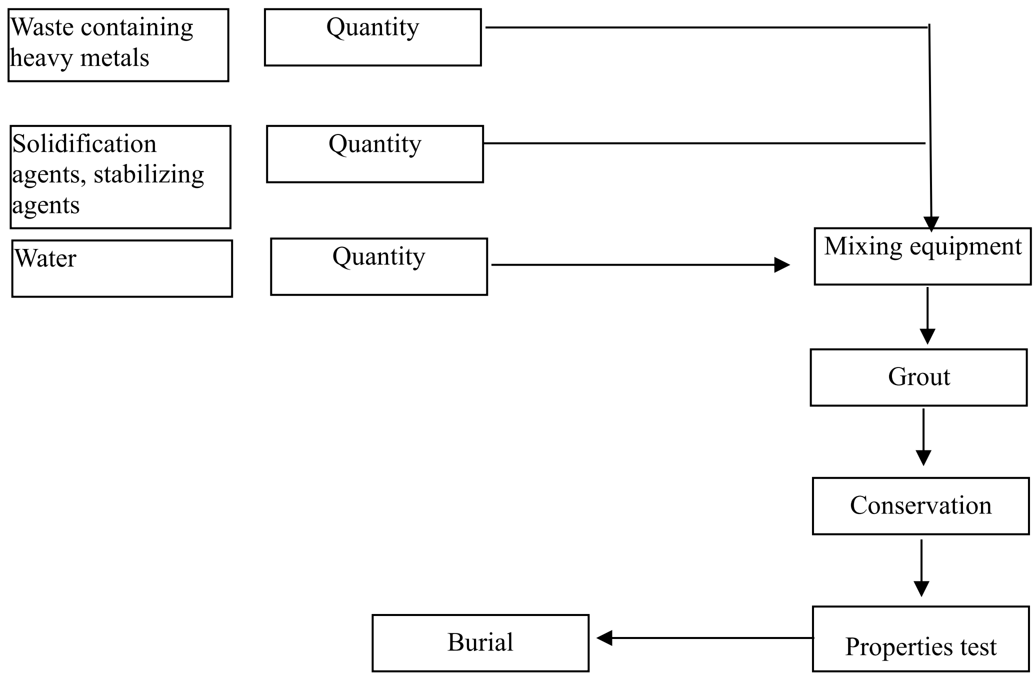
Domestic environmental protection authorities fully advocate the waste recycling policy which will impact the Company's operations. Difficulties in landfill and recycling will lead to the redistribution of the market. In terms of strategy, we have developed both landfill and resource recycling businesses 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, Hsing Lien Fa	Good, stable
Solidification agents	You Li Chiu	Good, stable
Heavy metal chelating agent	San Yi	Good, stable
Bulk bags	Cheng Yang, Sheng Feng, Hua Hsin	Good, stable
Iron (II) chloride	Hsiang Jui, Joyce Chemical Co., Ltd.	Good, stable

(IV) Good, stable

Unit: NT$1,000

Item	2018				2019			
	Name	Amount	Percentage of net purchase %	Relationship with issuer	Name	Amount	Percentage of net purchase %	Relationship with issuer
1	You Li Chiu	23,434	36.75%	None	You Li Chiu	10,321	34.89%	None
2	CHC Resources Corporation	16,465	25.82%	None	CHC Resources Corporation	10,299	34.81%	None
3	Hsing Lien Fa	15,491	24.29%	None	Hsing Lien Fa	7,562	25.56%	None
	Others	8,377	13.14%		Others	1,401	4.74%	
	Total	63,767	100.00%		Total	29,583	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:

Item	2018				2019			
	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with issuer
1	A customer	180,633	5%	-	A customer	434,827	16%	-
	Others	3,215,174	95%	-	Others	2,271,747	84%	-
	Net sales	3,395,807	100%		Net sales	2,706,574	100%	

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	2018		2019	
	Volume (Note 1)	Value	Volume (Note 1)	Value
Waste solidification and excavation	66,732	555,611	29,497	354,520
Waste landfill	448,512	566,681	166,207	460,931
Waste clearing	254,556	126,398	132,077	68,683
Total	-	1,248,690	-	884,134

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

Reasons for the change: The decline in solidification excavation and clearing cost was mainly caused by decrease in treatment.

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

Unit: ton/NT$1,000

Year / Sales volume and value / Primary products	2018		2019	
	Volume (Note 1)	Value	Volume (Note 1)	Value
Waste solidification and excavation	66,732	946,526	29,497	668,120
Waste landfill	448,512	2,290,691	166,207	1,936,722
Waste clearing	254,556	156,114	132,077	81,543
Others	-	2,476	-	20,189
Total	-	3,395,807	-	2,706,574

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 decline in solidification, landfill, clearing, and excavation was mainly caused by decrease in treatment; increase in other revenue was mainly caused by increase in the scale of solar power generation.

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

Year		2018	2019	As of April 20, 2020
Number of employees	Direct	109	104	104
	Indirect	67	64	57
	Total	176	168	161
Average age		42.7	43.4	44.02
Average years of service (years)		9.4	10.19	10.78
Education background distribution (%)	PhD	1.80%	1.18%	1.24%
	Master	12.57%	14.80%	15.53%
	College	38.32%	38.46%	37.89%
	Senior high school	39.53%	37.87%	37.89%
	Below senior high school	7.78%	7.69%	7.45%

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
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.

Name	Permit type	Permit No.
		HA101043
Chen-Hung Huang	Class A Waste Water Disposal Personnel	(2010) EPA Shun-Zheng No. GA120556

3. **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.**
4. **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 over the last two years until the publication date of this report.; if a reasonable estimation cannot be made, explain the reason): None.**
5. **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.

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. 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.

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:	Personnel work skill training in external institutions
● 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	● 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 2019:

Courses	Number of employees trained	Number of training hours
AA ICP software operation training	1	8
contexcapture software education and training	5	40
CSSP Sustainable Supply Professional Certification Course	2	168
ISO9001 internal audit staff training	1	16
PLC Programmable Training Course	1	54
General employee safety and health education training	22	132
General Industrial Waste Sampling Training Course	3	72
Acetylene welding operator - retraining	1	3
Fixed cranes with hoisting capacity of 3 tons or more - retraining	3	9
Handheld XRF education and training and introduction to REACH 2012 regulations	3	24
Transportation personnel for hazardous goods	3	60
Special safety and health on-the-job training for hanging operations	2	6
Safety and health on-the-job education and training	2	24
Organic solvent operations supervisor	1	18
Fixed crane - retraining	1	3
Safety and health on-the-job education and training for roofing supervisors	1	6
Safety and Health On-the-Job Training for First Aid Personnel	2	36
First aid personnel - retraining	1	3
Gas chromatography machine basic operation and maintenance	1	24
Supervisor training on dust operations	1	18

Courses	Number of employees trained	Number of training hours
Supervisor training on dust operations - retraining	2	12
Training for forklift operators	1	18
Strengthen the functions of the three lines of defense and the operating mechanism of the board of directors	1	6
Workshop on Industrial Air Pollution and Water Pollution Regulations	1	4
Labor safety and health manager retraining	4	24
Inorganic Analysis Technology Seminar	1	8
Inductively coupled plasma optical emission spectrometer	1	8
Training of road dangerous goods delivery personnel	1	18
Precision analysis instrument (ICP, AA) WinLab32 software introduction and advanced applications	1	8
Radiation application education and training	1	4

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

(II) List any loss sustained as a result of labor disputes in the latest year, and during the current year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred In the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect.

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	Government authorities	2017.06~2023.12	Soil removal and processing	None
Labor contracting	Government authorities	2019.05~2019.11	Revitalization of landfill	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		Financial information for the most recent five years (Note 1)				
Year		December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Current assets		3,042,911	3,481,891	2,919,239	2,241,946	1,843,691
Property, plant and equipment		1,616,380	1,692,530	2,682,718	3,491,026	3,459,753
Intangible assets		0	0	0	0	0
Non-current assets (property, plant and equipment not included)		1,146,036	803,866	459,722	1,083,373	1,791,899
Total assets		5,805,327	5,978,287	6,061,679	6,816,345	7,095,343
Current liabilities	Before distribution	711,768	509,724	445,192	897,367	518,553
	After distribution (Note 2)	1,800,648	1,761,936	1,642,960	1,986,247	1,607,433
Non-current liabilities		140,741	168,721	205,313	385,166	906,724
Total liabilities	Before distribution	852,509	678,445	650,505	1,282,533	1,425,277
	After distribution (Note 2)	1,941,389	1,930,657	1,848,273	2,371,413	2,514,157
Equity attributable to owners of the parent company		4,951,556	5,299,842	5,411,174	5,533,812	5,627,964
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	1,701,911
Retained earnings	Before distribution	2,159,899	2,510,240	2,621,576	2,745,072	2,839,944
	After distribution (Note 2)	1,071,019	1,258,028	1,423,808	1,656,192	1,751,064
Other equity		1,002	(1,053)	(1,057)	(1,915)	(2,771)
Non-controlling equity		1,262	0	0	0	42,102
Total equity	Before distribution	4,952,818	5,299,842	5,411,174	5,533,812	5,670,066
	After distribution (Note 2)	3,863,938	4,047,630	4,213,406	4,444,932	4,581,186

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 March 20, 2020, the Board of Directors has resolved the 2019 earnings distribution of NT$ 10 per share.

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

Unit: NT$1,000

Item	Financial information for the most recent five years (Note 1)				
Year	2015	2016	2017	2018	2019
Operating income	2,750,470	3,122,533	2,785,266	3,395,807	2,706,574
Gross profit	1,695,935	1,993,064	1,984,816	2,147,117	1,822,440
Operating profit (loss)	1,417,748	1,669,999	1,578,695	1,702,834	1,423,086
Non-operating income and expenses	23,871	12,651	22,523	12,031	25,027
Pretax profit	1,441,619	1,682,650	1,601,218	1,714,865	1,448,113
Net profit of this period	1,231,474	1,440,055	1,363,498	1,320,610	1,176,226

Item / Year	Financial information for the most recent five years (Note 1)				
	2015	2016	2017	2018	2019
Other comprehensive income (net income after-tax)	(1,314)	(3,978)	46	(204)	3,908
Total comprehensive income in the current period	1,230,160	1,436,077	1,363,544	1,320,406	1,180,134
Net profit attributable to owners of the parent company	1,232,121	1,441,053	1,363,498	1,320,610	1,178,988
Net income attributable to non-controlling interests	(647)	(998)	0	0	(2,762)
Comprehensive income (loss) attributable to owners of parent company	1,230,850	1,437,166	1,363,544	1,320,406	1,182,896
Comprehensive income (loss) attributable to non-controlling interests	(690)	(1,089)	0	0	(2,762)
Earnings per share (NT$)	11.32	13.23	12.52	12.13	10.83

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

Item / Year		Financial information for the most recent five years (Note 1)				
		December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Current assets		1,782,956	1,825,292	1,422,623	954,311	1,473,633
Property, plant and equipment		364,827	414,072	472,314	1,295,748	1,369,756
Intangible assets		0	0	0	0	0
Non-current assets (property, plant and equipment not included)		3,414,055	3,518,909	3,905,145	4,516,048	3,704,541
Total assets		5,561,838	5,758,273	5,800,082	6,766,107	6,547,930
Current liabilities	Before distribution	588,457	434,318	363,884	1,008,031	393,031
	After distribution (Note 2)	1,677,337	1,686,530	1,561,652	2,096,911	1,481,911
Non-current liabilities		21,825	24,113	25,024	224,264	526,935
Total liabilities	Before distribution	610,282	458,431	388,908	1,232,295	919,966
	After distribution (Note 2)	1,699,162	1,710,643	1,586,676	2,321,175	2,008,846
Equity attributable to owners of the parent company		4,951,556	5,299,842	5,411,174	5,533,812	5,627,964
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	1,701,911
Retained earnings	Before distribution	2,159,899	2,510,240	2,621,576	2,745,072	2,839,944
	After distribution (Note 2)	1,071,019	1,258,028	1,423,808	1,656,192	1,751,064
Other equity		1,002	(1,053)	(1,057)	(1,915)	(2,771)
Total equity	Before distribution	4,951,556	5,299,842	5,411,174	5,533,812	5,627,964
	After distribution (Note 2)	3,862,676	4,047,630	4,213,406	4,444,932	4,539,084

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 March 20, 2020, the Board of Directors has resolved the 2019 earnings distribution of NT$ 10 per share .

(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)				
	2015	2016	2017	2018	2019
Operating income	1,357,141	1,552,555	853,437	1,435,479	1,026,128
Gross profit	275,450	383,047	261,413	393,910	313,519
Operating profit (loss)	187,759	264,588	123,224	264,472	209,076
Non-operating income and expenses	1,076,999	1,216,370	1,267,126	1,122,708	1,015,589
Pretax profit	1,264,758	1,480,958	1,390,350	1,387,180	1,224,665
Net profit of this period	1,232,121	1,441,053	1,363,498	1,320,610	1,178,988
Other comprehensive income (net income after-tax)	(1,271)	(3,887)	46	(204)	3,908
Total comprehensive income in the current period	1,230,850	1,437,166	1,363,544	1,320,406	1,182,896
Earnings per share (NT$)	11.32	13.23	12.52	12.13	10.83

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 2019 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 2019 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 2019 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 2019 formulated based on ROC GAAP and audited by the CPA.

Significant items, such as accounting changes, business combination or shutdown of operating segments, which affect the consistency comparison of the aforementioned financial statements and their impact on the financial statements of the current year:

The Company adopted IFRS on January 1, 2013. Therefore, we do not have financial information for 2013 to 2019 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
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
2019	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)				
		2015	2016	2017	2018	2019
Financial structure	Liability to asset ratio	14.68%	11.35%	10.73%	18.82%	20.09%
	Long-term funds to property, plant and equipment ratio	315.12%	323.10%	209.36%	169.55%	190.09%
Solvency	Current ratio	427.51%	683.09%	655.73%	249.84%	355.55%
	Liquidity ratio	426.70%	681.91%	653.05%	248.07%	350.52%
	Interest protection multiples	Not applicable	Not applicable	Not applicable	1,214.63	147.41
Operating performance	Receivables turnover rate (times)	3.14	4.04	4.42	5.92	4.45
	Average collection days	116.24	90.33	82.49	61.62	82.02
	Inventory turnover rate (times)	347.06	442.15	358.30	643.16	513.58
	Payables turnover rate (times)	99.07	110.62	66.30	97.53	82.51
	Average inventory turnover days	1.05	0.83	1.02	0.57	0.71
	Property, plant and equipment turnover rate (times)	1.74	1.89	1.27	1.10	0.78
	Total asset turnover (times)	0.50	0.53	0.46	0.53	0.39
Profitability	Return on assets (%)	22.36%	24.44%	22.65%	20.53%	17.02%
	Return on equity (%)	25.80%	28.09%	25.46%	24.13%	21.00%
	Pre-tax profit to paid-in capital ratio (%)	132.39%	154.53%	147.05%	157.49%	132.99%
	Net margin (%)	44.77%	46.12%	48.95%	38.89%	43.46%
	Earnings per share (NT$)	11.32	13.23	12.52	12.13	10.83
Cash flow	Cash flow ratio (%)	258.13%	319.76%	386.93%	181.33%	210.86%
	Cash flow adequacy ratio (%) (Note 2)	92.17%	97.19%	100.40%	97.31%	97.71%
	Cash reinvestment ratio (%)	16.09%	8.24%	6.78%	5.65%	0.05%
Leverage	Degree of operating leverage	1.13	1.11	1.15	1.21	1.13
	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.

Calculation formula

1. Financial structure
   (1) Liability to asset ratio = Total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities)/net amount of property, plant, and equipment.
2. Debt-paying ability
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenditures)/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) = [Net income after income tax + Interest expenses * (1 - tax rate)]/Average total assets.
   (2) Return on equity = net income after tax / average equity.
   (3) Net margin = net income / net sales.
   (4) Earnings per Share = (Income Attributable to Owners of Parent Company – Dividends on Preferred Stock)/Weighted Average Number of Shares Issued.
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		Financial information for the most recent five years (Note 1) 2015	2016	2017	2018	2019
Financial structure	Liability to asset ratio	10.97%	7.96%	6.71%	18.21%	14.05%
	Long-term funds to property, plant and equipment ratio	1363.22%	1285.76%	1150.97%	444.38%	449.34%
Solvency	Current ratio	302.99%	420.27%	390.96%	94.67%	374.94%
	Liquidity ratio	302.34%	419.32%	388.85%	93.56%	369.51%
	Interest coverage ratio (times)	Not applicable	Not applicable	Not applicable	502.87	140.95
Operating performance	Receivables turnover rate (times)	2.18	3.03	2.57	5.75	3.66
	Average collection days	167.61	120.61	142.24	63.42	99.61
	Inventory turnover rate (times)	324.20	399.22	239.44	536.48	413.95
	Payables turnover rate (times)	7.33	6.52	3.82	9.99	12.26
	Average inventory turnover days	1.13	0.91	1.52	0.68	0.88
	Property, plant and equipment turnover rate (times)	3.99	3.99	1.93	1.62	0.77
	Total asset turnover (times)	0.26	0.27	0.15	0.23	0.15
Profitability	Return on assets (%)	23.67%	25.46%	23.59%	21.05%	17.82%
	Return on equity (%)	25.82%	28.11%	25.46%	24.13%	21.13%
	Pre-tax profit to paid-in capital ratio (%)	116.15%	136.01%	127.69%	127.40%	112.47%
	Net margin (%)	90.79%	92.82%	159.77%	92.00%	114.90%
	Earnings per share (NT$)	11.32	13.23	12.52	12.13	10.83
Cash flow	Cash flow ratio (%)	113.72%	40.16%	77.73%	-7.66%	26.92%
	Cash flow adequacy ratio (%) (Note 2)	31.94%	28.41%	25.35%	14.46%	17.29%
	Cash reinvestment ratio (%)	-3.95%	-16.69%	-17.30%	-21.45%	-15.45%
Leverage	Degree of operating leverage	1.11	1.07	1.17	1.09	1.19
	Financial leverage	1.00	1.00	1.00	1.01	1.04

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 2019 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 2019 formulated based on ROC GAAP and audited by the CPA.

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

Supervisors' Review Report

The Parent Company Only Financial Statements 2019 and Consolidated Financial Statements 2019 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.

Sincerely,
2020 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 20, 2020

IV. Financial statements of the most recent year

2019 Consolidated Financial Statement and Independent Auditor's Report: Please refer to Appendix A.

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

2019 Parent Company Only Financial Statement and Independent Auditor's Report: 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 Statements

Unit: NT$1,000

Item / Year		December 31, 2018	December 31, 2019	Difference	
				Amount	Percentage
Current assets		2,241,946	1,843,691	(398,255)	-17.76%
Property, plant and equipment		3,491,026	3,459,753	(31,273)	-0.90%
Intangible assets		0	0	0	0.00%
Non-current assets (property, plant and equipment not included)		1,083,373	1,791,899	708,526	65.40%
Total assets		6,816,345	7,095,343	278,998	4.09%
Current liabilities	Before distribution	897,367	518,553	(378,814)	-42.21%
	After distribution (Note 2)	1,986,247	1,607,433	(378,814)	-19.07%
Non-current liabilities		385,166	906,724	521,558	135.41%
Other liabilities		0	0	0	0.00%
Total liabilities	Before distribution	1,282,533	1,425,277	142,744	11.13%
	After distribution (Note 2)	2,371,413	2,514,157	142,744	6.02%
Equity attributable to owners of the parent company		5,533,812	5,627,964	94,152	1.70%
Capital stock		1,088,880	1,088,880	0	0.00%
Capital surplus		1,701,775	1,701,911	136	0.01%
Retained earnings	Before distribution	2,745,072	2,839,944	94,872	3.46%
	After distribution (Note 2)	1,656,192	1,751,064	94,872	5.73%
Other equity		(1,915)	(2,771)	(856)	44.70%
Non-controlling equity		0	42,102	42,102	NA
Total equity	Before distribution	5,533,812	5,670,066	136,254	2.46%
	After distribution (Note 2)	4,444,932	4,581,186	136,254	3.07%

1. Interpretation for variation above 20% and higher than NT$10 million:
   (1) The change in non-current assets (property, plant and equipment not included) was mainly caused by the increased investment in equity method due to investment in Chung Tai Resource Technology Corp. and applicable IFRS16 right-of-use assets.
   (2) The change in current liabilities (before distribution) was mainly caused by the increase in current income tax liabilities due to the increase in tax rates and expiration of tax incentives.
   (3) The changes in non-current liabilities, total liabilities (before distribution) were mainly caused by the increase in appliable IFRS16 lease liability.
2. On March 20, 2020, the Board of Directors resolved the 2019 earnings distribution of NT$ 10 per share.
3. These changes in did not significantly impact the Company.

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

Unit: NT$1,000

Item / Year		December 31, 2018	December 31, 2019	Difference	
				Amount	Percentage
Current assets		954,311	1,473,633	519,322	54.42%
Property, plant and equipment		1,295,748	1,369,756	74,008	5.71%
Intangible assets		0	0	0	0.00%

Item \ Year		December 31, 2018	December 31, 2019	Difference	
				Amount	Percentage
Non-current assets (property, plant and equipment not included)		4,516,048	3,704,541	(811,507)	-17.97%
Total assets		6,766,107	6,547,930	(218,177)	-3.22%
Current liabilities	Before distribution	1,008,031	393,031	(615,000)	-61.01%
	After distribution (Note 2)	2,096,911	1,481,911	(615,000)	-29.33%
Non-current liabilities		224,264	526,935	302,671	134.96%
Other liabilities		0	0	0	0.00%
Total liabilities	Before distribution	1,232,295	919,966	(312,329)	-25.35%
	After distribution (Note 2)	2,321,175	2,008,846	(312,329)	-13.46%
Equity attributable to owners of the parent company		5,533,812	5,627,964	94,152	1.70%
Capital stock		1,088,880	1,088,880	0	0.00%
Capital surplus		1,701,775	1,701,911	136	0.01%
Retained earnings	Before distribution	2,745,072	2,839,944	94,872	3.46%
	After distribution (Note 2)	1,656,192	1,751,064	94,872	5.73%
Other equity		(1,915)	(2,771)	(856)	44.70%
Total equity	Before distribution	5,533,812	5,627,964	94,152	1.70%
	After distribution (Note 2)	4,444,932	4,539,084	94,152	2.12%

1. Interpretation for variation above 20% and higher than NT$10 million:
   (1) The change in current assets was mainly caused by the increase in Accounts receivable - related parties.
   (2) The changes in current liabilities (before distribution), total liabilities (before distribution) were mainly caused by the repayment of short-term loans.
   (3) The change in non-current liabilities was mainly caused by the increase in appliable IFRS16 lease liability.
2. On March 20, 2020, the Board of Directors resolved the 2019 earnings distribution of NT$ 10 per share.

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 Statements

Analysis item		Increase (decrease) (%)	Explanation
Financial structure	Liability to asset ratio	6.8%	Analysis is not required as the change is less than 20%
	Long-term funds to property, plant and equipment ratio	12.1%	Analysis is not required as the change is less than 20%
Solvency	Current ratio	42.3%	Decrease in bank loan and current income tax liabilities
	Liquidity ratio	41.3%	
Operating performance	Receivables turnover rate (times)	-24.9%	Decrease in business
	Average collection days	33.2%	
	Inventory turnover rate (times)	-20.1%	Decrease in operating cost
	Payables turnover rate (times)	-15.4%	
	Average inventory turnover days	25.2%	
	Property, plant and equipment turnover rate (times)	-29.2%	Decrease in operating revenue
	Total asset turnover (times)	-26.2%	
Profitability	Return on assets (%)	-17.1%	Analysis is not required as the change is less than 20%
	Return on equity (%)	-13.0%	
	Pre-tax profit to paid-in capital ratio (%)	-15.6%	
	Net margin (%)	11.7%	
	Earnings per share (NT$)	-10.7%	
Cash flow	Cash flow ratio (%)	16.3%	

Analysis item		Increase (decrease) (%)	Explanation
	Cash flow adequacy ratio (%) (Note 2)	0.4%	
	Cash reinvestment ratio (%)	-99.1%	Decrease in treatment and increase in income tax
Leverage	Degree of operating leverage	-6.3%	Analysis is not required as the change is less than 20%
	Financial leverage	0.6%	

These changes in did not significantly impact the Company.

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

Analysis item		Increase (decrease) (%)	Explanation
Financial structure	Liability to asset ratio	-22.9%	Decrease in bank loan and loans from related parties)
	Long-term funds to property, plant and equipment ratio	1.1%	Analysis is not required as the change is less than 20%
Solvency	Current ratio	296.0%	Increase in cash dividend receivable, increase in closing balance of loans to related parties and decrease in loans from banks and related parties
	Liquidity ratio	294.9%	
Operating performance	Receivables turnover rate (times)	-36.3%	Decrease in operating revenue
	Average collection days	56.9%	
	Inventory turnover rate (times)	-22.8%	Mainly caused by an increase in operating costs
	Payables turnover rate (times)	22.7%	
	Average inventory turnover days	29.6%	
	Property, plant and equipment turnover rate (times)	-52.6%	Decrease in operating revenue
	Total asset turnover (times)	-32.5%	
Profitability	Return on assets (%)	-15.4%	Analysis is not required as the change is less than 20%
	Return on equity (%)	-12.5%	
	Pre-tax profit to paid-in capital ratio (%)	-11.7%	
	Net margin (%)	24.9%	Non-operating income in two periods changed little due to the decrease in operating income in the current period.
	Earnings per share (NT$)	-10.7%	Analysis is not required as the change is less than 20%
Cash flow	Cash flow ratio (%)	-451.3%	Increase in net operating cash inflow
	Cash flow adequacy ratio (%) (Note 2)	19.6%	Analysis is not required as the change is less than 20%
	Cash reinvestment ratio (%)	-28.0%	Increase in net operating cash inflow
Leverage	Degree of operating leverage	9.7%	Analysis is not required as the change is less than 20%
	Financial leverage	3.3%	

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 2018 and 2019 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

Item \ Year	2018	2019	Difference: Amount	Difference: Percentage
Operating income	3,395,807	2,706,574	(689,233)	-20.30%
Gross profit	2,147,117	1,822,440	(324,677)	-15.12%
Operating profit (loss)	1,702,834	1,423,086	(279,748)	-16.43%
Non-operating income and expenses	12,031	25,027	12,996	108.02%
Pretax profit	1,714,865	1,448,113	(266,752)	-15.56%
Net profit of this period	1,320,610	1,176,226	(144,384)	-10.93%
Other comprehensive income (net income after-tax)	(204)	3,908	4,112	-2015.69%
Total comprehensive income in the current period	1,320,406	1,180,134	(140,272)	-10.62%
Net profit attributable to owners of the parent company	1,320,610	1,178,988	(141,622)	-10.72%
Net income attributable to non-controlling interests	0	(2,762)	(2,762)	NA
Comprehensive income (loss) attributable to owners of parent company	1,320,406	1,182,896	(137,510)	-10.41%
Comprehensive income (loss) attributable to non-controlling interests	0	(2,762)	(2,762)	NA
Earnings per share (NT$)	12.13	10.83	(1.30)	-10.72%

1. Interpretation for variation above 20% and higher than NT$10 million:
   (1) Change in operating revenue was mainly caused by decrease in processing volume.
   (2) Non-operating revenue and expense were mainly caused by the increase in the share of gain on equity-accounted affiliate companies.
2. These changes in did not significantly impact the Company.

Comparative analysis of parent company only operational performance - IFRSs

Unit: NT$1,000

Item \ Year	2018	2019	Difference: Amount	Difference: Percentage
Operating income	1,435,479	1,026,128	(409,351)	-28.52%
Gross profit	393,910	313,519	(80,391)	-20.41%
Operating profit (loss)	264,472	209,076	(55,396)	-20.95%
Non-operating income and expenses	1,122,708	1,015,589	(107,119)	-9.54%
Pretax profit	1,387,180	1,224,665	(162,515)	-11.72%
Net profit of this period	1,320,610	1,178,988	(141,622)	-10.72%
Other comprehensive income (net income after-tax)	(204)	3,908	4,112	-2015.69%
Total comprehensive income in the current period	1,320,406	1,182,896	(137,510)	-10.41%
Earnings per share (NT$)	12.13	10.83	(1.30)	-10.72%

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 decrease in processing volume.
2. These changes in did not significantly impact the Company.

III. Cash flows

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

Unit: NT$1,000

Item	2018	2019	Variation
Net cash inflow (outflow) from operating activities	1,627,219	1,093,400	(533,819)
Net cash inflow (outflow) from investing activities	(720,022)	(375,110)	344,912
Net cash inflow (outflow) from financing activities	(863,945)	(1,097,255)	(233,310)

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

(1) The changes in net cash flow from operating activities were mainly attributed to the decrease in processing volume and increase in income tax paid in 2019.

(2) The changes in net cash flow from investing activities were mainly attributed to the investment in Cleanaway SUEZ Environmental Resources Limited in 2018 and the investment in Chung Tai Resource Technology Corp., which the investment amounts were different.

(3) The changes in net cash flow from the financing were mainly attributed to loan repayment.

2. Improvement plans for liquidity shortage: 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
683,584	1,586,454	1,279,880	990,158	-	-

Explanation/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. Impact of major capital expenditures on corporate finances and business for the most recent year

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

None.

(II) Anticipated potential benefits

(1) Anticipated potential benefits: None.

(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	Amount of investment (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	Closed landfill	None	None
Da Tsang Industrial Company Limited	300,977	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	410,000	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
Chung Tai Resource Technology Corp.	374,400	Investments in other businesses	Good business performance.	None	Under evaluation
Cleanaway Energy Co., Ltd.	55,000	Investments in other businesses	Start-up stage	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 3,500	Investments in other businesses	Facilities in Mainland China remains under construction	None	Under evaluation

Note: The recognized investment income (loss) in this year (2019) was as follows: (NT$15,355) thousand for Cleanaway Enterprise Company Limited, NT$450,963 thousand for Da Tsang Industrial Company Limited, (NT$3,112) thousand for Kang Lien Enterprise Company Limited, NT$569,496 thousand for Chi Wei Company Limited, NT$2,821 thousand for Cleanaway Investment Company Limited, (NT$5,110) thousand for Cleanaway Investment Holding Company Limited, NT$11,706 thousand for Cleanaway SUEZ Environmental Resources Limited, (NT$3,677) thousand for Cleanaway Energy Co., Ltd., and NT$13,119 thousand for Chung Tai Resource Technology Corp.

VI. Risk analysis and evaluation

(I) Interest rate, exchange rate, and inflation rate changes in the most recent year, up to the printing of this annual report, that can affect the Company's revenue, 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 2019 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 the interest rate trend sees material fluctuations in the future and the Company has continuous needs for loans, apart from adopting other capital market financing tools to raise funds, the Company will also observe the interest rate trend and choose to borrow at a fixed rate or a floating rate to avoid the risk of interest rate fluctuations.

(2) Effects of changes in exchange rates

The Company is a domestic environmental protection service provider in a 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 in 2019 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 take changes in domestic and international commodity prices 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 2019 and in 2020 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 Independent Auditor's Report" 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 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 ERA's heavy metal and oil contaminants 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 and construction method and inspection of on-site remediation with the aim of reducing domestic environmental pollution caused by waste and manufacturing.

(2) Estimated R&D expenditures:

The Company expects to invest NT$16,752 thousand in R&D expenditures in 2020.

(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 2019. 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 percent of the Company's shares, and related response measures:

In 2019 and 2020 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 operation: 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 2019 are as follows:

Item	Operation frequency	2019 operation period	Results
ERP system catastrophe recovery test	Implemented once a year	May 2019	No major risks
Computer software legality inspection	Implemented once a year	April 2019	No major risks
ERP system permission configuration inspection	Implemented once a year	August 2019	No major risks
Regular notifications for ERP system personal password reset	Implemented twice a year	July 2019, September 2019	No major risks
Information security training	Implemented from time to time at once a year	February 2019	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

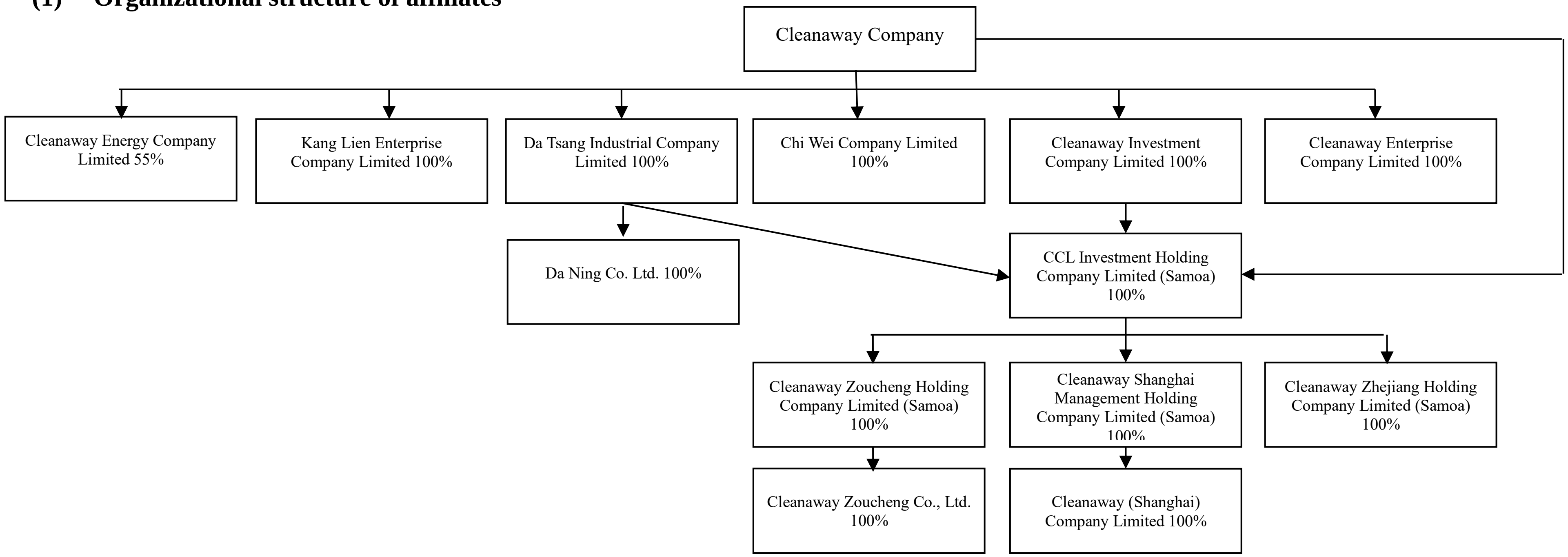
Cleanaway Company Limited

2019 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	NT$ 1,088,880	Waste management
Cleanaway Enterprise Company Limited	2004.01.20	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NT$ 180,000	Waste management
Da Tsang Industrial Company Limited	2005.10.21	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NT$ 270,000	Waste management
Kang Lien Enterprise Company Limited	2004.07.23	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NT$ 60,200	Waste clean-up
Chi Wei Company Limited	2010.11.29	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NT$ 410,000	Waste management
Da Ning Co. Ltd.	2014.11.26	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NT$ 150,000	Waste management
Cleanaway Investment Company Limited	2012.08.29	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	NT$ 80,000	General investment
Cleanaway Energy Company Limited	2019.01.16	2F, No. 326, Huanke Road, Datan Village, Guanyin District, Taoyuan City	NT$ 100,000	Waste management
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	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	RMB 7,000	General investment
Cleanaway Zoucheng Holding Company Limited	2014.01.22	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 2,500	General investment
Cleanaway Zhejiang Holding Company Limited	2015.04.10	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	-	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 Energy Company Limited is responsible for renewable energy investment operations. 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 (Note 1)	Ta-Tai Chen	(Note 1)	(Note 1)
	Independent Director (Note 1)	Chien-Hsun Wu	(Note 1)	(Note 1)
	Independent Director (Note 1)	Tsu-En Chang	-	-
	Independent Director (Note 1)	Kuo-Shu Fan	11,000 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)		

Name of business	Title	Name or representative	Number of shares held	
			Number of shares/capital contribution	Percentage of ownership/investment
	Supervisors	Cleanaway Company Limited (representative: Pi-Lien Yang Li)		
	President	Yung-Fa Yang	-	-
Da Tsang Industrial Company Limited	Chairman	Cleanaway Company Limited (representative: Cheng-Lun Tao)	27,000,000 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)		
Cleanaway Energy Co., Ltd.	Chairman	Chin-Te Chen	100,000 shares	1%
	Director	Cleanaway Company Limited (representative: Kuang-Chieh Cheng)	5,500,000 shares	55%
	Director	Cleanaway Company Limited (representative: Yung-Fa Yang)	5,500,000 shares	55%
	Director	Sinotech Engineering Services Ltd. (representative: Shih-Chin Sun)	2,000,000 shares	20%
	Director	Jun Investment International Co., Ltd (representative: Cheng-Yu Lien)	500,000 shares	5%
	Supervisors	Li-Hua Kung	-	-
	Supervisors	Tsung-Tien Chen	-	-
CCL Investment Holding Company Limited (Samoa)	Director	Cleanaway Company Limited (representative: Ching-Hsiang Yang)	USD4,624 thousand and RMB6,000 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)	USD3,500 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)	USD3,500 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)		

Note 1: The term was from August 8, 2016 to June 30, 2019. At the end of the term, he has served as an independent director for three full terms, therefore, he was dismissed after the re-election.

(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	6,547,930	919,966	5,627,964	1,026,128	209,076	1,178,988	10.83
Cleanaway Enterprise Company Limited	180,000	396,792	179,532	217,260	16,749	-13,292	-15,355	-0.85
Da Tsang Industrial Company Limited	270,000	1,700,933	616,293	1,084,640	463,530	310,283	450,963	16.70
Kang Lien Enterprise Company Limited	60,200	154,419	89,822	64,597	73,632	-2,957	-3,341	-0.55
Chi Wei Company Limited	410,000	1,153,043	456,883	696,160	1,042,959	719,510	569,496	13.89
Cleanaway Investment Company Limited	80,000	52,710	1,331	51,379	8,221	1,864	2,821	0.35
Da Ning Co., Ltd.	150,000	854,901	311,869	543,032	939,302	213,952	169,400	11.29
Cleanaway Energy Co., Ltd.	100,000	108,332	14,771	93,561	0	-6,352	-6,439	-0.64
CCL Investment Holding Company Limited (Samoa)	169,350	32,591	0	32,591	0	-1	-8,433	-
Cleanaway Shanghai Management Holding Co., Ltd. (Samoa)	33,034	-27,275	0	-27,275	0	0	-7	-
Cleanaway Zoucheng Holding Company Limited (Samoa)	106,214	30,078	38	30,040	0	-9	-9,249	-
Cleanaway Zhejiang Holding Company Limited (Samoa)	-	1,278	0	1,278	0	-3	-1	-
Cleanaway (Shanghai) Co., Ltd.	33,034	641	-13,197	12,556	0	-7	-7	-
Cleanaway Zoucheng Co., Ltd.	106,214	41,250	13,197	28,052	0	-9,207	-9,241	-

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 information: 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.

Declaration of Consolidation of Financial Statements of Affiliates

For 2019 (January 1 to December 31, 2019), affiliated businesses of the 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 statements 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 statements of the parent company and subsidiaries. Hence, consolidated financial statements of affiliated enterprises were therefore not prepared separately.

It is hereby declared.

Cleanaway Company Limited

Chairman: Ching-Hsiang Yang

March 20, 2020

Independent Auditors' Report

To Cleanaway Company Limited:

Audit opinions

The Consolidated Balance Sheets of Cleanaway Company Limited and its subsidiaries as of December 31, 2019 and 2018, and the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows and Notes to Consolidated Financial Statements (including major accounting policies) from January 1 to December 31, 2019 and 2018 were audited by the CPA.

According to our opinions, the abovementioned consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports as well as IFRSs, LAS, and relevant interpretations and interpretative notices approved and released by the Financial Supervisory Commission, and can be reasonably assessed to present, in all material aspects, the consolidated financial conditions of Cleanaway and its subsidiaries as of December 31, 2019 and 2018, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2019 and 2018.

Basis of Audit

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 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 matters refer to the matters that, in our professional judgement, were of most significance in our audit of the 2019 Consolidated Financial Statements of Cleanaway and its subsidiaries. Such matters have been dealt with during the process of auditing and compiling the Consolidated Financial Statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually.

Below are the details of the CPA's verification of the key matters in the 2019 Consolidated Financial Statements of Cleanaway and its subsidiaries:

<u>Revenue recognition for solidification</u>

For the accounting policies and income composition of operating income, please refer to Note IV (XIV) and XIX of the consolidated financial statements, respectively.

Cleanaway is a Taiwanese company that provides intermediate solidification treatment services for hazardous wastes. The hazardous wastes after solidification process are be buried by the subsidiaries of Cleanaway that operate landfill businesses. The aforesaid solidification process of the intermediate treatment is subject to a number of steps. There is a lead time from the receipt of the wastes to the completion of the disposal, which may affect the appropriateness of the time point of the income recognition due to the manual operation. Therefore, the recognition time is considered to be a key audit matter for the year.

The key audit procedures conducted in regard to the aforementioned matter are as follows:

1. 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 manually to verify whether 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.

<u>Recognition and measurement of landfill revenue</u>

For the accounting policies and income composition of operating income, please refer to Note IV (XIV) and XIX of the consolidated financial statements, respectively.

In 2019, Cleanaway's subsidiary company received a license for landfill, with a landfill income of NTD 1,936,722 thousand, accounting for 72% 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 key audit procedures conducted in regard to the aforementioned matter are as follows:

1. 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 tests, including the landfill 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 handling weight entrusted by the customers, the weight calculated by the clean-up and transport company, and the weights reported to the external environmental protection authority are consistent with the weights stated in the Company's landfill date report.

3. 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 2019 and 2018 and an unqualified audit report was issued by the CPA for reference.

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

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 and its subsidiaries (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.

The CPA has made professional judgment and maintained professional vigilance while auditing in conformity with GAAP. The CPA has also followed the following procedures:

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. As fraud may involve collusion, forgery, deliberate omissions, false statements or violation of internal control, its risks outweigh those due to obvious errors.
2. Understood 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 internal control effectiveness of Cleanaway and its subsidiaries.

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, drew 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 and its subsidiaries' 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. The CPA's conclusion is based on the auditing evidence obtained up to the date of the report. However, future events or conditions may cause Cleanaway and its subsidiaries 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 individual financial information of Cleanaway and its subsidiaries 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.

The CPA's communications with the organization include the scope of planned auditing, the timeframe and material findings (including significant deviations identified in the internal control during auditing operations).

The CPA has also provided a statement on the accounting firm's personnel under governance of independence to the governance unit, and has communicated on the relations and other items (including relevant protective measures) that could affect the CPA's operational independence.

In the communications between CPA and the Company's governing body, we have determined the key audit matters from 2019 Consolidated Financial Statements of Cleanaway and its subsidiaries. The CPA has clearly indicated such matters in the audit report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where the CPA has decided not to communicate on specific items in the audit report, it is believed to be reasonable that the negative effects of such disclosure would be far greater than the public interest they bring 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 20, 2020

Cleanaway Company Limited and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2019 and 2018

Unit: NT$1,000

Code	Asset	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	$ 683,584	10	$ 1,062,964	16
1136	Financial assets measured at amortized cost - current (Notes IV, VII and XXVII)	131,755	2	263,405	4
1140	Contract assets - current (Notes IV, and XIX)	289,454	4	197,049	3
1170	Notes and accounts receivable (Notes IV, VIII and XIX)	584,113	8	633,507	9
1180	Account receivables - Related parties (Notes IV, XIX, and XXVI)	27,191	-	899	-
1210	Other receivables - Related parties (Notes IV, XIX, and XXVI)	30,038	-	-	-
1220	Current income tax assets (Notes IV and XXI)	50,104	1	263	-
1330	Inventory (Note IV)	1,746	-	1,697	-
1479	Other current assets (Notes XII and XXVII)	41,785	1	48,697	1
1482	Fulfillment of contract costs - current (Notes IV and XIX)	3,921	-	33,465	-
11XX	Total current assets	1,843,691	26	2,241,946	33
	Non-current assets				
1535	Financial assets measured at amortized cost - non-current (Notes IV, VII and XXVII)	99,628	1	157,523	2
1550	Investment using the equity method (Notes IV and IX)	1,060,753	15	658,805	10
1560	Contract assets - non-current (Notes IV and XIX)	20,789	-	25,813	1
1600	Property, plant and equipment (Notes IV, V, X, XXV and XXVII)	3,459,753	49	3,491,026	51
1755	Right-of-use assets (Notes III, IV and XI)	342,809	5	-	-
1840	Deferred income tax assets (Notes IV and XXI)	30,391	-	19,615	-
1915	Prepaid land and equipment (Notes IV, XII and XXVI)	146,501	2	147,041	2
1920	Refundable deposits (Notes IV and XII)	38,652	1	55,200	1
1990	Other noncurrent assets (Note XII)	52,376	1	19,376	-
15XX	Total non-current assets	5,251,652	74	4,574,399	67
1XXX	Total assets	$ 7,095,343	100	$ 6,816,345	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note XIII)	$ -	-	$ 150,000	2
2170	Accounts payable (Note XIV)	5,745	-	11,428	-
2180	Accounts payable-Related parties (Note XXVI)	4,258	-	-	-
2219	Other payables (Note XV)	313,807	4	405,650	6
2220	Other payables-Related parties (Note XXVI)	39,108	1	-	-
2230	Current income tax liabilities (Notes IV and XXI)	121,555	2	266,146	4
2280	Lease liabilities-current (Notes III, IV, XI and XXVI)	11,312	-	-	-
2320	Long-term loans due within one year (Note XIII)	22,000	-	-	-
2399	Other current liabilities (Notes IV, XV and XIX)	768	-	64,143	1
21XX	Total current liabilities	518,553	7	897,367	13
	Non-current liabilities				
2540	Long-term bank loans (Note XIII)	338,000	5	200,000	3
2550	Cost provisions for restoration (Notes IV, V and XVI)	152,140	2	68,142	1
2570	Deferred income tax liabilities (Notes IV and XXI)	69,427	1	45,983	1
2580	Lease liabilities - non-current (Notes III, IV, XI and XXVI)	335,055	5	-	-
2640	Net defined benefit liabilities - non-current (Notes IV and XVII)	11,927	-	18,208	-
2645	Deposits received	175	-	52,833	1
25XX	Total non-current liabilities	906,724	13	385,166	6
2XXX	Total liabilities	1,425,277	20	1,282,533	19
	Equity attributable to shareholders of the Company (Note XVIII)				
	Capital				
3110	Common stocks	1,088,880	15	1,088,880	16
3200	Capital surplus	1,701,911	24	1,701,775	25
	Retained earnings				
3310	Statutory surplus reserve	1,173,690	17	1,041,628	15
3320	Special surplus reserve	1,915	-	1,057	-
3350	Undistributed earnings	1,664,339	23	1,702,387	25
3300	Total retained earnings	2,839,944	40	2,745,072	40
	Other equity				
3410	Exchange differences on translation of foreign operations (Note IV)	(2,771)	-	(1,915)	-
31XX	Total equity of the owners of the Company	5,627,964	79	5,533,812	81
36XX	Non-controlling equity	42,102	1	-	-
3XXX	Total equity	5,670,066	80	5,533,812	81
	Total liabilities and equity	$ 7,095,343	100	$ 6,816,345	100

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

Chairman: Ching-Hsiang Yang   Manager: Yong-Fa Yang   Accounting Supervisor: Ping-Cheng, Hung

Cleanaway Company Limited and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2019 and 2018

Unit: NT$1,000

except for earnings per share which are in NT$

Code		2019 Amount	2019 %	2018 Amount	2018 %
4000	Operating revenue (Notes IV, XIX and XXVI)	$ 2,706,574	100	$ 3,395,807	100
5000	Operating costs (Notes IV, XVI, XVII, XX and XXVI)	884,134	32	1,248,690	37
5900	Gross profit	1,822,440	68	2,147,117	63
	Operating expenses (Notes XVII, XX and XXVI)				
6200	Management expenses	382,401	14	433,816	13
6300	Research and development expenses	16,953	1	10,467	-
6000	Total operating expenses	399,354	15	444,283	13
6900	Net operating profit	1,423,086	53	1,702,834	50
	Non-operating income and expenses				
7070	Share of profit or loss on equity method-affiliates (Notes IV and IX)	27,548	1	(6,195)	-
7100	Interest income (Note IV)	7,842	-	17,805	1
7190	Other income	1,066	-	6,421	-
7210	Profit from disposal of property, plant and equipment (Note IV)	803	-	258	-
7590	Other expenses	(53)	-	-	-
7630	Foreign currency exchange losses (Notes IV and XXV)	(2,288)	-	(4,845)	-
7510	Interest expenses (Note XXVI)	(9,891)	-	(1,413)	-
7000	Total Non-operating income and expenses	25,027	1	12,031	1

(Continued on next page)

(Continued from previous page)

Code		2019 Amount	2019 %	2018 Amount	2018 %
7900	Pretax profit	$ 1,448,113	54	$ 1,714,865	51
7950	Income tax expense (Notes IV and XXI)	271,887	10	394,255	12
8200	Net income	1,176,226	44	1,320,610	39
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Notes IV and XVII)	5,864	-	571	-
8349	Income tax profit related to items that will not be reclassified (Notes IV and XXI)	(1,100)	-	83	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations (Note IV)	(856)	-	(858)	-
8300	Other consolidated annual income (net income after-tax)	3,908	-	(204)	-
8500	Total comprehensive income for the year	$ 1,180,134	44	$ 1,320,406	39
	Profit attributable to				
8610	owners of the Company	$ 1,178,988	44	$ 1,320,610	39
8620	Non-controlling equity	(2,762)	-	-	-
8600		$ 1,176,226	44	$ 1,320,610	39
	Total comprehensive income attributable to				
8710	owners of the Company	$ 1,182,896	44	$ 1,320,406	39
8720	Non-controlling equity	(2,762)	-	-	-
8700		$ 1,180,134	44	$ 1,320,406	39
	Earnings per share (Note XXII)				
9710	Basic	$ 10.83		$ 12.13	
9810	Diluted	$ 10.80		$ 12.09	

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

Chairman: Ching-Hsiang Yang Manager: Yong-Fa Yang Accounting Supervisor: Ping-Cheng, Hung

Cleanaway Company Limited

Consolidated Statements of Changes in Equity

January 1 to December 31, 2019 and 2018

Unit: NT$1,000

Code		Equity attributable to owners of the Company								
				Retained earnings						
		Common stock capital	Capital surplus	Statutory surplus reserve	Special surplus reserve	Undistributed earnings	Translation differences from foreign operations in financial statements conversion differences	Total	Non-controlling equity	Total equity
A1	Balance as of January 1, 2018	$ 1,088,880	$ 1,701,775	$ 905,278	$ 1,053	$ 1,715,245	($ 1,057)	$ 5,411,174	$ -	$ 5,411,174
	Appropriations of 2017 earnings									
B1	Appropriation for legal surplus reserve	-	-	136,350	-	(136,350)	-	-	-	-
B3	Appropriation for special earnings reserve	-	-	-	4	(4)	-	-	-	-
B5	Cash dividends	-	-	-	-	(1,197,768)	-	(1,197,768)	-	(1,197,768)
D1	2018 net profit	-	-	-	-	1,320,610	-	1,320,610	-	1,320,610
D3	2018 other comprehensive income (loss) after tax	-	-	-	-	654	(858)	(204)	-	(204)
Z1	Balance as of December 31, 2018	1,088,880	1,701,775	1,041,628	1,057	1,702,387	(1,915)	5,533,812	-	5,533,812
	Appropriations of 2018 earnings									
B1	Appropriation for legal surplus reserve	-	-	132,062	-	(132,062)	-	-	-	-
B3	Appropriation for special earnings reserve	-	-	-	858	(858)	-	-	-	-
B5	Cash dividends	-	-	-	-	(1,088,880)	-	(1,088,880)	-	(1,088,880)
O1	Non-controlling equity	-	-	-	-	-	-	-	45,000	45,000
M7	Changes in ownership interest in subsidiaries (Note XXIII)	-	136	-	-	-	-	136	(136)	-
D1	Net profit in 2019	-	-	-	-	1,178,988	-	1,178,988	(2,762)	1,176,226
D3	2019 other comprehensive income (loss) after tax	-	-	-	-	4,764	(856)	3,908	-	3,908
Z1	Balance as of December 31, 2019	$ 1,088,880	$ 1,701,911	$ 1,173,690	$ 1,915	$ 1,664,339	($ 2,771)	$ 5,627,964	$ 42,102	$ 5,670,066

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

Chairman: Ching-Hsiang Yang　　Manager: Yong-Fa Yang　　Accounting Supervisor: Ping-Cheng, Hung

Cleanaway Company Limited and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2019 and 2018

Unit: NT$1,000

Code		2019	2018
	Cash flows from operating activities		
A10000	Pretax profit	$ 1,448,113	$ 1,714,865
A20010	Income and expense items		
A20100	Depreciation	191,324	357,850
A20900	Interest expenses	9,891	1,413
A21200	Interest income	(7,842)	(17,805)
A22400	Share of (income) loss on equity method from affiliate companies	(27,548)	6,195
A22500	Gains from disposal of property, plant and equipment	(803)	(258)
A22600	Property, plant and equipment payments reclassified to expenses	-	902
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(87,381)	(180,000)
A31150	Accounts receivable	49,394	(120,389)
A31160	Accounts receivable - related parties	(26,292)	(899)
A31190	Other receivables-related parties	(30,038)	-
A31200	Inventories	(49)	489
A31240	Other current assets	6,912	(8,950)
A31280	Contract performance costs	29,544	(27,656)
A32150	Accounts payable	(5,683)	(2,749)
A32160	Accounts payable-related parties	4,258	-
A32180	Other payables	(62,673)	101,667
A32190	Other payable-related parties	39,108	-
A32200	Cost provisions for restoration	83,998	(16,018)
A32230	Other current liabilities	(63,375)	58,862
A32240	Net defined benefit liabilities	(417)	(453)
A33000	Cash inflows from operating activities	1,550,441	1,867,066
A33100	Interest received	7,842	17,805
A33300	Interest paid	(10,132)	(1,172)
A33500	Income tax paid	(454,751)	(256,480)
AAAA	Net cash inflows from operating activities	1,093,400	1,627,219

(Continued on next page)

(Continued from previous page)

Code		2019	2018
	Cash flow from investing activities		
B00050	Acquisition of financial assets measured at amortized cost	$ 189,545	$ 1,104,754
B01800	Acquisition of investments accounted for using equity method	(374,400)	(665,000)
B02700	Acquisition of property, plant and equipment	(163,037)	(394,789)
B02800	Proceeds from disposal of property, plant and equipment	14,140	310
B03700	Increase in refundable deposits	(7,770)	(70,633)
B03800	Decrease in refundable deposits	24,318	57,785
B06700	Increase in other non-current assets	(33,000)	(14,301)
B07100	Increase in prepayments for land and equipment	(24,906)	(738,148)
BBBB	Net cash outflow from investing activities	(375,110)	(720,022)
	Cash flow from financing activities		
C00100	Increase in short-term loans	650,000	200,000
C00200	Decrease in short-term loans	(800,000)	(50,000)
C01600	Borrowing long-term loans	160,000	200,000
C03000	Increase in guarantee deposits received	-	2,520
C03100	Decrease in guarantee deposits received	(52,658)	(18,697)
C04020	Lease principal repayment	(10,717)	-
C04500	Distribution of cash dividends	(1,088,880)	(1,197,768)
C05800	Non-controlling equity changes	45,000	-
CCCC	Net cash outflows from financing activities	(1,097,255)	(863,945)
DDDD	Exchange rate effects on cash and cash equivalents	(415)	(613)
EEEE	(Decrease) increase in cash and cash equivalents	(379,380)	42,639
E00100	Cash and cash equivalents at beginning of year	1,062,964	1,020,325
E00200	Cash and cash equivalents at end of year	$ 683,584	$ 1,062,964

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

Chairman: Ching-Hsiang Yang Manager: Yong-Fa Yang Accounting Supervisor: Ping-Cheng, Hung

Cleanaway Company Limited and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to December 31, 2019 and 2018
(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 ("R.O.C.") 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 governments authorized by the central government with effective periods that may vary. Cleanaway has extended the permit several times and the latest valid date has been extended to July 1, 2024.

The Company's shares have been listed on the Taiwan Stock Exchange ("TWSE") 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 IV(IV) and Note XXX.

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 approved by the Board of Directors on March 20, 2020.

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.

<u>IFRS 16 "Leases"</u>

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

Definitions of leases

The Group has reassessed whether contracts are (or include) leases in accordance with IFRS 16. The parking space use contract and the electric meter use contract previously identified as leases as per IAS 17 and IFRIC 4 no longer meet the definition of IFRS 16 “Leases” and therefore are to be handled in accordance with other regulations because the customers are unable to identify the asset or fail to obtain the use right of the asset identified. The contracts identified as leases in accordance with IFRS 16 shall be handled in accordance with the transitional regulations thereof in IFRS 16.

Where the Group is the lessee

The Group shall recognize right-of-use assets and lease liabilities for all leases on the Consolidated Balance Sheets except for low-value and short-term leases that shall be recognized on a straight-line basis. On the Consolidated Statements of Comprehensive Income, the depreciation expenses on right-of-use assets and the interest expenses on lease liabilities computed by effective interest method shall be presented separately. On the Consolidated Statements of Cash Flows, the principal of lease liabilities 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 the straight-line method. Cash flow from operating leases are expressed in operating activities in the consolidated statements of cash flows.

The Group chooses to retroactively adjust the cumulative effect of changes applicable to IFRS 16 to the retained earnings as of January 1, 2019 and it shall not recompile comparative information.

Based on the previous agreement 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 (and previously recognized prepaid or payable rents shall be adjusted). The right-of-use assets recognized shall be applicable to IAS 36 Impairment of Assets.

The Group also adopts the following expedient measures:

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.

The incremental borrowing rate applicable to the Group's recognition of lease liabilities as of January 1, 2019 was 0.8% to 1.25%. The difference between the amount of the lease liability and the total future minimum lease payments for non-cancellable business leases as of December 31, 2018 is described as follows:

Total future minimum lease payments for non-cancellable business leases as of December 31, 2018	$ 130,744
Less: Short-term leases with exemptions	(2,617)
Less: Contracts not applicable to IFRS 16	(142)
Total amount undiscounted as of January 1, 2019	$ 127,985
Present value discounted as per the incremental borrowing rate on January 1, 2019	$ 118,547
Plus: Adjustments due to different treatments for extending lease options and terminating lease options	176,870
Plus: Adjustments to the lease payments due to changes in the index or rate	46,449
Balance of lease liabilities as of January 1, 2019	$ 341,866

Adjustments to assets, liabilities and equity as of January 1, 2019 due to the first time adoption of IFRS 16:

	January 1, 2019 Amount before adjustment	First-time adoption adjustment	January 1, 2019 Amount after adjustment
Right-of-use assets	$ -	$ 341,866	$ 341,866
Impact of assets	$ -	$ 341,866	$ 341,866
Lease liabilities-current	$ -	$ 9,480	$ 9,480
Lease liabilities - non-current	-	332,386	332,386
Impact of liabilities	$ -	$ 341,866	$ 341,866
Retained earnings	$ -	$ -	$ -
Effect on equity	$ -	$ -	$ -

(II) IFRSs endorsed by the FSC to be applicable in 2020

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB
Amendment to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Indicator Reform"	January 1, 2020 (Note 2)
Amendment to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1. Corporate mergers with an acquisition date falls between the reporting period after January 1, 2020 and assets acquired after the abovementioned period shall be applicable to this amendment.

Note 2. This amendment applies retrospectively for the fiscal years starting after January 1, 2020.

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 Statements, 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.

(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)
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 "Classify Liabilities as Current or Non-current"	January 1, 2022

Note 1. Unless otherwise specified, the aforementioned new releases / amendments / amendment guidelines or explanations are effective during each reporting period after the specified dates.

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

This Consolidated Financial Report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs approved and issued by the FSC.

(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 statements

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

The entities in preparation of the consolidated financial statements are as follows:

			% of ownership		
Investor	Investee	Main businesses	2019 December 31	2018 December 31	Explanation
Cleanaway Company Limited	Da Tsang Industrial Company Limited (Da Tsang)	Waste management	100%	100%	
	Chi Wei Company Limited (Chi Wei)	Waste management	100%	100%	
	Cleanaway Enterprise Company Limited (Cleanaway Enterprise)	Waste management	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	64%	60%	
	Cleanaway Energy Co., Ltd. (Cleanaway Energy)	Waste management	55%	-	Note 1
Da Tsang	Da Ning Co. Ltd. (Da Ning)	Waste management	100%	100%	
	CCL Investment Holding	General investment	16%	18%	
Cleanaway Investment	CCL Investment Holding	General investment	20%	22%	
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%	

Investor	Investee	Main businesses	% of ownership 2019 December 31	2018 December 31	Explanation
	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 Company Limited	Cleanaway Zoucheng Co., Ltd. (Cleanaway Zoucheng)	Waste management	100%	100%	

Note 1. Cleanaway established Cleanaway Energy Co., Ltd. on January 16, 2019 to expand environmental protection businesses. For changes in the relevant shareholding ratio, please refer to Note XXIII.

Please refer to Table 6 in Note XXIX 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, equity changes in affiliates attributable to the Group 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 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 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 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 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.

The impairment of the inventory, property, plant and equipment, and intangible assets recognized in customer contracts are recognized as loss based on the inventory impairment regulations and the aforementioned regulations. Then, the carrying amount of the contract cost-related assets exceeds the expected remaining consideration receivable for provision of related products or labor services, net of direct related costs; thus it is recognized 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, other receivables - 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.

   Credit-impaired financial assets are those for which the issuer or debtor has experienced major financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

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.

For the purpose of internal credit risk management, the following circumstances are identified as defaults in financial assets, without considering the collateral held:

A. There are internal or external information showing that the debtor is no longer able to pay off the debt.

B. A debt has been overdue more than 120 days, unless there is reasonable and verifiable information showing that a delayed default basis is more appropriate.

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 noncash 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. Based on the maintenance time, area, and characteristics of each landfill or intermediate treatment solidification plant, the Group shall estimate the total restoration cost and recognize it as cost provisions.

(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 burial 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 burial 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

<u>The Group is a leasee.</u>

<u>2019</u>

The Group has assessed whether a contract is (or includes) leases upon the effective date of the contract.

The Group recognizes all leases at the starting date as right-of-use assets and liabilities, unless low-value asset leases and short-term leases with exemption paid under straight-line basis are recognized as expense.

The right-of-use asset is initially measured at costs (including the amount of the lease liability initially measured, lease costs paid before the commencement date, net of lease incentives, initial direct cost and estimated cost for restoring assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment. In addition, remeasurement for lease liabilities is adjusted. Right-of-use assets are expressed separately on the Consolidated Balance Sheets.

Right-of-use assets are depreciated on a straight-line basis from the inception of the lease to the end of the useful life or the expiration of the lease term, whichever is earlier.

Lease liabilities are originally measured at the present value of lease payments (including fixed payments and fluctuant lease payments depending on the index or rate). If the interest rate implicit in a lease is easy to determine, the lease payment is discounted through that interest rate. Conversely, if the interest rate is difficult to determine, the lessee's incremental borrowing rate of interest is used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest method and the interest expense is amortized during the lease period. In case of changes in the future lease payment caused by the variations in the lease period or the index or rate used to determine the lease payment, the Group will re-measure the lease liabilities and adjust the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. Lease liabilities are expressed separately on the Consolidated Balance Sheets.

<u>2018</u>

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 reexamined 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 previous experience. The measurement and recognition are described in Note IV(XIII) 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 XVI for the carrying amount of cost provisions for restoration.

(II) Estimated total burial 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 burial volume of the period over the estimated total burial volume. The Group estimates the total burial 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, 2019	December 31, 2018
Cash on hand	$ 263	$ 263
Checking accounts and demand deposits	398,411	436,026
Cash equivalents		
Bank time deposit with original maturity date within 3 months	154,910	426,675
Bonds with repurchase agreement	130,000	200,000
	$ 683,584	$ 1,062,964

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, 2019	December 31, 2018
Bank time deposit with original maturity date within 3 months	0.58% - 2.55%	0.60% - 3.80%
Bonds with repurchase agreement	0.42%	0.37%

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, 2019	December 31, 2018
Bank time deposit with original maturity date over 3 months	$ 231,383	$ 420,928
Current	$ 131,755	$ 263,405
Non-current	99,628	157,523
	$ 231,383	$ 420,928

The allowance for losses for financial assets measured at amortized cost as of December 31, 2019 and 2018 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 2019 and 2018 have remained unchanged.

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, 2019	December 31, 2018
Bank time deposit with original maturity date over 3 months	0.30% - 2.60%	0.30% - 3.438%

Refer to Note XXVII for information on pledged debt investments.

VIII. Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 1,818	$ 30,905
Accounts receivable	587,048	608,499
	588,866	639,404
Less: Allowance for losses	(4,753)	(5,897)
	$ 584,113	$ 633,507

The average credit period of the Group for services rendered is 30 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:

(I) In principle, government institutions do not have credit quality issues. If difficulties in collection arise, assessment would be performed separately.

(II) 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, 2019

	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	$ 292,468	$293,755	$ -	$ -	$ 1,011	$ 1,632	$588,866
Allowance for losses (lifetime expected credit losses)	-	(2,919)	-	-	(202)	(1,632)	(4,753)
Amortized cost	$ 292,468	$290,836	$ -	$ -	$ 809	$ -	$584,113

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

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

	2019	2018
Balance, beginning of year	$ 5,897	$ 6,481
Less: Reversed impairment loss in the current period	(1,039)	(584)
Less: Amounts actual written off in the current period	(105)	-
Balance, end of year	$ 4,753	$ 5,897

As of December 31, 2019 and 2018, the accounts receivable that had been in serious financial difficulties were NT$ 1,632 thousand and NT$ 2,197 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.

IX. Equity-accounted investments

Investment in affiliate enterprises

	December 31, 2019		December 31, 2018	
Investee company name	Amount	Shareholding Ratio (%)	Amount	Shareholding Ratio (%)
Material affiliate enterprises				
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	$ 655,904	29.00	$ 644,198	29.00
Chung Tai Resource Technology Corp. (Chung Tai)	387,519	20.02	-	-
Chase Environmental Co., Ltd. (Chase)	17,330	25.00	14,607	25.00
	$ 1,060,753		$ 658,805	

Please refer to Table 6 "Information on Investees, Locations, etc." in Note XXIX 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.

The financial information of Cleanaway SUEZ is summarized as follows:

	December 31, 2019	December 31, 2018
Current assets	$ 115,121	$ 127,959
Non-current assets	1,012,695	634,132
Current liabilities	(172,330)	(15,012)
Non-current liabilities	(185,127)	17,087
Equity	$ 770,359	$ 729,992
Group shareholding ratio	29%	29%
Equity attributable to the Group	$ 223,404	$ 211,698
Investment premiums	432,500	432,500
Investment carrying amount	$ 655,904	$ 644,198

	2019	July 31 to December 31, 2018
Operating income	$ 314,668	$ 14,359
Net income (loss)	$ 40,328	($ 20,008)
Other comprehensive income (loss)	-	-
Total comprehensive income	$ 40,328	($ 20,008)

Chung Tai

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. The equity registration of the aforesaid investment was approved by the competent authority in April 2019. Chung Tai's main business operations include waste resource recycling and industrial waste disposal services.

The financial information of Chung Tai is summarized as follows:

	December 31, 2019	December 31, 2018
Current assets	$ 331,227	$ -
Non-current assets	1,832,561	-
Current liabilities	(196,018)	-
Non-current liabilities	(590,449)	-
Equity	$ 1,377,321	$ -
Group shareholding ratio	20.02%	0%
Equity attributable to the Group	$ 275,740	$ -
Goodwill	51,244	-
Concession	60,535	-
Investment carrying amount	$ 387,519	$ -

	2019	2018
Operating income	$ 592,418	$ -
Net income (loss)	$ 110,372	$ -
Other comprehensive income (loss)	-	-
Total comprehensive income	$ 110,372	$ -

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 Chase is summarized as follows:

	December 31, 2019	December 31, 2018
Current assets	$ 354,606	$ 49,442
Non-current assets	24,256	12,724
Current liabilities	(311,159)	(6,354)
Non-current liabilities	(1,000)	-
Equity	$ 66,703	$ 55,812
Group shareholding ratio	25%	25%
Equity attributable to the Group	$ 16,676	$ 13,953
Investment premiums	654	654
Investment carrying amount	$ 17,330	$ 14,607

	2019	April 11, 2018 to December 31, 2018
Operating income	$ 67,565	$ 375
Net income (loss)	$ 10,891	($ 4,188)
Other comprehensive income (loss)	-	-
Total comprehensive income	$ 10,891	($ 4,188)

The Group's share of losses in affiliate enterprises recognized using the equity method in 2019 and 2018 amounted to NT$ 27,548 thousand and NT$(6,195) thousand, respectively. The amounts are 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 facilities	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Costs										
Balance as of January 1, 2019	$ 862,576	$ 985,114	$ 670,058	$ 20,909	$2,168,058	$ 173,662	$ 45,917	$ 40,180	$ 200,302	$5,166,776
Additions	-	3,836	535	1,490	2,228	4,578	2,687	975	117,779	134,108
Disposals	-	-	(140)	(683)	-	(6,265)	-	-	(13,000)	(20,088)
Reclassification	-	93,006	1,800	2,860	-	5,514	9,157	203,833	(290,724)	25,446
Net exchange differences	-	-	-	-	-	(205)	(49)	-	(428)	(682)
Balance as of December 31, 2019	$ 862,576	$1,081,956	$ 672,253	$ 24,576	$2,170,286	$ 177,284	$ 57,712	$ 244,988	$ 13,929	$5,305,560
Accumulated depreciation										
Balance as of January 1, 2019	$ -	$ 121,408	$ 403,398	$ 5,440	$ 983,190	$ 143,839	$ 7,714	$ 10,761	$ -	$1,675,750
Depreciation	-	25,308	24,345	5,153	95,929	9,504	4,579	12,231	-	177,049
Disposals	-	-	(140)	(683)	-	(5,928)	-	-	-	(6,751)
Net exchange differences	-	-	-	-	-	(195)	(46)	-	-	(241)
Balance as of December 31, 2019	$ -	$ 146,716	$ 427,603	$ 9,910	$1,079,119	$ 147,220	$ 12,247	$ 22,992	$ -	$1,845,807
Balance at December 31, 2019, Net	$ 862,576	$ 935,240	$ 244,650	$ 14,666	$1,091,167	$ 30,064	$ 45,465	$ 221,996	$ 13,929	$3,459,753
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 as of 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 as of 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

(I) The increase of NT$25,446 thousand in the reclassification in 2019 was from the prepayments for land and equipment. The increase of NT$750,205 thousand in reclassification in 2018 included NT$751,107 thousand from prepayments for land and equipment and NT$902 thousand in accounts converted to expenses

(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.

(III) As there was no indication of impairment, the Group did not conduct impairment assessment for the years ended December 31, 2019 and 2018.

(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 burial volume of the period over the estimated total burial 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 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 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 9.75 years

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

XI. Lease Agreements

(I) Right-of-use assets-2019

	December 31, 2019
Carrying amount of right-of-use assets	
Land	$ 305,547
Building	22,421
Transportation Equipment	14,841
	$ 342,809

	2019
Increase in right-of-use assets	$ 15,218
Depreciation expense of right-of-use assets	
Land	$ 6,501
Building	2,377
Transportation Equipment	5,397
	$ 14,275

(II) Lease liabilities-2019

	December 31, 2019
Carrying amount of lease liabilities	
Current	$ 11,312
Non-current	$ 335,055

The discount rate ranges for lease liabilities are as follows:

	December 31, 2019
Land	1.25%
Building	1.25%
Transportation equipment	0.8% - 3.5%

(III) Important lease activities and terms

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 XXVIII 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.

(IV) Other lease information

2019

	2019
Short-term lease expense	$ 3,958
Total cash (outflow) amount of lease	($ 19,007)

The Group chooses to exempt recognition for buildings and transportation equipment that is a short-term lease, and does not recognize the relevant right-of-use assets and lease liabilities for such a lease.

2018

Future minimum lease gross payments that cannot be canceled were as follows:

	December 31, 2018
Less than 1 year	$ 16,271
1 to 5 years	38,869
More than 5 years	75,604
	$ 130,744

XII. Other assets

	December 31, 2019	December 31, 2018
Prepayments on purchase of land and equipment	$ 146,501	$ 147,041
Guarantee deposits paid	38,652	55,200
Tax overpaid retained	13,434	29,007
Restricted bank deposits (Note XXVII)	6	6
Others	80,721	39,060
	$ 279,314	$ 270,314
Current	$ 41,785	$ 48,697
Non-current	237,529	221,617
	$ 279,314	$ 270,314

(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 XXVI(II)12. The changes in 2019 and 2018 were as follows:

	2019	2018
Balance, beginning of year	$ 147,041	$ 160,000
Additions	24,906	738,148
Reclassified to property, plant and equipment	(25,446)	(751,107)
Balance, end of year	$ 146,501	$ 147,041

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

XIII. Loans

(I) Short-term loans

	December 31, 2019	December 31, 2018
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, 2019	December 31, 2018
Secured loans		
Bank loans	$ 360,000	$ 200,000
Less: Listed portion due within one year	(22,000)	-
Long-term bank loans (Note XIII)	$ 338,000	$ 200,000

Cleanaway and CTBC Bank signed a loan contract with land owned by Cleanaway as collateral (refer to Note XXVII 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.

Cleanaway Enterprise and CTBC Bank signed another loan contract endorsed by Cleanaway (refer to Note XXIX, Table 2). The loan maturity date is July 1, 2024 and the loan amount totaled NT$160,000 thousand. The annual interest rate is 1.15%. According to the contract, repayment of the principal is provided with a grace period of 1 year starting from the drawdown. The Company shall repay NT$3,500 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.

XIV. Accounts payable

	December 31, 2019	December 31, 2018
Accounts payable	$ 5,745	$ 11,428

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.

XV. Other liabilities

	December 31, 2019	December 31, 2018
Other payables		
Accrued employee compensation/bonus	$ 117,189	$ 114,750
Accrued excavation cost	67,870	88,104
Accrued remuneration to directors and supervisors	35,000	35,000
Accrued maintenance cost	31,273	45,148
Business tax payable	15,239	18,287
Accrued salaries	9,326	15,251
Accrued waste clean-up and transport expense	4,363	12,873
Payables on equipment	2,874	31,803
Other accrued expenses	30,673	44,434
	$ 313,807	$ 405,650

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

	December 31, 2019	December 31, 2018
Other current liabilities		
Contract liabilities (Note XIX)	$ -	$ 63,356
Withheld taxes, etc.	768	718
Receipts under custody, etc.	-	69
	$ 768	$ 64,143

XVI. Cost provisions for restoration

	2019	2018
Balance, beginning of year	$ 68,142	$ 84,160
Add: Cost provisions for restoration recognized during the year	94,898	12,489
Less: Actual cost for restoration	(10,900)	(28,507)
Balance, end of year	$ 152,140	$ 68,142

The cost provisions for restoration in 2019 and 2018 were NT$94,898 thousand and NT$ 12,489 thousand respectively, which were recognized as operating costs. The actual costs for restoration were NT$10,900 thousand and NT$28,507 thousand in 2019 and 2018, respectively. They were mainly payments for restoring landfill sites of the Group.

XVII. Post-Employment Benefits

(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$6,187 thousand and NT$6,130 thousand have been listed in the expenses in the Consolidated Statements of Comprehensive Income of 2019 and 2018.

(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, 2019	December 31, 2018
Present value of defined benefit obligations	$ 23,268	$ 28,489
Fair value of plan assets	(11,341)	(10,281)
Net pension benefit liabilities	$ 11,927	$ 18,208

Changes in net defined benefit liabilities were as follows:

	Defined benefits present value of obligations	Plan assets fair value	Defined benefits liabilities
January 1, 2018	$ 29,920	($ 10,688)	$ 19,232
Cost of service in the current period	30	-	30
Interest expenses (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
Interest expenses (income)	258	(94)	164
Recognized in profit or loss	258	(94)	164
Remeasurement			

	Defined benefits present value of obligations	Plan assets fair value	Defined benefits liabilities
Return on plan assets (excluding amounts that are included in net interest)	-	(385)	(385)
Actuarial losses - Changes in financial assumptions	452	-	452
Actuarial gains- Adjustments based on history	(5,931)	-	(5,931)
Recognized in other comprehensive income	(5,479)	(385)	(5,864)
Employer contribution	-	(581)	(581)
December 31, 2019	$ 23,268	($ 11,341)	$ 11,927

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

	2019	2018
Operating costs	$ 86	$ 126
Management expenses	78	116
	$ 164	$ 242

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, 2019	December 31, 2018
Discount rate	0.70%	0.90% - 1.00%
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, 2019	December 31, 2018
Discount rate		
Increase of 0.25%	($ 543)	($ 617)
Decrease by 0.25%	$ 561	$ 638
Expected growth rate of salaries		
Increase of 0.25%	$ 489	$ 553
Decrease by 0.25%	($ 477)	($ 539)

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, 2019	December 31, 2018
Expected appropriation amount within 1 year	$ 566	$ 679
Average maturity period of defined benefit obligations	10 to 12 years	10 to 12 years

XVIII. Rights and Interests

(I) Capital

Common stocks

	December 31, 2019	December 31, 2018
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

	December 31, 2019	December 31, 2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Additional paid-in capital	$ 1,701,775	$ 1,701,775
May be used to offset a deficit only		
Changes in ownership interests in subsidiaries (2)	136	-
	$ 1,701,911	$ 1,701,775

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

2. Such capital surplus arises from changes in ownership interest of a subsidiary other than actual disposal or acquisition of a subsidiary's shares, or from adjustment recorded in the capital surplus of a subsidiary recognized by Cleanaway using equity method.

(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 XX(III) "Remuneration for employees, Directors and Supervisors" for the distribution policy of 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 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.

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 6, 2019 and June 22, 2018, during which the 2018 and 2017 appropriation of earnings were passed, respectively, as follows:

	2018	2017
Statutory surplus reserve	$ 132,062	$ 136,350
Special surplus reserve (Note)	$ 858	$ 4
Cash dividends	$ 1,088,880	$ 1,197,768

Cash dividend capital bonus for each share (NT$)	$ 10.00	$ 11.00

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 2019 appropriation of earnings proposed by the Board of Directors' meeting on March 20, 2020 was as follows:

	2019
Statutory surplus reserve	$ 117,898
Special surplus reserve	$ 856
Cash dividends	$ 1,088,880
Cash dividend capital bonus for each share (NT$)	$ 10

The 2019 appropriations of earnings are subject to the resolution of the general shareholders' meeting to be held in 2020.

The Boards of Directors of Da Tsang, Chi Wei and Da Ning can act on behalf of the shareholders' meetings pursuant to the rules and distribute the earnings after the legal reserve is appropriated. According to law, the earnings of Cleanaway Energy is distributed after the legal reserve is appropriated. The proposal was proposed by the Board of Directors and resolved by the shareholders' meeting. Earnings of Cleanaway Enterprise, Kang Lien, 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.

XIX. Income

	2019	2018
Revenue from contracts with customers		
Revenue from waste disposal, clean-up and transport		
Landfill revenue	$ 1,936,722	$ 2,290,691
Solidification revenue	377,446	586,650
Clean-up and transport revenue	81,543	156,114
	2,395,711	3,033,455
Revenue from contaminated and illegal dump sites cleanup	290,674	359,876
Other income	20,189	2,476
	$ 2,706,574	$ 3,395,807

Please refer to Note XXX for explanation of revenue from main labor services. Please refer to explanation in Note IV(XIV) 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, 2019	December 31, 2018
Notes and accounts receivable (Note VIII)	$ 588,866	$ 639,404
Accounts receivable - related parties (Note XXVI)	27,466	899
Other receivables - related parties (Note XXVI)	30,341	-
	$ 646,673	$ 640,303
Contract assets - current		
Contaminated and illegal dump site cleanup	$ 262,012	$ 181,612
Waste disposal	27,442	15,437
	$ 289,454	$ 197,049
Contract assets - non-current		
Contaminated and illegal dump site cleanup	$ 15,998	$ 15,448
Waste disposal	4,791	10,365
	$ 20,789	$ 25,813
Contract liabilities - current		
Waste disposal	$ -	$ 63,356

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, 2019	December 31, 2018
Contract performance costs		
Prepaid excavation cost	$ 3,700	$ 29,241
Solidification processing cost	-	3,012
Waste clean-up and transport cost	221	1,212
	$ 3,921	$ 33,465

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, 2019, the transaction price allocated to contract performance obligations that have not been completed totaled NT$389,042 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 2020 to 2023.

XX. Net income

Net income for the period consists of the following items:

(I) Depreciation

	2019	2018
Property, plant and equipment	$ 177,049	$ 357,850
Right-of-use assets	14,275	-
	$ 191,324	$ 357,850
Summarized by functions		
Operating costs	$ 149,784	$ 340,710
Operating expenses	41,540	17,140
	$ 191,324	$ 357,850

(II) Employee benefit expenses

	2019	2018
Benefits after retirement (Note XVII)		
Defined contribution plans	$ 6,187	$ 6,130
Defined benefit plans	164	242
	6,351	6,372
Salary expenses	202,740	218,341
Employee insurance premiums	13,086	12,658
Other employee benefits	9,526	11,522
Total employee benefit expenses	$ 231,703	$ 248,893
Summarized by functions		
Operating costs	$ 103,255	$ 103,698
Operating expenses	128,448	145,195
	$ 231,703	$ 248,893

(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. Remunerations for employees, directors, and supervisors for 2019 and 2018 were resolved by the board of directors on March 20, 2020, and March 15, 2019, respectively.

Estimated ratio

	2019	2018
Employee remuneration	3.00%	3.00%
Remuneration to Directors and Supervisors	2.70%	2.39%

Amount

	2019		2018	
	Cash	Stock	Cash	Stock
Employee remuneration	$ 38,954	$ -	$ 43,980	$ -
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 2018 and 2017 were consistent with the recognized amounts in the Consolidated Financial Report for 2018 and 2017.

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 2020 and 2019 Board of Directors meeting.

XXI. Income tax

(I) Main composition of income tax expenses recognized in profit or loss

	2019	2018
Current income tax		
Generated in the current year	$ 259,770	$ 375,774
Surtax on unappropriated retained earnings	142	2,943
Adjustments of previous years	407	547
	260,319	379,264
Deferred income tax		
Generated in the current year	11,561	12,769
Tax rate variation	-	2,228
Adjustments of previous years	7	(6)
	11,568	14,991
Income tax expenses recognized in profit or loss	$ 271,887	$ 394,255

The reconciliation of accounting profit and income tax expense was as follows:

	2019	2018
Pretax profit	$ 1,448,113	$ 1,714,865
Income tax expense calculated as the product of income before income tax and the statutory tax rate	$ 283,441	$ 343,262
Non-deductible expenses	10,593	17,823
Tax-exempted income	-	(9,231)
Unrecognized operating loss carryforward and deductible temporary differences	(22,703)	36,689
Surtax on unappropriated retained earnings	142	2,943
Tax rate variation	-	2,228
Adjustments on income tax of prior periods	407	547
Adjustments on deferred income tax expense of prior periods	7	(6)
Income tax expenses recognized in profit or loss	$ 271,887	$ 394,255

The Income Tax Act of the Republic of China amended in February 2018 adjusted the business income tax rate from 17% to 20%. In addition, the applicable tax rate for unappropriated 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.

In July 2019, the Republic of China announced the amendments to the Industrial Innovation Regulations by the President, which clearly stated that the construction or purchase of specific assets or technologies using unappropriated earnings shall be recognized as a deduction item in the calculation of unappropriated earnings since 2018. Therefore, Cleanaway has deducted the amounts of capital expenditures for reinvestment in 2018 when calculating the 2019 unappropriated earnings.

(II) Income tax expenses recognized in other comprehensive income

	2019	2018
Deferred income tax income		
Recognized in other comprehensive income		
- Remeasurements of defined benefit plans	($ 1,100)	$ 83

(III) Current income tax assets and liabilities

	December 31, 2019	December 31, 2018
Tax refund receivable	$ 50,104	$ 263
Income tax payable	$ 121,555	$ 266,146

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities were as follows:

2019

	Balance, beginning of year	Recognized in profit or loss	Recognized in Other comprehensive income (loss)	Balance, end of year
Deferred income tax assets				
Temporary differences				
Cost provisions for restoration	$ 13,245	$ 13,405	$ -	$ 26,650
Defined benefits retirement plans	3,498	(70)	(1,100)	2,328
Unrealized valuation on foreign currencies	2,072	(1,914)	-	158
Payable leave benefits	580	2	-	582
Allowance for doubtful accounts	165	(138)	-	27
Property, plant and equipment	31	(29)	-	2
Financial difference in employee benefits	24	(8)	-	16
Right-of-use assets	-	628	-	628
	$ 19,615	$ 11,876	($ 1,100)	$ 30,391
Deferred income tax liabilities				
Temporary differences				
Property, plant and equipment	$ 45,983	$ 23,444	$ -	$ 69,427

2018

	Balance, beginning of year	Recognized in profit or loss	Recognized in Other comprehensive income (loss)	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

(V) Deductible temporary differences and unused loss deductions that are not recognized as deferred tax assets in the consolidated balance sheet

	December 31, 2019	December 31, 2018
Operating loss carryforward		
Expired in 2022	$ -	$ 1,701
Expired in 2023	1,660	1,802
Expired in 2024	516	516
Expired in 2025	9,085	14,023
Expired in 2026	10,636	10,636
Expired in 2027	109,725	109,725
Expired in 2029	9,775	-
	$ 141,397	$ 138,403
Deductible temporary difference		
Amortization of depreciation of land for landfill sites	$ 387,682	$ 535,949
Investment in subsidiary companies and affiliate enterprises	155,369	146,936
Unrealized restoration preparation	18,890	1,917
Unrealized valuation on foreign currencies	13,172	9,800
Financial difference in employee benefits	480	640
	$ 575,593	$ 695,242

(VI) As of December 31, 2019, profits attributable to the following newly established enterprises and expansion projects of Group entities were exempted from income tax for a five-year period:

Company name	Newly Established Enterprise or Expansion Project	Tax-exempted period
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

(VII) Income tax approval status

The enterprise business income tax returns of Cleanaway Investment and Kang Lien through 2018 have been approved by the tax authorities. The enterprise business income tax returns of Cleanaway, Da Tsang, Chi Wei, Cleanaway Enterprise, and Da Ning through 2017 have been approved by the tax authorities.

XXII. Basic Earnings per Share

The profits and weighted average number of common stocks used for the calculation of EPS were as follows:

Net income

	2019	2018
Net profit used for the calculation of basic EPS	$ 1,178,988	$ 1,320,610
Net profit used for the calculation of diluted EPS	$ 1,178,988	$ 1,320,610

Number of shares (in thousands)

	2019	2018
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	310	327
Weighted average number of common stocks used for the calculation of diluted EPS	109,198	109,215

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.

XXIII. Equity transactions with non-controlling interests

Cleanaway invested in establishing Cleanaway Energy Co., Ltd. on January 16, 2019, with a 100% shareholding ratio. Cleanaway Energy subsequently issued a total of 8,000 thousand new shares in April 2019, of which Cleanaway subscribed for 3,500 thousand shares. Because Cleanaway didn't fully subscribe the new shares issued, the shareholding ratio was reduced to 55% from 100% but it still has the substantial control over Cleanaway Energy. The change in net equity value of NT$136 thousand is adjusted to increase the capital reserve.

As the abovementioned transaction did not change the control over Cleanaway Energy, the Company treated the transaction as an equity transaction.

	2019
Cash consideration paid	($ 35,000)
Carrying amount of net assets of the subsidiaries was used to calculate the amount of non-controlling interests to be transferred out according to changes in equity	35,136
Difference in equity transactions	$ 136

XXIV. 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.

XXV. 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, contract assets, financial asset measured at amortized cost, notes and accounts receivable, account receivables - related parties, other receivables - related parties and guarantee deposits paid) and financial liabilities (accounts payable, accounts payable -related parties, other payables, other payables - related parties, long/short-term loans (due within one year), 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, account receivables - related parties, other receivables - related parties, guarantee deposits paid (received), accounts payable, other payables, other payables - related parties, and long-term and short-term bank loans (due within one year). 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 with significant influence are as follows:

December 31, 2019

	Foreign currency (in thousands)	Exchange rate	Carrying amount (NT$)
Foreign-currency assets			
Monetary items			
CNY	$ 22,000	4.305	$ 94,710

December 31, 2018

	Foreign currency (in thousands)	Exchange rate	Carrying amount (NT$)
Foreign-currency assets			
Monetary items			
CNY	$ 46,655	4.472	$ 208,641

Foreign exchange loss due to fluctuations of CNY exchange rate (realized and unrealized) amounted to NT$2,288 thousand and NT$4,845 thousand for the years 2019 and 2018, 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	
	2019	2018
Income (loss) before income tax	($ 947)	($ 2,086)

(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 Group 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, 2019	December 31, 2018
Interest rate risks with fair value		
- Financial assets	$ 270,035	$ 476,128
- Financial liabilities	160,000	150,000
Interest rate risks with cash flow		
- Financial assets	683,327	1,062,707
- Financial liabilities	200,000	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 2019 and 2018 will increase or decrease by NT$4,833 and NT$8,627 thousand, respectively.

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.

Receivables from individual customers that exceed 10% of notes and accounts receivable of the Group were mostly generated from government projects. Excluding the aforesaid government projects, the Group had no receivables from other customers that exceed 10% of notes and accounts receivable of the Group. In principle, government institutions do not have credit quality issues. Therefore, there is no significant credit risk in notes and accounts receivable.

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 nonderivative financial liabilities shall be prepared in accordance with the agreed repayment date.

December 31, 2019

	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	$ 181,684	$ -	$ -
Lease liabilities	11,312	11,172	23,529
Floating interest rate instruments	17,493	32,186	157,860
Fixed interest rate instruments	7,000	14,000	139,000
	$ 217,489	$ 57,358	$ 320,389

Further information on the maturity analysis of lease liabilities is listed as follows:

	Within 1 year	1-5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 years or above
Lease liabilities	$ 11,312	$ 34,701	$ 32,272	$ 24,494	$ 27,648	$215,940

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, 2019	December 31, 2018
Unsecured banks loans credit limit		
— amount utilized	$ -	$ 150,000
— amount not utilized	300,000	50,000
	$ 300,000	$ 200,000
Secured bank loan credit limit		
— amount utilized	$ 360,000	$ 200,000
— amount not utilized	195,000	195,000
	$ 555,000	$ 395,000

(3) Performance quota

	December 31, 2019	December 31, 2018
Unsecured bank performance guarantee limit		
— amount utilized	$ 207,495	$ -
— amount not utilized	92,505	-
	$ 300,000	$ -
Secured bank performance guarantee limit		
— amount utilized	$ 117,278	$ -
— amount not utilized	342,722	-
	$ 460,000	$ -

The utilized quota is used for the performance guarantee letter issued in the bidding business, and Ching-Hsiang Yang, chairman of Cleanaway and Da Ning and Cheng-Lun Tao, chairman of Chi Wei, act as joint guarantors.

XXVI. 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 XXIX 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) (Note)	Cleanaway's chairman is a second-degree relative of the Company's chairman
MHS Co., Ltd. (MHS)	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
Chung Tai Resource Technology Corp. (Chung Tai)	Affiliate enterprise
Hsiung Wei Company Limited (Hsiung Wei)	Related party in substance
Kao Lien Company Limited ("Kao Lien")	Related party in substance

Note: The company's equity was sold to non-related parties before the end of 2018, and the related party's transactions were counted up to the sales date.

(II) Significant transactions with related parties

1. Accounts receivable - related parties

	December 31, 2019	December 31, 2018
Chung Tai	$ 27,466	$ -
Cleanaway SUEZ	-	740
Chase	-	159
	27,466	899
Less: Allowance for losses	(275)	-
	$ 27,191	$ 899

Refer 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.

The Group measures account receivables - allowances for losses from related parties based on the provisional matrix, and the specific information is as follows:

December 31, 2019

	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% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 27,466	$ -	$ -	$ -	$ -	$ 27,466
Allowance for losses (lifetime expected credit losses)	(275)	-	-	-	-	(275)
Amortized cost	$ 27,191	$ -	$ -	$ -	$ -	$ 27,191

December 31, 2018

	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% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 899	$ -	$ -	$ -	$ -	$ 899
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	$ 899	$ -	$ -	$ -	$ -	$ 899

Changes in account receivables - allowances for losses from related parties are as follows:

	2019	2018
Balance, beginning of year	$ -	$ -
Add: Impairment loss recognized	275	-
Balance, end of year	$ 275	$ -

2. Other receivables - related parties

	December 31, 2019	December 31, 2018
Chase	$ 30,341	$ -
Less: Allowance for losses	(303)	-
	$ 30,038	$ -

Because the Group operates waste disposal business through Chase's intermediary platform, customers make the payment for relevant waste disposal to Chase. Therefore, the amount collected by Chase is accounted for under other receivables-related parties.

Other receivables in circulation-unreceived guarantees by related parties.

The Group's allowances for losses for other receivables from related parties based on the provision matrix are as below:

December 31, 2019

	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% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 30,341	$ -	$ -	$ -	$ -	$ 30,341
Allowance for losses (lifetime expected credit losses)	(303)	-	-	-	-	(303)
Amortized cost	$ 30,038	$ -	$ -	$ -	$ -	$ 30,038

Information of changes in other receivables - allowances for losses from related parties is as below:

	2019	2018
Balance, beginning of year	$ -	$ -
Add: Impairment loss recognized	303	-
Balance, end of year	$ 303	$ -

3. Accounts payable - related parties

	December 31, 2019	December 31, 2018
Chase	$ 4,258	$ -

Accounts payable -platform licensing fee payable by Chase.

4. Other payables - related parties

	December 31, 2019	December 31, 2018
Chase	$ 31,058	$ -
Chin Wei	7,875	-
Kao Lien	88	-
Hsiung Wei	87	-
	$ 39,108	$ -

Other payables - amount received by Chase. Other payables - corporate management consultation service fees paid by Chin Wei. Other payables - accrued professional fees paid by Hsiung Wei and Kao Lien.

5. Operating revenue

	2019	2018
Chung Tai	$ 59,514	$ -
Cleanaway SUEZ	31,459	740
Chase	14,296	159
MHS	14	-
	$ 105,283	$ 899

The fee is the amount paid by the Group for assigning related parties to dispose of wastes, and the price is based on the quote of non-related parties.

6. Costs of remediation projects for contaminated and abandoned sites (recognized under operating costs)

	December 31, 2019	December 31, 2018
Chase	$ 129	$ -

The fee is the amount paid by the Company for assigning related parties to remedy contaminated and abandoned sites, and the price is based on the quote of non-related parties.

7. Platform licensing fee (recognized under the operating costs)

	December 31, 2019	December 31, 2018
Chase	$ 38,854	$ -

The fee is charged by Chase for providing the Group with platform services. Because such a transaction is only made with Chase, there is no comparative price from third parties.

8. Labor service expenses (recognized under operating costs)

	2019	2018
Hsiung Wei	$ 806	$ -
Kao Lien	785	-
	$ 1,591	$ -

The Hsiung Wei and Kao Lien provided the premise for the Group to construct a solar photovoltaic system and charge the fee based on the percentage of the revenue from power generation. Because such a transaction is only made with Hsiung Wei and Kao Lien, there is no comparative price from third parties.

9. Technical service expense (recognized under operating expenses)

	2019	2018
Chin Wei	$ 30,000	$ -
Jocris	10,000	10,000
	$ 40,000	$ 10,000

Expense incurred due to technology and management consultation services provided by related parties to the Group. Such transactions were all processed by the aforementioned related parties, and, therefore, there is no comparative price from third parties.

10. Donation (recognized under operating expenses)

	2019	2018
Yang Chi Chuan Foundation	$ 10,000	$ 10,000

To fulfill corporate social responsibilities, the Group donated NT$10,000 thousand in both 2019 and 2018 to the Yang Chi Chuan Foundation to sponsor its charity events.

11. Administrative and selling expenses allocated to affiliated companies (recognized under operating expenses deduction)

	2019	2018
Chase	$ 3,893	$ -

Such transactions are shared office expenses between the Group and affiliated companies.

12. Prepayments for land

As of December 31, 2019 and 2018, 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, 2019	December 31, 2018
Yang Li Pi Lien	$ 141,357	$ 141,357
Yang Ching-Hsiang	1,629	1,629
Yang Shu-Hui	703	703
	$ 143,689	$ 143,689

13. Property transaction

Acquisition of property, plant and equipment

The Group purchased machinery and equipment from Hsiung Wei worthing NT$ 322 thousand in July 2019.

The Group appointed MHST to plan a solar power generation site and paid a consulting fee totaling NT$6,000 thousand that was initially recognized under construction in progress and equipment awaiting check. As a result of the completion of the acceptance check in August 2019, the amount was recognized under other equipment.

14. Leasing agreement

Related party	Accounting subject	December 31, 2019	December 31, 2018
Ho Tsang	Lease liabilities-current	$ 3,577	$ -
Ho Tsang	Lease liabilities - non-current	$ 304,994	$ -

Related party	Accounting subject	2019	2018
Ho Tsang	Interest expenses	$ 3,878	$ -
Ho Tsang	Rental expenses	$ -	$ 7,356

Regarding leasing transactions with Ho Tsang, please refer to Note XI(III) Important Lease Activities and Terms.

(III) Remuneration to key management

Remuneration to Directors and key management was as follows:

	2019	2018
Remuneration of Directors	$ 32,400	$ 32,400
Short-term employee benefits		
Salaries	14,760	14,760
Bonus and compensation	28,000	35,130
Benefits after retirement		
Defined contribution	161	257
Defined benefits	612	648
Transportation expenses	290	290
	$ 76,223	$ 83,485

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

XXVII. Pledged Assets

Assets provided by the Group as collaterals to the banks for construction performance guarantee were as follows:

	December 31, 2019	December 31, 2018
Pledged time deposit certificates (recognized under financial assets measured at amortized cost)		
- Current	$ 25,693	$ 191,131
- Non-current	98,655	154,067
Restricted bank deposits (Reserve account, Recognized under other current assets)		
- Current	6	6
Land	722,806	722,806

XXVIII. Important Contingent Liabilities and Unrecognized Contractual Commitments

Unrecognized contract commitments of the Group were as follows:

	December 31, 2019	December 31, 2018
Acquisition of property, plant and equipment (for construction of offices for operations)	$ 900	$ 45,589

XXIX. Additional Disclosures

Information on (I) Significant Transactions and (II) Investees:

1. Financings provided (Table 1)
2. Endorsements/guarantees provided to others (Table 2)
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 3)
5. Acquisition of real estate at price in excess of NT$300 million or 20% of the paid-in capital (None)
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

	2019						
	Solidification and excavation	Burial	Clean-up and transport	China operations	Others	Reconciliation and elimination	Total
Revenue							
Revenue from external customers							
Landfill revenue	$ -	$ 1,936,722	$ -	$ -	$ -	$ -	$1,936,722
Solidification revenue	377,446	-	-	-	-	-	377,446
Clean-up and transport revenue	-	-	81,543	-	-	-	81,543
Revenue from contaminated and illegal dump sites cleanup	290,674	-	-	-	-	-	290,674
Other income	-	-	-	-	20,189	-	20,189
Revenue from inter-segment sales	-	808,178	47,548	-	8,221	(863,947)	-
Interest income	2,055	7,213	8	966	96	(2,496)	7,842
Total revenue	$ 670,175	$2,752,113	$ 129,099	$ 966	$ 28,506	($ 866,443)	$2,714,416
Segment profit/loss							
Net income	$ 150,462	$1,006,637	($ 3,3410)	($ 6,545)	$ 28,926	$ 87	$1,176,226

	2018						
	Solidification and excavation	Burial	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

Segments assets

	December 31, 2019	December 31, 2018
Solidification and excavation	$ 3,298,768	$ 2,451,105
Landfill	3,364,821	4,272,806
Clean-up and transport	154,419	132,703
China operations	87,997	82,420
Others	1,380,970	680,218
Reconciliation and elimination	(1,191,632)	(802,907)
Consolidated total assets	$ 7,095,343	$ 6,816,345

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 IV. The net income of operating segments is used as the basis for assessing performance.

(II) Geographic information

	Revenue from external customers		Non-current assets	
	2019	2018	December 31, 2019	December 31, 2018
Taiwan	$ 2,706,574	$ 3,395,807	$ 4,101,872	$ 3,671,445
China	-	-	11,356	11,811
	$ 2,706,574	$ 3,395,807	$ 4,022,228	$ 3,683,256

Revenue by regions was presented based on the collection regions. Non-current assets refer to property, plants and equipment, right-of-use assets, prepayments for land and equipment, contract assets - non-current, and other non-current assets (excluding financial instruments and deferred income tax assets).

(III) Main customer information

Individual customers accounted for at least 10% of net revenue of the Group were as follows

	2019		2018	
	Amount	% to Operating Revenue	Amount	% to Operating Revenue
Customer A from the landfill and clean-up and transport department	$ 434,827	16	$ 180,633	5

Cleanaway Company Limited and Subsidiaries
Lending to Others
From January 1 to December 31, 2019

Table 1

Unit: NT$1,000
Unless Otherwise Specified

No.	Lending 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	Allowance for bad debts recognized	Collateral		Limit on loans granted to a single party (Note 1)	Total limit amount of loans (Note 1)	Notes
													Name	Value			
0	Cleanaway Company Limited	Da Tsang Company Limited	Other receivables-related parties	Yes	$ 300,000	$ 300,000	$ 200,000	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 2,251,185 (Note 2)	$ 2,251,185 (Note 2)	
1	Da Tsang Industrial Company Limited	Cleanaway Enterprise Company Limited	Other receivables-related parties	Yes	35,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables-related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Kang Lien Enterprise Company Limited	Other receivables-related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables-related parties	Yes	250,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables-related parties	Yes	12,915 (RMB 3,000 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables-related parties	Yes	6,458 RMB1,500 thousand)	6,458 RMB1,500 thousand)	6,458 RMB1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables-related parties	Yes	6,458 RMB1,500 thousand)	6,458 RMB1,500 thousand)	6,458 RMB1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables-related parties	Yes	6,458 RMB1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables-related parties	Yes	6,458 RMB1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables-related parties	Yes	6,458 RMB1,500 thousand)	6,458 RMB1,500 thousand)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Da Tsang Industrial Company Limited	Other receivables-related parties	Yes	20,000	20,000	20,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Company Limited	Other receivables-related parties	Yes	55,000	55,000	55,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables-related parties	Yes	35,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables-related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Company Limited	Other receivables-related parties	Yes	140,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	
3	Chi Wei Company Limited	Da Tsang Industrial Company Limited	Other receivables-related parties	Yes	60,000	60,000	38,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	

(Continued on next page)

(Continued from previous page)

No.	Lending 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	Allowance for bad debts recognized	Collateral		Limit on loans granted to a single party (Note 1)	Total limit amount of loans (Note 1)	Notes
													Name	Value			
3	Chi Wei Company Limited	Kang Lien Enterprise Company Limited	Other receivables-related parties	Yes	$ 50,000	$ 50,000	$ 44,000	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 278,464 (Note 5)	$ 278,464 (Note 5)	
4	Cleanaway Investment Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables-related parties	Yes	12,915 (RMB 3,000 thousand)	12,915 (RMB 3,000 thousand)	12,915 (RMB 3,000 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	20,551 (Note 6)	20,551 (Note 6)	

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 Tsang 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 the Company's net worth. Net worth of the Company is calculated based on its latest audited or reviewed financial statements, i.e. net worth as of December 31, 2019. 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 (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, 2019. 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. Da Tsang Industrial 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, 2019. 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, Da Tsang Industrial Company Limited, and Kang Lien Enterprise Company Limited are the affiliates 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, calculation is done using the net worth as of December 31, 2019. 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 6. Cleanaway (Shanghai) Company Limited is an affiliate of Cleanaway Investment 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 the net worth of Cleanaway Investment Company Limited. The net worth of Cleanaway Investment 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, 2019. 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 7. In accordance with the regulations governing capital loan of the aforementioned companies who load funds, the limit of the capital loan shall be calculated based on the net value of the latest audited financial statements. The aforementioned loan limit for individual companies and the total loan limit for others announced by the companies that loaned funds in December 2019 were calculated on the basis of financial statements Q3 2019 rather than financial statements 2019 because the financial statements 2019 have not been audited by CPAs. The actual limit may have certain differences with the aforesaid amount.

Cleanaway Company Limited and Subsidiaries
Endorsement/Guarantee Provided for Others
From January 1 to December 31, 2019

Table 2

Unit: NT$1,000
Unless Otherwise Specified

No. (Note 1)	Endorsement/Guarantee Provider Name	Subject of Endorsements/Guarantees		Endorsement/guarantee cap for a single enterprise (Notes 3 and 5)	Maximum Balance for this Period	Endorsement and Guarantee Closing Balance	Actual drawdown	Amount of endorsement/guarantee collateralized by properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum endorsement/guarantee amount allowable (Notes 4 and 5)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Notes
		Company name	Relationship (Note 2)											
0	Cleanaway Company Limited	Cleanaway Enterprise Company Limited	2	$ 2,813,982	$ 160,000	$ 160,000	$ 160,000	$ -	2.84	$ 2,813,982	Y	N	N	
0	Cleanaway Company Limited	Da Tsang Industrial Company Limited	2	2,813,982	300,000	-	-	-	5.33	2,813,982	Y	N	N	

Note 1. Explanations are as follows:
(1) The issuer is coded 0.
(2) Investees are numbered consecutively from 1 in the order presented in the table above.

Note 2. The relation between endorsement guarantor and the subject of endorsement or guarantee is as follows:
(1) A company that has business transactions with the Company.
(2) Companies in which the Company directly and indirectly holds more than 50 percent of the voting shares.

Note 3. The amount of each company's endorsement/guarantee shall not exceed 50% of its net value as stated in the latest financial statements audited by CPAs.

Note 4. The amount of each Company's endorsement/guarantee for a single enterprise shall not exceed 50% of its net value as stated in the latest financial statements audited by CPAs.

Note 5. According to the provisions governing the Company's endorsement/guarantee, the limit of the endorsement shall be calculated based on the net value as stated in the latest financial statements audited by CPAs. As announced by the Company in December 2019, the limit of endorsement/guarantee for a single enterprise and for others in total both are NT$ 2,644,543 thousand. However, because the 2019 annual financial statements have not been audited by CPAs, the calculation is based on the financial statements in Q3 2019, so the actual amount may vary with the aforesaid amount.

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
From January 1 to December 31, 2019

Table 3

Unit: NT$1,000
Unless Otherwise Specified

Buying/selling company	Type and name of securities (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 Stock of Chung Tai Resource Technology Corp.	Equity-accounted investments	Chung Tai Resource Technology Corp. (Note 3)	Affiliate enterprise	-	$ -	15,600,000	$ 374,400	-	$ -	$ -	$ -	15,600,000	$ 374,400

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.

Note 3. 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.

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
From January 1 to December 31, 2019

Table 4

Unit: NT$1,000
Unless Otherwise Specified

Supplier (buyer) company	Name of trading partner	Relationship	Transaction details				Situation and reason of why trading conditions are different from general trading		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	Subsidiary	Landfill and clean-up and transport expense	$ 254,304	36	Determined by the contract	-	-	($ 42,250)	(77)	-
Chi Wei Company Limited	Cleanaway Company Limited	Parent company	Landfill revenue	(254,304)	(24)	Determined by the contract	-	-	42,250	27	-
Da Ning Co. Ltd.	Da Tsang Industrial Company Limited	Subsidiary	Landfill and clean-up and transport expense	463,530	73	Determined by the contract	-	-	(148,173)	(98)	-
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	Parent company	Landfill revenue	(463,530)	(100)	Determined by the contract	-	-	148,173	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, 2019

Table 5

Unit: NT$1,000
Unless Otherwise Specified

Company with accounts receivable	Name of trading partner	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts received in subsequent period	Allowance for bad debts recognized
					Amount	Processing method		
Cleanaway Company Limited	Da Tsang Industrial Company Limited	Subsidiary	$ 483,728 (Note 1)	(Note 4)	$ -	—	$ -	$ -
Cleanaway Company Limited	Chi Wei Company Limited	Subsidiary	236,546 (Note 2)	(Note 4)	-	—	-	-
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	Subsidiary	148,173	4.37	-	—	-	-
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	Subsidiary	78,961 (Note 3)	(Note 4)	-	—	-	-

Note 1. Cash dividend receivable of NT$ 278,850 thousand, accounts receivable financing of NT$200,170 thousand, and amortized management expense receivable of NT$ 4,708 thousand.
Note 2. Cash dividend receivable of NT$231,498 thousand and amortized management expense receivable of NT$5,048 thousand.
Note 3. Cash dividend receivable of NT$78,961 thousand.
Note 4. 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.
From January 1 to December 31, 2019

Table 6

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	Share of profit/loss of investee	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 S. Rd., Gangshan Dist., Kaohsiung City	Waste disposal	$ 300,997	$ 800,977	27,000,000	100	$ 1,084,640	$ 450,963	$ 450,963	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Enterprise Company Limited	〃	〃	159,507	159,507	18,000,000	100	217,260	(15,355)	(15,355)	Subsidiary of Cleanaway Company Limited
〃	Chi Wei Company Limited	〃	〃	410,000	410,000	41,000,000	100	696,161	569,496	569,496	Subsidiary of Cleanaway Company Limited
〃	Kang Lien Enterprise Company Limited	〃	Waste clean-up	58,222	58,222	6,020,000	100	64,588	(3,341)	(3,112)	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Investment Company Limited	〃	General investment	80,000	80,000	8,000,000	100	51,379	2,821	2,821	Subsidiary of Cleanaway Company Limited
〃	CCL Investment Holding Company Limited	Samoa	General investment	US$3,500 thousand (Equivalent to NT$106,214 thousand)	US$3,000 thousand (Equivalent to NT$91,009 thousand)	-	64	20,694	(8,433)	(5,110)	Subsidiary of Cleanaway Company Limited
〃	Cleanaway SUEZ Environmental Resources Limited	No. 25-1, Huadong Road, Daliao District, Kaohsiung City	Waste disposal	650,000	650,000	21,750,000	29	655,904	40,328	11,706	Affiliate enterprise of Cleanaway Company Limited
	Cleanaway Energy Co., Ltd.	2F, No. 328, Huanke Road, Datan Village, Guanyin District, Taoyuan City	Waste disposal	55,000	-	5,500,000	55	51,459	(4,353)	(3,677)	Subsidiary of Cleanaway Company Limited
	Chung Tai Resource Technology Corp	No.328, Datan Village, Guanyin District, Taoyuan City	Waste disposal	374,400	-	15,600,000	20.02	387,519	110,372	13,119	Affiliate enterprise of Cleanaway Company Limited
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	Waste disposal	450,000	450,000	15,000,000	100	543,032	169,400	(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)	-	16	5,491	(8,433)	(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)	-	20	6,406	(8,433)	(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	15,000,000	25	17,330	10,891	(Note 1)	Affiliate enterprise of Cleanaway Company Limited

(Continued on next page)

(Continued from previous page)

Investor	Investee company name	Location	Main businesses	Initial investment			Holdings at the end of period		Investee company current profit or loss	Share of profit/loss of investee	Notes
				End of the current period	End of previous year	Number of shares	Percentage	Carrying amount			
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$33,034 thousand)	-	100	($ 27,275)	($ 7)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	Cleanaway Zoucheng Holding Company Limited	Samoa	General investment	US$3,500 thousand (Equivalent to NT$106,214 thousand)	US$3,000 thousand (Equivalent to NT$91,009 thousand)	-	100	30,040	(9,249)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	Cleanaway Zhejiang Holding Company Limited	Samoa	General investment		-	-	100	1,278	(1)	(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 and Subsidiaries
Information on Investments in Mainland China
From January 1 to December 31, 2019

Table 7

Unit: NT$1,000
Unless Otherwise Specified

Name of investee in China	Main businesses	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Wire-in or wire-out amount investment amount		Accumulated investment amount remitted from Taiwan at the end of the period	Investee company current profit or loss	Shareholding Ratio of the Company's Investment, Directly or Indirectly	Investment gains (losses) recognized in the current period	Carrying amount as of December 31, 2019	Ending balance of accumulated inward remittance of earnings	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)	($ 7)	100%	($ 7)	($ 27,279)	$ -	
Cleanaway Zoucheng Co., Ltd.	Waste management	91,009 (USD 3,000 thousand)	Note 2	91,009 (USD 3,000 thousand)	15,205 (USD 500 thousand)	-	106,214 (USD 3,500 thousand)	(9)	100%	(9)	28,052	-	

Note 1. The subsidiary, Cleanaway Investment Company Limited, invests in the company in Mainland China through company established in a third region (Cleanaway Shanghai Management Holding Company Limited).
Note 2. The investment in the company in Mainland China 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 remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
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 cap was set at 60 percent of Cleanaway Investment Company Limited's net worth. Pursuant to the regulations, the cap was calculated as follows: NT$51,379 thousand * 60% = NT$30,827 thousand.
Cleanaway Company Limited: NT$106,214 thousand (US$3,500 thousand)	Cleanaway Company Limited: US$8,000 thousand (Equivalent to NT$240,000 thousand)	The cap was set at 60 percent of Cleanaway Company Limited's net worth. Pursuant to the regulations, the cap was calculated as follows: NT$5,627,964 thousand * 60% = NT$3,376,778 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
From January 1 to December 31, 2019

Table 8

Unit: NT$1,000

No. (Note 1)	Company name	Counterparty	Relationship with counterparty (Note 2)	Transaction status			
				Account	Amount	Terms	Percentage (%) to consolidated net revenue or total assets (Note 3)
0	Cleanaway	Da Tsang	1	Other receivables-related parties	$ 4,708	Collection in the following month	-
0	Cleanaway	Chi Wei	1	Other receivables-related parties	5,048	Collection in the following month	-
0	Cleanaway	Kang Lien Enterprise	1	Other receivables-related parties	1,313	Collection in the following month	-
0	Cleanaway	Da Ning	3	Other receivables-related parties	4,457	Collection in the following month	-
1	Da Ning	Kang Lien Enterprise	3	Accounts payable-related parties	229	Payment period determined by the contract	-
2	Chi Wei	Kang Lien Enterprise	3	Accounts payable-related parties	6,110	Payment period determined by the contract	-
0	Cleanaway	Da Ning	1	Accounts payable-related parties	4,187	Payment period determined by the contract	-
0	Cleanaway	Chi Wei	1	Accounts payable-related parties	42,250	Payment period determined by the contract	1
0	Cleanaway	Kang Lien Enterprise	1	Accounts payable-related parties	1,773	Payment period determined by the contract	-
0	Cleanaway	Cleanaway Investment	1	Other payables－related parties	613	Payment period determined by the contract	-
1	Da Ning	Da Tsang	3	Accounts receivable - related parties	148,173	Payment period determined by the contract	2
3	Da Tsang	Da Ning	3	Other operating revenue	463,530	Distribution of profits based on contribution in joint operations contracts	17
0	Cleanaway	Chi Wei	1	Operating costs (landfill cost)	250,091	Unique expenses for which no comparative price from non-related parties is available	9
0	Cleanaway	Da Ning	3	Operating costs (landfill cost)	87,340	Unique expenses for which no comparative price from non-related parties is available	3
0	Cleanaway	Chi Wei	1	Operating costs (clean-up and transport cost)	4,213	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 (%) to consolidated net revenue or total assets (Note 3)
0	Cleanaway	Da Ning	3	Operating costs (clean-up and transport cost)	$ 3,004	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)	32,877	Based on prices with non-related parties and adjusted according to the volume and distance of clean-up and transport	1
0	Cleanaway	Kang Lien Enterprise	1	Operating costs (clean-up and transport cost)	2,968	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)	8,412	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 (costs of pollution and disposal site renovation projects)	3,520	Unique expenses for which no comparative price from non-related parties is available	-
0	Cleanaway	Kang Lien Enterprise	1	Inventories	9	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)	8,221	Similar to those levels of non-related parties	-
3	Da Tsang	Da Ning	1	Other receivables-related parties	78,961	Cash dividend receivable is collected on the day of dividend payment.	1
0	Cleanaway	Chi Wei	1	Other receivables-related parties	231,498	Cash dividend receivable is collected on the day of dividend payment.	3
0	Cleanaway	Da Tsang	1	Other receivables-related parties	278,850	Cash dividend receivable is collected on the day of dividend payment.	4
4	Cleanaway Enterprise	Cleanaway	1	Other receivables-related parties	55,047	Short-term financing and interest receivable, repayment within one year, interest at 1% p.a.	1

(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 (%) to consolidated net revenue or total assets (Note 3)
0	Cleanaway	Da Tsang	1	Other receivables-related parties	$ 200,170	Short-term financing and interest receivable, repayment within one year, interest at 1% p.a.	3
4	Cleanaway Enterprise	Da Tsang	3	Other receivables-related parties	20,017	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	12,977	Short-term financing and interest receivable, repayment within one year	-
3	Da Tsang	Cleanaway Shanghai	3	Other receivables-related parties	130	Interest receivable from short-term financing	-
5	Cleanaway Investment	Cleanaway Shanghai	3	Other receivables-related parties	13,043	Short-term financing and interest receivable, repayment within one year	-
2	Chi Wei	Kang Lien Enterprise	3	Other receivables-related parties	44,037	Short-term financing and interest receivable, repayment within one year, interest at 1% p.a.	1
2	Chi Wei	Da Tsang	3	Other receivables-related parties	38,032	Short-term financing and interest receivable, repayment within one year, interest at 1% p.a.	1
0	Cleanaway	Da Tsang	1	Interest income	181	Short-term financing, interest at 1% p.a.	-
3	Da Tsang	Cleanaway	1	Interest income	460	Short-term financing, interest at 1% p.a.	-
4	Cleanaway Enterprise	Da Tsang	3	Interest income	51	Short-term financing, interest at 1% p.a.	-
4	Cleanaway Enterprise	Cleanaway	1	Interest income	228	Short-term financing, interest at 1% p.a.	-
2	Chi Wei	Cleanaway	1	Interest income	517	Short-term financing, interest at 1% p.a.	-
2	Chi Wei	Cleanaway Enterprise	3	Interest income	403	Short-term financing, interest at 1% p.a.	-
2	Chi Wei	Kang Lien Enterprise	3	Interest income	296	Short-term financing, interest at 1% p.a.	-
2	Chi Wei	Da Tsang	3	Interest income	99	Short-term financing, interest at 1% p.a.	-
3	Da Tsang	Kang Lien Enterprise	3	Interest income	92	Short-term financing, interest at 1% p.a.	-
3	Da Tsang	Cleanaway Enterprise	3	Interest income	168	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.

Independent Auditors' Report

To Cleanaway Company Limited:

Audit Opinion

The Parent Company Only Balance Sheets of Cleanaway Company Limited as of December 31, 2019 and 2018 and the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including the Summarized Remarks on Significant Accounting Policies) in from January 1 to December 31, 2019 and 2018 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 the "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, 2019 and 2018 and the parent company only financial performance and cash flow in from January 1 to December 31, 2019 and 2018.

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 the documents provided are of sufficient evidence to provide the basis for our audit report.

Key Audit Matters

The key audit matters pertain to the most important items of Cleanaway Company Limited's 2019 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 2019 Parent Company Only Financial Statements:

Revenue recognition for solidification

For the accounting policies for operating income, please refer to Note IV(XIII) of the Notes to Parent Company Only Financial Statements.

Cleanaway is an enterprise located in Taiwan that provides intermediate solidification treatment services for hazardous waste. The solidified hazardous waste is handed over to a subsidiary operating a landfill business for landfill. As lead time exists between receipts of wastes to completion of treatment so that waste can be disposed of 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 a 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.

Responsibility of the Management and the Governing Body 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. False expressions may be due to fraud or obvious errors. 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.

The CPA has made professional judgment and maintained professional vigilance while auditing in conformity with GAAP. The CPA has also followed the following procedures:

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. As fraud may involve collusion, forgery, deliberate omissions, false statements or violation of internal control, its risks outweigh those due to obvious errors.
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. 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, 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. The CPA's conclusion is based on the auditing evidence obtained up to the date of the 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.

The CPA's communications with the organization include the scope of planned auditing, the timeframe and material findings (including significant deviations identified in the internal control during auditing operations).

The CPA has also provided a statement on the accounting firm's personnel under governance of independence to the governance unit, and has communicated on the relations and other items (including relevant protective measures) that could affect the CPA's operational independence.

From the matters communicated with governance bodies, we determine the key audit matters within the audit of Cleanaway Company Limited's parent company only financial statements for the year 2019. The CPA has clearly indicated such matters in the audit report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where the CPA has decided not to communicate on specific items in the audit report, it is believed to be reasonable that the negative effects of such disclosure would be far greater than the public interest they bring 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 20, 2020

Cleanaway Company Limited

Parent Company Only Balance Sheets

December 31, 2019 and 2018

Unit: NT$ 1,000

Code	Asset	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	$ 152,395	2	$ 267,789	4
1136	Financial assets measured at amortized cost - current (Notes IV, VII, and XXVI)	18,678	-	104,768	2
1140	Contract assets - Current (Notes IV and XIX)	289,454	5	197,049	3
1170	Notes and account receivables (Notes IV, VIII, and XIX)	249,270	4	301,735	4
1181	Accounts receivable - Related parties (Notes IV, XIX, and XXV)	8,570	-	495	-
1210	Other receivables - Related parties (Notes IV, XIX, and XXV)	726,234	11	18,159	-
1330	Inventory (Note IV)	1,746	-	1,697	-
1479	Other current assets (Notes XII and XXVI)	23,356	1	28,916	-
1482	Fulfillment of contract costs (Notes IV and XVIII)	3,930	-	33,703	1
11XX	Total current assets	1,473,633	23	954,311	14
	Non-current assets				
1535	Financial assets measured at amortized cost - non-current (Notes IV, VII and XXVI)	70,535	1	153,301	2
1550	Investment using the equity method (Notes IV and IX)	3,229,604	49	4,293,589	64
1560	Contract assets - Non-current (Notes IV and XIX)	20,789	-	25,813	-
1600	Property, plant, and equipment (Notes IV, X, and XXVI)	1,369,756	21	1,295,748	19
1755	Right-of-use assets (Notes III, IV, and XI)	329,375	5	-	-
1840	Deferred income tax assets (Notes IV and XXI)	4,922	-	5,433	-
1915	Prepaid land and equipment (Note XII)	2,180	-	500	-
1920	Guarantee deposits paid (Notes IV and XII)	32,536	1	33,112	1
1990	Other non-current assets (Note XII)	14,600	-	4,300	-
15XX	Total non-current assets	5,074,297	77	5,811,796	86
1XXX	Total assets	$ 6,547,930	100	$ 6,766,107	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note XIII)	$ -	-	$ 150,000	2
2170	Accounts payable (Note XIV)	4,371	-	9,960	-
2180	Accounts payable - related parties (Note XXV)	50,301	1	51,659	1
2219	Other payables (Note XV)	235,868	4	298,451	4
2220	Other payables - related parties (Note XXV)	63,535	1	441,333	7
2230	Current income tax liabilities (Notes IV and XXI)	14,346	-	54,209	1
2280	Lease liabilities - current (Notes III, IV, XI, and XXV)	9,139	-	-	-
2320	Long-term loans due within one year (Notes XIII and XXVI)	15,000	-	-	-
2399	Other current liabilities (Note XV)	471	-	2,419	-
21XX	Total current liabilities	393,031	6	1,008,031	15
	Non-current liabilities				
2541	Long-term bank loans (Notes XIII and XXVI)	185,000	3	200,000	3
2550	Cost provisions for restoration (Notes IV, V, and XVI)	6,921	-	6,774	-
2580	Lease liabilities - non-current (Notes III, IV, XI, and XXV)	323,379	5	-	-
2640	Net defined benefit liabilities - non-current (Notes IV and XVII)	11,635	-	17,490	-
25XX	Total non-current liabilities	526,935	8	224,264	3
2XXX	Total liabilities	919,966	14	1,232,295	18
	Equity (Note VIII)				
	Capital				
3110	Common stocks	1,088,880	17	1,088,880	16
3200	Capital surplus	1,701,911	26	1,701,775	25
	Retained earnings				
3310	Statutory surplus reserve	1,173,690	18	1,041,628	16
3320	Special surplus reserve	1,915	-	1,057	-
3350	Undistributed earnings	1,664,339	25	1,702,387	25
3300	Total retained earnings	2,839,944	43	2,745,072	41
	Other equity				
3410	Exchange differences on translation of financial statements of foreign operations (Notes IV and IX)	(2,771)	-	(1,915)	-
3XXX	Total equity	5,627,964	86	5,533,812	82
	Total liabilities and equity	$ 6,547,930	100	$ 6,766,107	100

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

Chairman: Ching-Hsiang Yang Manager: Yong-Fa Yang Accounting Supervisor: Ping-Cheng Hung

Cleanaway Company Limited

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2019 and 2018

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

Code		2019 Amount	2019 %	2018 Amount	2018 %
4000	Net operating revenue (Notes IV, XIX, and XXV)	$ 1,026,128	100	$ 1,435,479	100
5000	Operating cost (Notes IV, XVI, XVII, XX, and XXV)	712,609	70	1,041,569	72
5900	Gross profit	313,519	30	393,910	28
	Operating expenses (Notes XVII, XX, and XXV)				
6200	Management expenses	87,490	8	118,972	8
6300	Research and development expenses	16,953	2	10,466	1
6000	Total operating expenses	104,443	10	129,438	9
6900	Net operating profit	209,076	20	264,472	19
	Non-operating income and expenses				
7070	Share of profits of subsidiaries accounted for using the equity method (Notes IV and IX)	1,020,851	100	1,116,031	78
7100	Interest income (Note XXV)	2,055	-	5,577	-
7190	Other income	954	-	3,664	-
7210	Profit from disposal of property, plant and equipment (Note IV)	480	-	200	-
7510	Interest expenses (Notes IV and XXV)	(8,751)	(1)	(2,764)	-
7000	Total non-operating income and expenses	1,015,589	99	1,122,708	78

(Continued on next page)

(Continued from previous page)

Code		2019 Amount	2019 %	2018 Amount	2018 %
7900	Pretax profit	$ 1,224,665	119	$ 1,387,180	97
7950	Income tax expense (Notes IV and XXI)	45,677	4	66,570	5
8200	Net income	1,178,988	115	1,320,610	92
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Notes IV and XVII)	5,503	-	599	-
8330	Share of other comprehensive income/losses on equity-accounted subsidiary companies - Items that will not be reclassified to profit or loss (Notes IV and IX)	361	-	(28)	-
8349	Income tax benefits relating to items that will not be reclassified (Notes IV and XXI)	(1,100)	-	83	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations (Notes IV and IX)	(856)	-	(858)	-
8300	Total other comprehensive income for the year (net)	3,908	-	(204)	-
8500	Total comprehensive income for the year	$ 1,182,896	115	$ 1,320,406	92
	Earnings per share (Note XXII)				
9710	Basic	$ 10.83		$ 12.13	
9810	Diluted	$ 10.80		$ 12.09	

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

Chairman: Ching-Hsiang Yang　　Manager: Yong-Fa Yang　　Accounting Supervisor: Ping-Cheng Hung

Cleanaway Company Limited

Parent Company Only Statements of Changes in Equity

January 1 to December 31, 2019 and 2018

Unit: 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: Exchange differences on translation of financial statements of foreign operations in financial statements conversion differences	Total equity
A1	Balance as of January 1, 2018	$ 1,088,880	$ 1,701,775	$ 905,278	$ 1,053	$ 1,715,245	($ 1,057)	$ 5,411,174
	Appropriations of 2017 earnings							
B1	Appropriation for 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 (loss) after tax	-	-	-	-	654	(858)	(204)
Z1	Balance as of December 31, 2018	1,088,880	1,701,775	1,041,628	1,057	1,702,387	(1,915)	5,533,812
	Appropriations of 2018 earnings							
B1	Appropriation for legal surplus reserve	-	-	132,062	-	(132,062)	-	-
B3	Appropriation for special earnings reserve	-	-	-	858	(858)	-	-
B5	Cash dividends	-	-	-	-	(1,088,880)	-	(1,088,880)
M7	Changes in ownership interests in subsidiaries	-	136	-	-	-	-	136
D1	2019 net profit	-	-	-	-	1,178,988	-	1,178,988
D3	2019 other comprehensive income (loss) after tax	-	-	-	-	4,764	(856)	3,908
Z1	Balance at December 31, 2019	$ 1,088,880	$ 1,701,911	$ 1,173,690	$ 1,915	$ 1,664,339	($ 2,771)	$ 5,627,964

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

Chairman: Ching-Hsiang Yang　　Manager: Yong-Fa Yang　　Accounting Supervisor: Ping-Cheng Hung

Cleanaway Company Limited

Parent Company Only Statements of Cash Flows

January 1 to December 31, 2019 and 2018

Unit: NT$ 1,000

Code		2019	2018
	Cash flow from operating activities		
A10000	Pretax profit	$ 1,224,665	$ 1,387,180
A20010	Income and expense items		
A20100	Depreciation	40,465	23,370
A20900	Interest expenses	8,751	2,764
A21200	Interest income	(2,055)	(5,577)
A22400	Share of profits of subsidiaries accounted for using the equity method	(1,020,851)	(1,116,031)
A22500	Gain on disposal of property, plant and equipment	(480)	(200)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(87,381)	(180,000)
A31150	Notes and account receivables	52,465	(104,664)
A31160	Accounts receivable - related parties	(8,075)	(495)
A31190	Other receivables - related parties	2,443	(6,909)
A31200	Inventories	(49)	489
A31240	Other current assets	5,560	(24,599)
A31280	Contract performance costs	29,773	(27,528)
A32150	Notes and account payable	(5,589)	(2,925)
A32160	Accounts payable - related parties	(1,358)	(82,378)
A32180	Other payables	(44,286)	78,987
A32190	Other payables - related parties	7,529	959
A32200	Cost provisions for restoration	147	332
A32230	Other current liabilities	(1,948)	(590)
A32240	Net defined benefit liabilities	(352)	(385)
A33000	Cash provided by (used in) operating activities	199,374	(58,200)
A33100	Interest received	1,885	5,789
A33300	Interest paid	(9,319)	(2,149)
A33500	Income tax paid	(86,129)	(22,685)
AAAA	Net cash inflows (outflows) from operating activities	105,811	(77,245)

(Continued on next page)

(Continued from previous page)

Code		2019	2018
	Cash flow from investing activities		
B00050	Disposal of financial assets at amortized cost	$ 168,856	$ 385,213
B01800	Acquisition of investments accounted for using equity method	(444,605)	(664,640)
B02400	Proceeds from capital reduction of investees accounted for using equity method	500,000	-
B02700	Acquisition of property, plant and equipment	(102,965)	(80,917)
B02800	Proceeds from disposal of property, plant and equipment	480	200
B03700	Increase in guarantee deposits paid	(2,513)	(51,753)
B03800	Decrease in guarantee deposits paid	3,089	34,255
B04300	Increase in other receivables - related parties	(200,000)	-
B04400	Decrease in other receivables - related parties	-	250,000
B06700	Increase in other non-current assets	(10,300)	-
B07100	Increase in prepayments for land and equipment	(19,213)	(735,928)
B07600	Cash dividends from subsidiaries	1,518,734	1,142,550
BBBB	Net cash inflow from investment activities	1,411,563	278,980
	Cash flow from financing activities		
C00100	Increase in short-term loans	350,000	200,000
C00200	Decrease in short-term loans	(500,000)	(50,000)
C01600	Borrowing long-term loans	-	200,000
C03100	Decrease in guarantee deposits received	-	(108)
C03700	Increase in other accounts payable - related parties	-	440,000
C03800	Decrease in other payables - related parties	(385,000)	-
C04020	Repayment of the principal amount of rentals	(8,888)	-
C04500	Distribution of cash dividends	(1,088,880)	(1,197,768)
CCCC	Net cash outflow from financing activities	(1,632,768)	(407,876)
EEEE	Decrease in cash and cash equivalents in the current year	(115,394)	(206,141)
E00100	Cash and cash equivalents at beginning of year	267,789	473,930
E00200	Cash and cash equivalents at end of year	$ 152,395	$ 267,789

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

Chairman: Ching-Hsiang Yang　　Manager: Yong-Fa Yang　　Accounting Supervisor: Ping-Cheng Hung

Cleanaway Company Limited
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2019 and 2018
(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, 2024.

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 20, 2020.

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 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. Please refer to Note IV for related accounting policies.

Definitions of leases

The Company has reassessed whether contracts are (or include) leases in accordance with IFRS 16. The parking space use contract and the electric meter use contract previously identified as leases as per IAS 17 and IFRIC 4 no longer meet the definition of IFRS 16 "Leases" and therefore are to be handled in accordance with other regulations because the customers failed to identify the asset or fail to obtain the right to use the asset identified. The contracts identified as leases in accordance with IFRS 16 shall be handled in accordance with the transitional regulations thereof in IFRS 16.

Where the Company is the lessee

The Company shall recognize right-of-use assets and lease liabilities for all leases on the Parent Company Only Balance Sheets except for small-amount and short-term leases that shall be recognized on a straight-line basis. On the Parent Company Only Statements of Comprehensive Income, the depreciation expenses on right-of-use assets and the interest expenses on lease liabilities computed by effective interest method shall be presented separately. On the Parent Company Only Statements of Cash Flows, the principal of lease liabilities 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 is shown in operating activities on the Parent Company Only Statements of Cash Flows.

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

Regarding 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.

The incremental borrowing rate applicable to the Company's recognition of lease liabilities as of January 1, 2019 was 0.8% to 1.25%. The difference between the amount of the lease liability and the total future minimum lease payment for non-cancellable business leases as of December 31, 2018 is described as follows:

Total amount of future minimum lease payments under non-cancellable operating leases on December 31, 2018	$ 129,076
Less: Short-term leases to which exemption is applicable	(1,830)
Less: Contracts not applicable to IFRS 16	(96)
Undiscounted total amount on January 1, 2019	$ 127,150
Present value discounted at the incremental borrowing rate of interest on January 1, 2019	$ 117,549
Plus: Adjustments due to different treatments for extending lease options and terminating lease options	176,870
Plus: Adjustments to the lease payments due to changes in the index or rate	46,449
Lease liabilities on January 1, 2019	$ 340,868

Adjustments to assets, liabilities, and equity as of January 1, 2019 due to the first time adoption of IFRS 16:

	January 1, 2019 Amount before adjustment	First-time adoption adjustment	January 1, 2019 Amount after adjustment
Right-of-use assets	$ -	$ 340,868	$ 340,868
Impact of assets	$ -	$ 340,868	$ 340,868
Lease liabilities - current	$ -	$ 8,817	$ 8,817
Lease liabilities - non-current	-	332,051	332,051
Impact of liabilities	$ -	$ 340,868	$ 340,868
Retained earnings	$ -	$ -	$ -
Effect on equity	$ -	$ -	$ -

(II) IFRSs endorsed by the FSC to be applicable in 2020

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Indicator Reform"	January 1, 2020 (Note 2)
Amendment to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1. 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 2. This amendment applies retrospectively for the fiscal years starting after January 1, 2020

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 parent company only financial statements, the Company shall continue to assess the effects of revisions of other standards and interpretations on the individual financial status and individual financial performance. Related effects shall be disclosed upon the completion of the assessment.

(III) IFRSs issued by the International Accounting Standards Board (IASB) but yet to be endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 "Insurance Contracts"	January 1, 2021
Amendment to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2022

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

As of the date of the publication of the parent company only financial statements, the Company shall continue to assess the effects of revisions of other standards and interpretations on the individual financial status and individual 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 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. In order to align the loss and profit, other comprehensive income, and equity from the current year in parent company only financial statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investment under equity method," "subsidiary loss and profit under the equity method," and "other comprehensive income of subsidiary under 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.

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 the provision of related products or labor services shall be deducted by directly related costs and listed as an 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 Sheets 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. 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, other receivables - 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.

Credit-impaired financial assets are those for which the issuer or debtor has experienced major financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

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.

For the purpose of internal credit risk management, the Company, without considering the collateral held, may determine that the following circumstances represent a default in financial assets:

A. There are internal or external information showing that the debtor is no longer able to pay off the debt.

B. A debt has been overdue more than 120 days, unless there is reasonable and verifiable information showing that a delayed default basis is more appropriate.

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 noncash assets or liabilities assumed) shall be recognized in profit or loss.

(XII) 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 Company shall estimate the total restoration cost according to previous experience and recognize it as cost provisions.

(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

Where the Company is the lessee

2019

The Company has assessed whether a contract is (or includes) leases upon the effective date of the contract.

A right-of-use asset and a lease liability are recognized for all leases at the inception date of such leases, except for leases qualified for recognition exemption, e.g. leases with low-value underlying assets and short-term leases, for which an expense is recognized on a straight-line basis over the lease term.

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liability, the amount of lease payments made to the lessors less lease incentives received prior to the inception of the lease, initial direct costs and the estimated costs of restored underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment, adjusted for any remeasurements of the lease liability. Right-of-use assets are expressed separately on the Parent Company Only Balance Sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful lives, or to the end of the lease term, whichever is earlier.

Lease liabilities are originally measured at the present value of lease payments (including fixed payments and fluctuant lease payments depending on the index or rate). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at the interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate of interest shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. In case of changes in the future lease payment caused by the variations in the lease period or the index or rate used to determine the lease payment, the Company will re-measure the lease liabilities and adjust the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasured amount is to be recognized in profit or loss. Lease liabilities are expressed separately on the Parent Company Only Balance Sheets.

2018

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 reexamined 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 previous experience. The associated measurement and recognition are described in Note IV(XII) 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 XVI for the carrying amount of cost provisions for restoration.

VI. Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 73	$ 73
Checking accounts and demand deposits	152,322	153,064
Cash equivalents		
Bank time deposit with original maturity date within 3 months	-	14,652
Bonds with repurchase agreement	-	100,000
	$ 152,395	$ 267,789

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, 2019	December 31, 2018
Bank time deposit with original maturity date within 3 months	-	0.60% - 0.64%
Bonds with repurchase agreement	-	0.37%

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, 2019	December 31, 2018
Bank time deposit with original maturity date over 3 months	$ 89,213	$ 258,069
Current	$ 18,678	$ 104,768
Non-current	70,535	153,301
	$ 89,213	$ 258,069

The allowance for losses for financial assets measured at amortized cost as of December 31, 2019 and 2018 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 Company have low credit risks and have sufficient capacity to repay contractual cash flows, the expected credit loss basis were based on an expected 12-month credit impairment evaluation and the expected credit loss rate was 0%. The credit risks in both 2019 and 2018 have remained unchanged.

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, 2019	December 31, 2018
Bank time deposit with original maturity date over 3 months	0.3% - 1.045%	0.3% - 1.09%

Refer to Note XXVI for information on pledged debt investments.

VIII. Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ -	$ 11,063
Accounts receivable	250,228	291,723
	250,228	302,786
Less: Allowance for losses	(958)	(1,051)
	$ 249,270	$ 301,735

The average credit period of the Company for services rendered is 30 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 receivable 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:

(I) In principle, government institutions do not have credit quality issues. If difficulties in collection arise, an assessment would be performed separately.

(II) 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, 2019

	Government authorities	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Over 365 days	Total
Overdue credit loss rate	0%	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 154,413	$ 95,815	$ -	$ -	$ -	$ -	$ 250,228
Allowance for losses (lifetime expected credit losses)	-	(958)	-	-	-	-	(958)
Amortized cost	$ 154,413	$ 94,857	$ -	$ -	$ -	$ -	$ 249,270

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

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

	2019	2018
Balance, beginning of year	$ 1,051	$ 2,024
Less: Reversed impairment loss in the current period	(93)	(973)
Balance, end of year	$ 958	$ 1,051

The impairment loss recognized as of December 31, 2019 and December 31, 2018 was the difference between the accounts receivable's carrying amount and the present value of the expected recoverable amount upon liquidation. The Company did not hold any collateral for the aforementioned accounts receivable.

IX. Equity-accounted investments

	December 31, 2019	December 31, 2018
Investment in subsidiary companies	$ 2,186,181	$ 3,649,391
Investment in affiliate enterprises	1,043,423	644,198
	$ 3,229,604	$ 4,293,589

(I) Investment in subsidiary companies

	December 31, 2019	December 31, 2018
Unlisted companies		
Da Tsang Industrial Company Limited	$ 1,084,640	$ 2,162,228
Chi Wei Company Limited	696,161	1,115,107
Cleanaway Enterprise Company Limited	217,260	232,615
Kang Lien Enterprise Company Limited	64,588	77,387
Cleanaway Energy Co., Ltd.	51,459	-
Cleanaway Investment Company Limited	51,379	46,177
CCL Investment Holding Company Limited	20,694	15,877
	$ 2,186,181	$ 3,649,391

1. The Company's ownership and voting rights, either directly or indirectly, over each subsidiary were 100% on each balance sheet date, except for Cleanaway Energy Co., Ltd.
2. The Company invested in establishing Cleanaway Energy Co., Ltd. on January 16, 2019, with a 100% shareholding ratio. Cleanaway Energy Co., Ltd. subsequently issued a total of 8,000 thousand new shares in April 2019, of which the Company subscribed for 3,500 thousand shares. Because the Company did not fully subscribe the new shares issued according to the shareholding ratio, the shareholding ratio was reduced from 100% to 55% but the Company still has the substantial control over Cleanaway Energy Co., Ltd. The change in net equity value of NT$ 136 thousand was adjusted to increase the capital reserve.
3. The Company increased its investment in CCL Investment Holding Company Limited in the 2019 and 2018, both totaling US$ 500 thousand (equivalent to NT$ 15,205 thousand and NT$ 14,640 thousand, respectively).
4. In order to make proper use of funds, Da Tsang Industrial Company Limited made a cash capital reduction to return the amount to the Company by resolution of the board of directors on February 20, 2019. The capital reduction amount was NT$ 500,000,000, with 50,000,000 shares eliminated, a capital reduction ratio of 65%. In the aforementioned capital reduction case, February 20, 2019 was taken as the base date for capital reduction, and the paid-in capital after the reduction was 27,000,000 shares. The change registration had been completed on March 21, 2019.
5. (1) Share of profits (losses) of subsidiaries accounted for using the equity method for the years 2019 and 2018 was as follows:

	2019	2018
Da Tsang Industrial Company Limited	$ 450,963	$ 818,602
Chi Wei Company Limited	569,496	302,226
Cleanaway Investment Company Limited	2,821	(2,990)
Cleanaway Enterprise Company Limited	(15,355)	516
Cleanaway Energy Company Limited	(3,677)	-
Kang Lien Enterprise Company Limited	(3,112)	11,324
CCL Investment Holding Company Limited	(5,110)	(7,845)
	$ 996,026	$ 1,121,833

(2) Share of other comprehensive income (losses) of subsidiaries accounted for using the equity method for the years 2019 and 2018 was as follows:

	2019	2018
Kang Lien Enterprise Company Limited	$ 361	($ 28)

The shares of profits (losses) and other comprehensive income (losses) of subsidiaries accounted for using the equity method for the years 2019 and 2018 was recognized based on the subsidiaries' audited financial statements for the same periods.

6. Cash dividends received from subsidiaries for the years 2019 and 2018 were as follows:

	2019	2018
Da Tsang Industrial Company Limited	$ 1,030,592	$ 901,529
Chi Wei Company Limited	988,442	238,129
Kang Lien Enterprise Company Limited	10,048	2,892
	$ 2,029,082	$ 1,142,550

7. As of December 31, 2019 and 2018, the accumulated exchange differences on translation of financial statements of foreign operations recognized by subsidiaries were as follows:

	December 31, 2019	December 31, 2018
Cleanaway Investment Company Limited	($ 301)	($ 105)
Da Tsang Industrial Company Limited	(1,204)	(1,036)
CCL Investment Holding Company Limited	(1,266)	(774)
	($ 2,771)	($ 1,915)

(II) Investment in affiliate enterprises

	December 31, 2019	December 31, 2018
Investment in affiliate enterprises		
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	$ 655,904	$ 644,198
Chung Tai Resource Technology Corp. (Chung Tai)	387,519	-
	$ 1,043,423	$ 644,198

			Shareholding and voting rights ratio	
Company name	Main businesses	Main place of business	2019 December 31	2018 December 31
Cleanaway SUEZ	Waste management	Kaohsiung	29%	29%
Chung Tai	Waste management	Taoyuan	20.02%	-

Cleanaway SUEZ

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.

The financial information of Cleanaway SUEZ is summarized as follows:

	December 31, 2019	December 31, 2018
Current assets	$ 115,121	$ 127,959
Non-current assets	1,012,695	634,132
Current liabilities	(172,330)	(15,012)
Non-current liabilities	(185,127)	17,087
Equity	$ 770,359	$ 729,992
Company shareholding ratio	29%	29%
Equity attributable to the Company	$ 223,404	$ 211,698
Goodwill	432,500	432,500
Investment carrying amount	$ 655,904	$ 644,198

	2019	July 31 to December 31, 2018
Operating income	$ 314,668	$ 14,359
Net income (loss)	$ 40,328	($ 20,008)
Other comprehensive income (loss)	-	-
Total comprehensive income	$ 40,328	($ 20,008)

Chung Tai

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 the total outstanding shares of Chung Tai totaling 15,600 thousand shares with a total investment of NT$ 374,400 thousand. The equity registration of the aforesaid investment was approved by the competent authority in April 2019. Chung Tai's main business operations include waste resource recycling and industrial waste disposal services.

The financial information of Chung Tai is summarized as follows:

	December 31, 2019	December 31, 2018
Current assets	$ 331,227	$ -
Non-current assets	1,832,561	-
Current liabilities	(196,018)	-
Non-current liabilities	(590,449)	-
Equity	$ 1,377,321	$ -
Company shareholding ratio	20.02%	0%

	December 31, 2019	December 31, 2018
Equity attributable to the Company	$ 275,740	$ -
Goodwill	51,244	-
Franchise	60,535	-
Investment carrying amount	$ 387,519	$ -

	2019	2018
Operating income	$ 592,418	$ -
Net profit of this period	$ 110,372	$ -
Other comprehensive income (loss)	-	-
Total comprehensive income	$ 110,372	$ -

The Company's shares of profit (loss) in affiliate enterprises accounted for using the equity method in 2019 and 2018 amounted to NT$ 24,825 thousand and NT$ (5,802) thousand, respectively. The amounts were 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, 2019	$ 862,576	$ 434,114	$ 46,789	$ 20,909	$ 31,788	$ 40,312	$ 38,587	$ 6,248	$1,481,323
Additions	-	3,836	108	1,490	-	1,108	825	77,542	84,909
Decrease	-	-	(140)	(683)	(4,465)	-	-	-	(5,288)
Reclassification	-	89,848	-	2,860	-	6,871	-	(82,046)	17,533
Balance at December 31, 2019	$ 862,576	$ 527,798	$ 46,757	$ 24,576	$ 27,323	$ 48,291	$ 39,412	$ 1,744	$1,578,477
Accumulated depreciation									
Balance as of January 1, 2019	$ -	$ 98,877	$ 35,966	$ 5,440	$ 29,658	$ 6,178	$ 9,456	$ -	$ 185,575
Depreciation	-	14,281	1,747	5,154	466	4,214	2,572	-	28,434
Decrease	-	-	(140)	(683)	(4,465)	-	-	-	(5,288)
Balance at December 31, 2019	$ -	$ 113,158	$ 37,573	$ 9,911	$ 25,659	$ 10,392	$ 12,028	$ -	$ 208,721
Balance at December 31, 2019, net	$ 862,576	$ 414,640	$ 9,184	$ 14,665	$ 1,664	$ 37,899	$ 27,384	$ 1,744	$1,369,756
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 as of 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 as of 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

(I) The increases of NT$ 17,533 and NT$ 750,860 in reclassified accounts in 2019 and 2018 consisted of converted prepayments for 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 2019 and 2018, 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 years
Acquisition of used transportation vehicles	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 facilities	11 years
Generators	15 years
Lease improvement and others	3 to 9.75 years

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

XI. Lease Agreement

(I) Right-of-use assets – 2019

	December 31, 2019
Carrying amount of right-of-use assets	
Land	$ 305,547
Building	10,879
Transportation Equipment	12,949
	$ 329,375

	2019
Increase in right-of-use assets	$ 538
Depreciation expense of right-of-use assets	
Land	$ 6,501
Building	1,243
Transportation Equipment	4,287
	$ 12,031

(II) Lease liabilities – 2019

	December 31, 2019
Carrying amount of lease liabilities	
Current	$ 9,139
Non-current	$ 323,379

The discount rate ranges for lease liabilities are as follows:

	December 31, 2019
Land	1.25%
Building	1.25%
Transportation equipment	0.8%

(III) Important lease activities and terms

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 XXVII 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.

(IV) Other lease information

2019

	2019
Short-term lease expense	$ 2,394
Total cash (outflow) amount of lease	($ 15,426)

If the Company chooses to exempt the lease of buildings and transportation equipment that is a short-term lease from recognition, the Company does not recognize the relevant right-of-use assets and lease liabilities for such a lease.

2018

Future minimum lease gross payments that cannot be canceled were as follows:

	December 31, 2018
Less than 1 year	$ 14,790
1 to 5 years	38,682
More than 5 years	75,604
	$ 129,076

XII. Other assets

	December 31, 2019	December 31, 2018
Guarantee deposits paid	$ 32,536	$ 33,112
Tax overpaid retained	2,733	18,188
Advance equipment expenses	2,180	500
Restricted bank deposits (Note XXVI)	3	3
Others	35,220	15,025
	$ 72,672	$ 66,828
Current	$ 23,356	$ 28,916
Non-current	49,316	37,912
	$ 72,672	$ 66,828

Guarantee deposits paid are mainly bid bonds, performance bonds and rental deposits paid in cash.

Changes in prepaid equipment are as follows:

	2019	2018
Balance, beginning of year	$ 500	$ 15,432
New addition in the year	19,213	735,928
Transferred to real estate, plant and equipment this year	(17,533)	(750,860)
Balance, end of year	$ 2,180	$ 500

XIII. Loans

(I) Short-term loans

	December 31, 2019	December 31, 2018
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, 2019	December 31, 2018
Secured loans		
Bank loans	$ 200,000	$ 200,000
Less: Portion due within one year	(15,000)	-
Long-term bank loans	$ 185,000	$ 200,000

The Company and CTBC Bank signed a loan contract with land owned by the Company as collateral (refer to Note XXVI 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.

XIV. Accounts payable

	December 31, 2019	December 31, 2018
Accounts payable	$ 4,371	$ 9,960

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.

XV. Other liabilities

	December 31, 2019	December 31, 2018
Accrued employee compensation/bonus	$ 98,430	$ 101,868
Accrued excavation cost	67,870	88,104
Accrued remuneration to directors and supervisors	35,000	35,000
Accrued maintenance cost	6,933	14,035
Accrued salaries	5,237	10,979
Accrued waste clean-up and transport expense	4,284	8,307
Payable leave benefits	2,913	2,902
Payable professional service fees	2,741	2,667
Payable entertainment expenses	629	5,906
Payables on equipment	185	18,241
Business tax payable	-	2,506
Other accrued expenses	11,646	7,936
	$ 235,868	$ 298,451

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

	December 31, 2019	December 31, 2018
Other current liabilities		
Contract liabilities (Note XIX)	$ -	$ 1,921
Withheld taxes, etc.	471	467
Receipts under custody, etc.	-	31
	$ 471	$ 2,419

XVI. Cost provisions for restoration

	2019	2018
Balance, beginning of year	$ 6,774	$ 6,442
Add: Cost provisions for restoration recognized during the year	147	332
Balance, end of year	$ 6,921	$ 6,774

The cost provisions for restoration recognized in 2019 and 2018 were NT$ 147 thousand and NT$ 332 thousand respectively, which were recorded as operating costs.

XVII. Post-employment benefits

(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 Act" 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 Sheets were as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	$ 21,751	$ 26,665
Fair value of plan assets	(10,116)	(9,175)
Net defined benefit liabilities	$ 11,635	$ 17,490

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, 2018	$ 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
Cost of service in the current period	-	-	-
Interest expenses (income)	241	(83)	158
Recognized in profit or loss	241	(83)	158
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	$ -	($ 348)	($ 348)
Actuarial losses - changes in financial assumptions	399	-	399
Actuarial losses - adjustments based on history	(5,554)	-	(5,554)
Recognized in other comprehensive income	(5,155)	(348)	(5,503)
Employer contribution	-	(510)	(510)
December 31, 2019	$ 21,751	($ 10,116)	$ 11,635

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

	2019	2018
Operating costs	$ 79	$ 117
Management expenses	79	116
	$ 158	$ 233

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, 2019	December 31, 2018
Discount rate	0.70%	0.90%
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, 2019	December 31, 2018
Discount rate		
Increase of 0.25%	($ 498)	($ 565)
Decrease by 0.25%	$ 515	$ 583
Expected growth rate of salaries		
Increase of 0.25%	$ 448	$ 504
Decrease by 0.25%	($ 437)	($ 491)

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, 2019	December 31, 2018
Expected appropriation amount within 1 year	$ 501	$ 602
Average maturity period of defined benefit obligations	10	10

XVIII. Equity

(I) Capital

Common stocks

	December 31, 2019	December 31, 2018
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

	December 31, 2019	December 31, 2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Additional paid-in capital	$ 1,701,775	$ 1,701,775
May be used to offset a deficit only		
Changes in ownership interests in subsidiaries (2)	136	-
	$ 1,701,911	$ 1,701,775

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends (up to a certain percentage of the Company's paid-in capital once a year).
2. Such capital surplus arises from changes in the ownership interest of a subsidiary other than actual disposal or acquisition of a subsidiary's shares, or from adjustment recorded in the capital surplus of a subsidiary recognized by the Company using the equity method.

(III) 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 a 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 XX(III) "Employee remuneration and remuneration for Directors and Supervisors" for the distribution policy of remuneration for employees, Directors, and Supervisors in the Articles of Incorporation of the Company.

The Company may distribute bonuses to shareholders in the form of cash or stocks, however, the cash bonus to shareholders cannot be lower than 10% of the 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 6, 2019, and June 22, 2018, during which the 2018 and 2017 appropriation of earnings were passed, respectively, as follows:

	2018	2017
Statutory surplus reserve	$ 132,062	$ 136,350
Special surplus reserve (Note)	$ 858	$ 4
Cash dividends	$ 1,088,880	$ 1,197,768
Cash dividend capital bonus for each share (NT$)	$ 10.00	$ 11.00

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 financial statements of foreign operations). After the balance of other equity reduction items are reversed, the reversed parts may be distributed as earnings.

The 2019 appropriation of earnings proposed by the Board of Directors' meeting on March 20, 2020 was as follows:

	2019
Statutory surplus reserve	$ 117,898
Special surplus reserve	$ 856
Cash dividends	$ 1,088,880
Cash dividend capital bonus for each share (NT$)	$ 10

The 2019 appropriations of earnings are subject to the resolution of the shareholders' meeting to be held in 2020.

XIX. Income

	2019	2018
Revenue from contracts with customers		
Revenue from waste disposal	$ 732,014	$ 1,073,127
Revenue from contaminated and illegal dump sites cleanup	290,674	359,876
Other income	3,440	2,476
	$ 1,026,128	$ 1,435,479

Please refer to the explanation in Note IV(XIII) 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, 2019	December 31, 2018
Notes and accounts receivable (Note VIII)	$ 250,228	$ 302,786
Accounts receivable - related parties (Note XXV)	8,656	495
Other receivables - related parties (Chase) (Note XXV)	192	-
	$ 259,076	$ 303,281
Contract assets - current		
Contaminated and illegal dump site cleanup	$ 262,012	$ 181,612
Waste disposal	27,442	15,437
	$ 289,454	$ 197,049
Contract assets - non-current		
Contaminated and illegal dump site cleanup	$ 15,998	$ 15,448
Waste disposal	4,791	10,365
	$ 20,789	$ 25,813
Contract liabilities - current		
Waste disposal	$ -	$ 1,921

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, 2019	December 31, 2018
Contract performance costs		
Prepaid excavation cost	$ 3,700	$ 29,241
Solidification processing cost	-	3,012
Waste clean-up and transport cost	230	1,450
	$ 3,930	$ 33,703

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, 2019, the transaction price allocated to contract performance obligations that have not been completed totaled NT$ 389,042 thousand. The Company shall recognize income based on the progress of contaminated and illegal dumpsite cleanup projects. The contracts for contaminated and illegal dumpsite cleanup projects will be completed from 2020 to 2023.

XX. Net income

Net income for the period consists of the following items:

(I) Depreciation

	2019	2018
Property, plant and equipment	$ 28,434	$ 23,370
Right-of-use assets	12,031	-
	$ 40,465	$ 23,370
Summarized by functions		
Operating costs	$ 12,000	$ 15,552
Operating expenses	28,465	7,818
	$ 40,465	$ 23,370

(II) Employee benefit expenses

	2019	2018
Benefits after retirement (Note XVII)		
Defined contribution plans	$ 3,128	$ 3,340
Defined benefit plans	158	233
	3,286	3,573
Salary expenses	134,656	158,133
Employee insurance premiums	6,965	7,290
Other employee benefits	3,114	3,526
Total employee benefit expenses	$ 148,021	$ 172,522
Summarized by functions		
Operating costs	$ 39,676	$ 44,293
Operating expenses	108,345	128,229
	$ 148,021	$ 172,522

(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. Remunerations for employees, Directors and Supervisors for 2019 and 2018 were resolved by the Board of Directors on March 20, 2020 and March 15, 2019, respectively. The specific information is as below:

Estimated ratio

	2019	2018
Employee compensation	3.00%	3.00%
Remuneration to Directors and Supervisors	2.70%	2.39%

Amount

	2019		2018	
	Cash	Stock	Cash	Stock
Employee compensation	$ 38,954	$ -	$ 43,980	$ -
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 2018 and 2017 were consistent with the recognized amounts in the parent company only financial statements for 2018 and 2017.

Please refer to the "Market Observation Post System" of Taiwan Stock Exchange for information on the Company's employee compensation and remuneration to Directors and Supervisors passed in the 2020 and 2019 Board of Directors meeting.

XXI. Income tax

(I) Main composition of income tax expenses recognized in profit or loss

	2019	2018
Current income tax		
Generated in the current year	$ 46,124	$ 63,669
Surtax on unappropriated retained earnings	142	2,943
Adjustments of previous years	-	525
	46,266	67,137
Deferred income tax		
Generated in the current year	(589)	74
Tax rate variation	-	(641)
	(589)	(567)
Income tax expenses recognized in profit or loss	$ 45,677	$ 66,570

The reconciliation of accounting profit and income tax expense was as follows:

	2019	2018
Pretax profit	$ 1,224,665	$ 1,387,180
Income tax expense calculated as the product of income before income tax and the statutory tax rate	$ 244,933	$ 277,436
Unrealized share of profits of subsidiaries accounted for using equity method	(204,170)	(223,206)
Unrecognized deductible temporary difference	-	(1)
Non-deductible expenses	4,772	9,514
Surtax on unappropriated retained earnings	142	2,943
Adjustments on current income tax expenses of prior periods in current period	-	525
Tax rate variation	-	(641)
Income tax expenses recognized in profit or loss	$ 45,677	$ 66,570

The Income Tax Act of the Republic of China amended in February 2018 adjusted the business income tax rate from 17% to 20%. In addition, the applicable tax rate for unappropriated earnings in 2018 was reduced from 10% to 5%.

In July 2019, the President of the Republic of China announced the amendments to the Industrial Innovation Regulations, which clearly stated that the construction or purchase of specific assets or technologies using unappropriated earnings shall be recognized as a deduction item in the calculation of unappropriated earnings since 2018. Therefore, the Company has deducted the amounts of capital expenditures for reinvestment in 2018 when calculating the 2019 unappropriated earnings.

(II) Income tax expenses recognized in other comprehensive income

	2019	2018
Deferred income tax income		
Recognized in other comprehensive income		
- Remeasurements of defined benefit plans	($ 1,100)	$ 83

(III) Current income tax liabilities

	December 31, 2019	December 31, 2018
Income tax payable	$ 14,346	$ 54,209

(IV) Deferred income tax assets

Changes in deferred income tax assets were as follows:

2019

Deferred income tax assets	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Temporary differences				
Defined benefits retirement plans	$ 3,498	($ 70)	($ 1,100)	$ 2,328
Cost provisions for restoration	1,355	29	-	1,384
Right-of-use assets	-	628	-	628
Payable leave benefits	580	2	-	582
	$ 5,433	$ 589	($ 1,100)	$ 4,922

2018

Deferred income tax assets	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
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

(V) Deductible temporary difference for which no deferred income tax assets have been recognized in the Parent Company Only Balance Sheets

	December 31, 2019	December 31, 2018
Investment in subsidiary companies	$ 54,476	$ 49,366

(VI) The Company's business income tax return has been audited by the taxing authority through 2017.

XXII. Basic earnings per share

The profits and weighted average number of common stocks used for the calculation of EPS were as follows:

Net income

	2019	2018
Net profit used for the calculation of basic EPS	$ 1,178,988	$ 1,320,610
Net profit used for the calculation of diluted EPS	$ 1,178,988	$ 1,320,610

Number of shares (in thousands)

	2019	2018
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	310	327
Weighted average number of common stocks used for the calculation of diluted EPS	109,198	109,215

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.

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 reviews the capital structure and adjusts 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, contract assets, financial asset measured at amortized cost, notes and accounts receivable, account receivables - related parties, other receivables - related parties and guarantee deposits paid) and financial liabilities (accounts payable, accounts payable -related parties, other payables, other payables - related parties, long/short-term loans (due within one year)) 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 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 expose 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 expose 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, 2019	December 31, 2018
Interest rate risks with fair value		
- Financial assets	$ 121,749	$ 291,181
- Financial liabilities	-	150,000
Interest rate risks with cash flow		
- Financial assets	152,325	267,719
- Financial liabilities	200,000	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 2019 and 2018 will increase or decrease by NT$477 and NT$677 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.

Receivables from individual customers that contribute to more than 10% of notes and accounts receivable of the Company were mostly generated from government projects. Excluding the aforesaid government projects, the Company has no receivables from other customers that contribute to more than 10% of notes and accounts receivable of the Company. In principle, government institutions do not have credit quality issues.

Therefore, there is no significant credit risk in notes and accounts receivable.

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, 2019

	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	$ 93,612	$ -	$ -
Lease liabilities	9,139	9,294	19,580
Floating interest rate instruments	17,493	32,186	157,860
	$ 120,244	$ 41,480	$ 177,440

Further information on the maturity analysis of lease liabilities is listed as follows:

	Within 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 years or above
Lease liabilities	$ 9,139	$ 28,874	$ 26,423	$ 24,494	$ 27,648	$ 215,940

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, 2019	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	$ 200,000
— Amount not utilized	195,000	195,000
	$ 395,000	$ 395,000

3. Performance quota

	December 31, 2019	December 31, 2018
Unsecured bank performance guarantee limit		
— Amount utilized	$ 174,165	$ -
— Amount not utilized	45,835	-
	$ 220,000	$ -
Secured bank performance guarantee limit		
— Amount utilized	$ 85,509	$ -
— Amount not utilized	264,491	-
	$ 350,000	$ -

The utilized quota is used for the performance guarantee letter issued in the bidding business, and the Chairman of the Company acts as a joint guarantor.

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
Cleanaway Enterprise Company Limited (Cleanaway Enterprise)	Subsidiary
Da Ning Co. Ltd. (Da Ning)	Second-tier 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
Chung Tai Resource Technology Corp. (Chung Tai)	Affiliate enterprise
Ho Tsang Co., Ltd. (Ho Tsang)	The spouse of the Company's Chairman is the chairman of the company
Chin Wei Environmental Consultant Co., Ltd. (Chin Wei)	The chairman of the Company's subsidiary is also the chairman of the company

(II) Significant transactions with related parties

1. Accounts receivable - related parties

	December 31, 2019	December 31, 2018
Chung Tai	$ 8,656	$ -
Chase	-	159
Cleanaway SUEZ	-	336
	8,656	495
Less: Allowance for losses	(86)	-
	$ 8,570	$ 495

Refer to the Company's 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.

The Company measures account receivables - allowances for losses from related parties based on the provisional matrix, and the specific information is as follows:

December 31, 2019

	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% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 8,656	$ -	$ -	$ -	$ -	$ 8,656
Allowance for losses (lifetime expected credit losses)	(86)	-	-	-	-	(86)
Amortized cost	$ 8,570	$ -	$ -	$ -	$ -	$ 8,570

December 31, 2018

	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% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 495	$ -	$ -	$ -	$ -	$ 495
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	$ 495	$ -	$ -	$ -	$ -	$ 495

Changes in account receivables - allowances for losses from related parties are as follows:

	2019	2018
Balance, beginning of year	$ -	$ -
Add: Impairment loss recognized	86	-
Balance, end of year	$ 86	$ -

2. Other receivables - related parties (excluding loans to related parties)

	December 31, 2019	December 31, 2018
Da Tsang	$ 283,558	$ 2,465
Chi Wei	236,546	4,627
Chase	192	-
Da Ning	4,457	9,616
Kang Lien	1,313	1,451
	526,066	18,159
Less: Allowance for losses	(2)	-
	$ 526,064	$ 18,159

Because the Company operates waste disposal business through Chase's intermediary platform, customers make the payment for relevant waste disposal to Chase. Therefore, the amount collected by Chase is accounted for under other receivables-related parties. Other receivables - Da Ning and Kang Lien refer to the amounts of management expenses amortized to affiliates that have not been recovered at the end of the period. Other receivables - Da Tsang and Chase refer to the amounts of cash dividends receivable and management expenses amortized to affiliates that have not been recovered at the end of the period.

Other receivables in circulation - unreceived guarantees from related parties. The Company calculated the other receivables - allowances for losses from related parties based on the provision matrix, and the information is as below:

December 31, 2019

	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% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$526,066	$ -	$ -	$ -	$ -	$ 526,066
Allowance for losses (lifetime expected credit losses)	(2)	-	-	-	-	(2)
Amortized cost	$526,064	$ -	$ -	$ -	$ -	$ 526,064

Information on changes in other receivables - allowances for losses from related parties is as below:

	2019	2018
Balance, beginning of year	$ -	$ -
Add: Impairment loss recognized	2	-
Balance, end of year	$ 2	$ -

3. Accounts payable - related parties

	December 31, 2019	December 31, 2018
Chi Wei	$ 42,250	$ 28,924
Da Ning	4,187	20,818
Chase	2,091	-
Kang Lien	1,773	1,917
	$ 50,301	$ 51,659

Accounts payable - the amount payable to Chase is platform licensing fee while the amounts payable to others are landfill and clean-up and transport fees.

4. Other payables - related parties (excluding loans from related parties)

	December 31, 2019	December 31, 2018
Chin Wei	$ 7,875	$ -
Cleanaway Investment	613	959
	$ 8,488	$ 959

Other payables - corporate management consultation service fees paid by related parties.

5. Operating revenue

	2019	2018
Chung Tai	$ 41,219	$ -
Cleanaway SUEZ	23,857	336
Chase	2,023	159
	$ 67,099	$ 495

The fee is the amount paid by the Company for assigning related parties to dispose of wastes, and the price is based on the quote of non-related parties.

6. Landfill expenses (recognized under operating costs)

	2019	2018
Chi Wei	$ 250,091	$ 187,450
Da Ning	87,340	154,739
Da Tsang	-	74,846
	$ 337,431	$ 417,035

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)

	2019	2018
Kang Lien	$ 2,968	$ 14,775
Chi Wei	4,213	9,372
Da Ning	3,004	12,883
Da Tsang	-	7,216
	$ 10,185	$ 44,246

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. Costs of remediation projects for contaminated and illegal dumpsites (under operating costs)

	December 31, 2019	December 31, 2018
Kang Lien	$ 3,520	$ -
Chase	129	-
	$ 3,649	$ -

The fee is the amount paid by the Company for assigning related parties to remedy contaminated and abandoned sites, and the price is based on the quote of non-related parties.

9. Platform licensing fee (recognized under the operating costs)

	December 31, 2019	December 31, 2018
Chase	$ 19,694	$ -

The fee is charged by Chase for providing the Company with platform services. Because such a transaction is only made with Chase, there is no comparative price from third parties.

10. Labor service expenses (recognized under operating costs)

	2019	2018
Chin Wei	$ 30,000	$ -
Cleanaway Investment	8,221	4,983
	$ 38,221	$ 4,983

The fee is incurred due to management consulting services provided by related parties to the Company. Such transactions were all processed by the aforementioned related parties, and, therefore, there is no comparative price from third parties.

11. Administrative and selling expenses allocated to affiliated companies (recognized under operating expenses deduction)

	2019	2018
Chi Wei	$ 54,740	$ 44,738
Da Ning	49,422	50,557
Da Tsang	27,822	31,746
Kang Lien	15,433	15,741
Chase	3,893	-
	$ 151,310	$ 142,782

Such transactions are allocated office expenses between the affiliated companies and the Company.

12. Loans to related parties (recognized under other receivables - related parties)

	2019				
Related party	Highest balance in the current year	Ending balance	Interest rates per annum	Current interest income	Accrued interest at the end of period (recognized under other receivables - related parties)
Da Tsang	$ 200,000	$ 200,000	1%	$ 181	$ 170

	2018				
Related party	Highest balance in the current year	Ending balance	Interest rates per annum	Current interest income	Accrued interest at the end of period (recognized under other receivables - related parties)
Da Ning	$ 250,000	$ -	1%	$ 1,467	$ -

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.

13. Loans from related parties (recognized under other payables - related parties)

	2019				
Related party	Highest balance in the current year	Ending balance	Interest rates per annum	Current interest expense	Interest payable at the end of period (recognized under other receivables - related parties)
Da Tsang	$ 300,000	$ -	1%	$ 460	$ -
Chi Wei	140,000	-	1%	517	-
Cleanaway Enterprise	55,000	55,000	1%	228	47
		$ 55,000		$ 1,205	$ 47

	2018				
Related party	Highest balance in the current year	Ending balance	Interest rates per annum	Current interest expense	Interest payable at the end of period (recognized under other receivables - 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.

14. Leasing agreement

Related party	Accounting subject	December 31, 2019	December 31, 2018
Ho Tsang	Lease liabilities - current	$ 3,577	$ -
Ho Tsang	Lease liabilities - non-current	$ 304,994	$ -

Related party	Accounting subject	2019	2018
Ho Tsang	Interest expenses	$ 3,878	$ -
Ho Tsang	Rental expenses	$ -	$ 7,356

Regarding leasing transactions with Ho Tsang, please refer to Note XI(III) Important lease activities and terms.

15. Remuneration to key management

Remuneration to Directors and key management was as follows:

	2019	2018
Remuneration of Directors	$ 32,400	$ 32,400
Short-term employee benefits		
Salaries	14,760	14,760
Bonus and compensation	19,000	35,130
Benefits after retirement		
Defined contribution	161	257
Defined benefits	612	648
Transportation expenses	290	290
	$ 67,223	$ 83,485

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, 2019	December 31, 2018
Pledged time deposit certificates (recognized under financial assets measured at amortized cost)		
- Current	$ 17,808	$ 103,898
- Non-current	70,535	149,845
Restricted bank deposits (Reserve account, Recognized under other current assets)		
- Current	3	3
Land	722,806	722,806

XXVII. Significant Contingent Liabilities and Unrecognized Contract Commitments

Unrecognized contract commitments of the Company were as follows:

	December 31, 2019	December 31, 2018
Acquisition of property, plant and equipment (for construction of offices for operations)	$ 900	$ 45,589

XXVIII. Additional Disclosures

(I) Information on Significant Transactions and (II) Related information on investees:

1. Lending to Others (Table 1)
2. Endorsement/Guarantee Provided for Others (Table 2)

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 3)
5. Acquisition of Real Estate at Price in Excess of NT$ 300 Million or 20% of the Paid-in Capital (None)
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$100 Million or 20% of the Paid-in Capital (Table 4)
8. Amount Receivable from Related Parties in Excess of NT$ 100 Million or 20% of the Paid-in Capital (Table 5)
9. Engaging in Derivatives Transactions (None)
10. Information on Investees (Locations, etc.) (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.

Cleanaway Company Limited

Lending to Others

From January 1 to December 31, 2019

Table 1

Unit: NT$ 1,000
Unless Otherwise Specified

No.	Lending 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	Allowance for bad debts recognized	Collateral		Limit on loans granted to a single party (Note 1)	Total limit amount of loans (Note 1)	Notes
													Name	Value			
0	Cleanaway Company Limited	Da Tsang Company Limited	Other receivables - related parties	Yes	$ 300,000	$ 300,000	$ 200,000	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 2,251,185 (Note 2)	$ 2,251,185 (Note 2)	
1	Da Tsang Industrial Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	250,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	12,915 (RMB 3,000 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Da Tsang Industrial Company Limited	Other receivables - related parties	Yes	20,000	20,000	20,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	55,000	55,000	55,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	140,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	
3	Chi Wei Company Limited	Da Tsang Industrial Company Limited	Other receivables - related parties	Yes	60,000	60,000	38,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	

(Continued on next page)

(Continued from previous page)

No.	Lending 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	Allowance for bad debts recognized	Collateral		Limit on loans granted to a single party (Note 1)	Total limit amount of loans (Note 1)	Notes
													Name	Value			
3	Chi Wei Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	$ 50,000	$ 50,000	$ 44,000	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 278,464 (Note 5)	$ 278,464 (Note 5)	
4	Cleanaway Investment Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	12,915 (RMB 3,000 thousand)	12,915 (RMB 3,000 thousand)	12,915 (RMB 3,000 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	20,551 (Note 6)	20,551 (Note 6)	

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, 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 Tsang 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 the Company's net worth. Net worth of the Company is calculated based on its latest audited or reviewed financial statements, i.e. net worth as of December 31, 2019. 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 (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, 2019. 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. Da Tsang Industrial 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, 2019. 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, Da Tsang Industrial Company Limited, and Kang Lien Enterprise Company Limited are the affiliates 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, calculation is done using the net worth as of December 31, 2019. 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 6. Cleanaway (Shanghai) Company Limited is an affiliate of Cleanaway Investment 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 the net worth of Cleanaway Investment Company Limited. The net worth of Cleanaway Investment 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, 2019. 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 7. In accordance with the regulations governing capital loans of the aforementioned companies who load funds, the ceiling of the capital loan shall be calculated based on the net value of the latest audited financial statements. The aforementioned loan ceiling for individual companies and the total loan ceiling for others announced by the companies that loaned funds in December 2019 were calculated on the basis of financial statements Q3 2019 rather than financial statements 2019 because the financial statements 2019 have not been audited by CPAs. The actual ceiling may have certain differences with the aforesaid amount.

Cleanaway Company Limited

Endorsement/Guarantee Provided for Others

From January 1 to December 31, 2019

Table 2

Unit: NT$ 1,000
Unless Otherwise Specified

No. (Note 1)	Endorsement/Guarantee Provider Name	Subject of Endorsement/Guarantee		Endorsement/ Guarantee Cap for a Single Enterprise (Notes 3 and 5)	Maximum Balance for this Period	Endorsement and Guarantee Closing Balance	Actual Drawdown	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable (Notes 4 and 5)	Guarantee Provided by the Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Notes
		Company name	Relationship (Note 2)											
0	Cleanaway Company Limited	Cleanaway Enterprise Company Limited	2	$ 2,813,982	$ 160,000	$ 160,000	$ 160,000	$ -	2.84	$ 2,813,982	Y	N	N	
0	Cleanaway Company Limited	Da Tsang Industrial Company Limited	2	2,813,982	300,000	-	-	-	5.33	2,813,982	Y	N	N	

Note 1. explanations are as follows:
(1) The issuer is coded 0.
(2) Investees are numbered consecutively from 1 in the order presented in the table above.

Note 2. The relation between endorsement guarantor and the subject of endorsement or guarantee is as follows:
(1) A company that has business transactions with the Company.
(2) Companies in which the Company directly and indirectly holds more than 50 percent of the voting shares.

Note 3. The amount of each company's endorsement/guarantee shall not exceed 50% of its net value as stated in the latest financial statements audited by CPAs.

Note 4. The amount of each Company's endorsement/guarantee for a single enterprise shall not exceed 50% of its net value as stated in the latest financial statements audited by CPAs.

Note 5. According to the provisions governing the Company's endorsement/guarantee, the cap of the endorsement shall be calculated based on the net value as stated in the latest financial statements audited by CPAs. As announced by the Company in December 2019, the caps of endorsement/guarantee for a single enterprise and for others in total both are NT$ 2,644,543 thousand. However, because the 2019 annual financial statements have not been audited by CPAs, the calculation based on the financial statements in Q3 2019, so the actual cap may have certain differences with the aforesaid amount.

Cleanaway Company Limited

Accumulated Purchase or Disposal of Individual Marketable Securities in Excess of NT$ 300 Million or 20% of the Paid-in Capital

From January 1 to December 31, 2019

Table 3

Unit: NT$ 1,000
Unless Otherwise Specified

Buying/selling company	Type and name of securities (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 Stock of Chung Tai Resource Technology Corp.	Equity-accounted investments	Chung Tai Resource Technology Corp. (Note 3)	Affiliate enterprise	—	$ -	15,600,000	$ 374,400	—	$ -	$ -	$ -	15,600,000	$ 374,400

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.
Note 3. Cleanaway invested in Chung Tai Resource Technology Corp. (Chung Tai) in February 2019. 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.

Cleanaway Company Limited

Purchases and Sales with Related Parties in Excess of NT$100 Million or 20% of the Paid-in Capital

From January 1 to December 31, 2019

Table 4

Unit: NT$ 1,000
Unless Otherwise Specified

Supplier (buyer) company	Name of trading partner	Relationship	Transaction details				Situation and reason of why trading conditions are different from general trading		Notes and accounts receivable (payable)		Notes
			Purchase/Sale	Amount	Ratio of total procurement (sales)	Credit period	Unit price	Credit period	Balance	Accounts receivable (payable) notes and accounts The ratio of	
Cleanaway Company Limited	Chi Wei Company Limited	Subsidiary	Landfill and clean-up and transport expense	$ 254,304	36	Determined by the contract	-	-	($ 42,250)	(77)	—
Chi Wei Company Limited	Cleanaway Company Limited	Parent company	Landfill revenue	(254,304)	(24)	Determined by the contract	-	-	42,250	27	—

Cleanaway Company Limited

Amount Receivable from Related Parties in Excess of NT$ 100 Million or 20% of the Paid-in Capital

December 31, 2019

Table 5

Unit: NT$ 1,000
Unless Otherwise Specified

Company with accounts receivable	Name of trading partner	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts received in subsequent period	Listed allowances for losses
					Amount	Processing method		
Cleanaway Company Limited	Da Tsang Industrial Company Limited	Subsidiary	$ 483,728 (Note 1)	(Note 3)	$ -	—	$ -	$ -
Cleanaway Company Limited	Chi Wei Company Limited	Subsidiary	236,546 (Note 2)	(Note 3)	-	—	-	-

Note 1. Cash dividend receivable of NT$ 278,850 thousand, accounts receivable financing of NT$200,170 thousand, and amortized management expense receivable of NT$ 4,708 thousand.
Note 2. Cash dividend receivable of NT$ 231,498 thousand and amortized management expense receivable of NT$ 5,048 thousand.
Note 3. The receivables were not generated from operating revenue; the turnover ratio is therefore not applicable.

Cleanaway Company Limited

Information on Investees (Locations, etc.)

From January 1 to December 31, 2019

Table 6

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 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 S. Rd., Gangshan Dist., Kaohsiung City	Waste disposal	$ 300,997	$ 800,977	27,000,000	100	$ 1,084,640	$ 450,963	$ 450,963	Subsidiary of Cleanaway Company Limited
"	Cleanaway Enterprise Company Limited	"	"	159,507	159,507	18,000,000	100	217,260	(15,355)	(15,355)	Subsidiary of Cleanaway Company Limited
"	Chi Wei Company Limited	"	"	410,000	410,000	41,000,000	100	696,161	569,496	569,496	Subsidiary of Cleanaway Company Limited
"	Kang Lien Enterprise Company Limited	"	Waste clean-up	58,222	58,222	6,020,000	100	64,588	(3,341)	(3,112)	Subsidiary of Cleanaway Company Limited
"	Cleanaway Investment Company Limited	"	General investment	80,000	80,000	8,000,000	100	51,379	2,821	2,821	Subsidiary of Cleanaway Company Limited
"	CCL Investment Holding Company Limited	Samoa	General investment	USD 3,500 thousand (Equivalent to NT$ 106,214 thousand)	US$ 3,000 thousand (equivalent to NT$ 91,009 thousand)	-	64	20,694	(8,433)	(5,110)	Subsidiary of Cleanaway Company Limited
"	Cleanaway SUEZ Environmental Resources Limited	No. 25-1, Huadong Road, Daliao District, Kaohsiung City	Waste disposal	650,000	650,000	21,750,000	29	655,904	40,328	11,706	Affiliate enterprise of Cleanaway Company Limited
	Cleanaway Energy Company Limited	2F, No. 328, Huanke Road, Datan Village, Guanyin District, Taoyuan City	Waste disposal	55,000	-	5,500,000	55	51,459	(4,353)	(3,677)	Subsidiary of Cleanaway Company Limited
	Chung Tai Resource Technology Corp	No.328, Datan Star, Guanyin District, Taoyuan City	Waste disposal	374,400	-	15,600,000	20.02	387,519	110,372	13,119	Affiliate enterprise of Cleanaway Company Limited
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	No. 308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	Waste disposal	450,000	450,000	15,000,000	100	543,032	169,400	(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)	-	16	5,491	(8,433)	(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)	-	20	6,406	(8,433)	(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	15,000,000	25	17,330	10,891	(Note 1)	Affiliate enterprise of Cleanaway Company Limited

(Continued on next page)

(Continued from previous page)

Investor	Investee company name	Location	Main businesses	Initial investment		Holdings at the end of period			Investee company current profit or loss	Share of profit/loss of investee	Notes
				End of the current period	End of previous year	Number of shares	Percentage	Carrying amount			
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	($ 27,275)	($ 7)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
"	Cleanaway Zoucheng Holding Company Limited	Samoa	General investment	USD 3,500 thousand (Equivalent to NT$ 106,214 thousand)	US$ 3,000 thousand (equivalent to NT$ 91,009 thousand)	-	100	30,040	(9,249)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
"	Cleanaway Zhejiang Holding Company Limited	Samoa	General investment		-	-	100	1,278	(1)	(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

From January 1 to December 31, 2019

Table 7

Unit: NT$ 1,000
Unless Otherwise Specified

Name of investee in China	Main businesses	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Wire-in or wire-out amount investment amount		Accumulated investment amount remitted from Taiwan at the end of the period	Investee company current profit or loss	Shareholding ratio of the company's investment, directly or indirectly	Investment gains (losses) recognized in the current period	Carrying amount at the end of the period	Ending balance of accumulated inward remittance of earnings	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)	($ 7)	100%	($ 7)	($ 27,279)	$ -	
Cleanaway Zoucheng Co., Ltd.	Waste management	91,009 (USD 3,000 thousand)	Note 2	91,009 (USD 3,000 thousand)	15,205 (USD 500 thousand)	-	106,214 (USD 3,500 thousand)	(9)	100%	(9)	28,052	-	

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 remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
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 cap was set at 60 percent of Cleanaway Investment Company Limited's net worth. Pursuant to the regulations, the cap was calculated as follows: NT$51,379 thousand * 60% = NT$30,827 thousand.
Cleanaway Company Limited: NT$106,214 thousand (US$3,500 thousand)	Cleanaway Company Limited: US$8,000 thousand (equivalent to NT$240,000 thousand)	The cap was set at 60 percent of Cleanaway Company Limited's net worth. Pursuant to the regulations, the cap was calculated as follows: NT$5,627,964 thousand * 60% = NT$3,376,778 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 SCHEDULES OF IMPORTANT ACCOUNTS

Cleanaway Company Limited

Statement of Notes and Accounts Receivable

December 31, 2019

Statement 1 Unit: NT$ 1,000

Customers' Name	Description	Amount
Notes receivable		
Others (Note)		$ -
Accounts receivable:		
Company a	Revenue from waste disposal	83,867
Company b	"	46,493
Company c	"	17,857
Others (Note)	"	102,011
		250,228
		250,228
Less: Allowance for losses		(958)
		$ 249,270

Note: Suppliers with amount less than 5% of the account balance were aggregated.

Cleanaway Company Limited

Statement of Inventories

December 31, 2019

Statement 2

Unit: NT$ 1,000

Item	Description	Amount	
		Cost	Basis of calculation for the NRV
Raw materials		$ 1,746	$ 1,746
Less: Allowance for inventory write-down		-	
		$ 1,746	

Cleanaway Company Limited

Statement of Changes in Investments Accounted for Using Equity Method

From January 1 to December 31, 2019

Statement 3

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	Endorsements and guarantees provided
	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	$ 2,162,228	-	$ 453,172	(50,000,000)	($ 1,530,760)	27,000,000	100	$ 1,084,640	40.17	$ 1,084,640	Equity method	None
Chi Wei Company Limited (Note 2)	41,000,000	1,115,107	-	569,496	-	(988,442)	41,000,000	100	696,161	16.98	696,161	Equity method	None
Cleanaway Enterprise Company Limited (Note 3)	18,000,000	232,615	-	-	-	(15,355)	18,000,000	100	217,260	12.07	217,260	Equity method	None
Kang Lien Enterprise Company Limited (Note 4)	6,020,000	77,387	-	361	-	(13,160)	6,020,000	100	64,588	10.73	64,588	Equity method	None
Cleanaway Investment Company Limited (Note 5)	8,000,000	46,177	-	5,398	-	(196)	8,000,000	100	51,379	6.42	51,379	Equity method	None
CCL Investment Holding Company Limited (Note 6)	-	15,877	-	15,205	-	(10,388)	-	100	20,694	0.92	20,694	Equity method	None
Cleanaway SUEZ Environmental Resources Limited (Note 7)	21,750,000	644,198	-	11,706	-	-	21,750,000	29	655,904	30.16	655,904	Equity method	None
Cleanaway Energy Co., Ltd. (Note 8)	-	-	5,500,000	55,136	-	(3,677)	5,500,000	55	51,459	9.36	51,459	Equity method	None
Chung Tai Resource Technology Corp. (Note 9)	-	-	15,600,000	387,519	-	-	15,600,000	20.02	387,519	24.84	387,519	Equity method	None
		$ 4,293,589		$ 1,497,993		($ 2,561,978)	142,870,000		$ 3,229,604		$ 3,229,604		

Note 1. The increase in the current period resulted from the share of interest from subsidiaries recognized through the equity method which amounted to NT$ 450,963 thousand and the recognized amount affected by changes in shareholding ratio in investee companies which amounted to NT$ 2,209 thousand. The decrease in the current period included stock capital returned due to capital reduction of NT$ 500 thousand, cash dividends of NT$ 1,030,592 thousand and the loss of NT$ 168 thousand from the exchange differences on translation of financial statements of foreign operations.

Note 2. The increase in the current period resulted from the share of profits from subsidiaries recognized through the equity method which amounted to NT$ 569,496 thousand. The decrease in the current period resulted from the cash dividend payment of NT$ 988,442 thousand.

Note 3. The decrease in the current period resulted from the share of losses from subsidiaries recognized through the equity method which amounted to NT$ 15,355 thousand.

Note 4. The increase in the current period resulted from the share of other comprehensive income of subsidiaries recognized through the equity method which amounted to NT$ 361 thousand; the decrease in the current period resulted from the share of losses of subsidiaries recognized through the equity method that amounted to NT$ 3,112 thousand as well as cash dividend payment of NT$ 10,048 thousand.

Note 5. The increase in the current period resulted from the share of interest from subsidiaries recognized through the equity method which amounted to NT$ 2,821 thousand and the recognized amount affected by changes in shareholding ratio in investee companies which amounted to NT$ 2,577 thousand. The decrease in the current period resulted from the loss of NT$ 196 thousand from the exchange differences on translation of financial statements of foreign operations.

Note 6. The increase in the current period resulted from new investments of NT$ 15,205 thousand. The decrease in the current period resulted from the share of losses from subsidiaries recognized through the equity method which amounted to NT$ 5,110 thousand, the loss of NT$ 492 thousand from the exchange differences on translation of financial statements of foreign operations, and the recognized amount affected by changes in shareholding ratio in investee companies which amounted to NT$ 4,786 thousand.

Note 7. The increase in the current period resulted from the share of interest from affiliates recognized through the equity method, amounting to NT$ 11,706 thousand.

Note 8. The increase in the current period resulted from new investments of NT$ 55,000 thousand and an increase of NT$ 136 thousand due to new subscription of new shares based on its shareholding ratio. The decrease in the current period resulted from the share of losses of affiliates through the equity method that amounted to NT$ 3,677 thousand.

Note 9. The increase in the current period resulted from the new investments of NT$ 374,400 thousand and the share of interest from subsidiaries recognized through the equity method which amounted to NT$ 13,119 thousand.

Cleanaway Company Limited

Statement of Changes in Right-of-Use Assets

2019

Statement 4

Unit: NT$ 1,000

Item	Balance, beginning of year	Addition during the Year	Reduction during the Year	Balance, end of year	Notes
Land	$ 312,048	$ -	$ -	$ 312,048	
Transportation equipment	16,698	538	-	17,236	
Building	12,122	-	-	12,122	
	$ 340,868	$ 538	$ -	$ 341,406	

Cleanaway Company Limited

Statement of Accumulated Depreciation Changes of Right-of-Use Assets

2019

Statement 5

Unit: NT$ 1,000

Item	Balance, beginning of year	Addition during the Year	Reduction during the Year	Balance, end of year	Notes
Land	$ -	$ 6,501	$ -	$ 6,501	
Transportation equipment	-	4,287	-	4,287	
Building	-	1,243	-	1,243	
	$ -	$ 12,031	$ -	$ 12,031	

Cleanaway Company Limited

Statement of Accounts Payable

December 31, 2019

Statement 6 Unit: NT$ 1,000

Supplier name	Description	Amount
Accounts payable:		
ㄅ Supplier	Purchase	$ 1,677
ㄆ Supplier	"	1,329
ㄇ Supplier	"	1,290
Others (Note)	"	75
		$ 4,371

Note: Suppliers with amount less than 5% of the account balance were aggregated.

Cleanaway Company Limited

Statement of Lease Liabilities

December 31, 2019

Statement 7 Unit: NT$ 1,000

Item	Description	Lease Period	Discount rate	Balance, end of year	Notes
Land		50 years	1.25%	$ 308,570	
Building		10 years	1.25%	10,946	
Transportation equipment		5 years	0.8%	13,002	
				$ 332,518	

Cleanaway Company Limited

Statement of Operating Cost

2019

Statement 8 Unit: NT$ 1,000

Item	Amount
Landfill expense	$ 337,430
Contaminated and illegal dump site cleanup cost	203,359
Solidification cost	154,683
Clean-up and transport expenses	17,137
	$ 712,609

Cleanaway Company Limited

Statement of Operating Expenses

2019

Statement 9

Unit: NT$ 1,000

Item	Management expenses	Research and development expenses	Total
Salaries	$ 94,262	$ 6,293	$ 100,555
Rents	2,173	-	2,173
Stationary	970	-	970
Travel expense	7,409	-	7,409
Postage	1,050	-	1,050
Repairs and maintenance	2,089	1,261	3,350
Utilities	1,982	-	1,982
Insurance expense	4,320	-	4,320
Entertainment expense	26,320	-	26,320
Donations	5,123	-	5,123
Bad debt expense	(4)	-	(4)
Depreciation	22,007	6,458	28,465
Meals expense	1,012	301	1,313
Employee benefits	570	-	570
Pension	1,572	-	1,572
Professional service fees	43,429	-	43,429
Miscellaneous purchases	566	1,257	1,823
Other expenses	22,890	1,383	24,273
Selling and administrative expenses allocated to affiliated companies	(150,250)	-	(150,250)
	$ 87,490	$ 16,953	$ 104,443

Cleanaway Company Limited

Summary Table of Employee Benefit, Depreciation, Depletion and Amortization Expenses for the Current Year

2019 and 2018

Statement 10

Unit: NT$ 1,000

Type \ Function	2019 Classified as Operating Costs	2019 Classified as Operating Expenses	2019 Total	2018 Classified as Operating Costs	2018 Classified as Operating Expenses	2018 Total
Employee welfare expenses						
Salary expenses	$ 34,101	$ 67,865	$ 101,966	$ 38,830	$ 86,613	$ 125,443
Employee insurance premiums	2,901	4,064	6,965	2,794	4,496	7,290
Pension expenses	1,714	1,572	3,286	1,690	1,883	3,573
Remuneration of Directors	-	32,690	32,690	-	32,690	32,690
Other employee benefit expenses	960	2,154	3,114	979	2,547	3,526
	$ 39,676	$ 108,345	$ 148,021	$ 44,293	$ 128,229	$ 172,522
Depreciation	$ 12,000	$ 28,465	$ 40,465	$ 15,552	$ 7,818	$ 23,370

Notes:

1. As of December 31, 2019 and 2018, the numbers of employees of the Company were both 85, of whom 7 and 6 Directors who do not serve concurrently as employees, respectively.
2. (1) The average employee benefit expense for the year was NT$ 1,479 thousand ((Total employee benefit expense for the year-Total remuneration for Directors) / (Number of employees for the year − Number of Directors who do not serve concurrently as employees))

   (2) The average employee salary expense for the year was NT$ 1,307 thousand (Total salary expense for the year / (Number of employees for the year - Number of Directors who do not serve concurrently as employees))

   The average employee salary expense for the previous year was NT$ 1,588 thousand (Total salary expense for the previous year / (Number of employees in the previous year - Number of Directors who do not serve concurrently as employees)).

   (3) Change in average employee salary expense (17.70%) ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).

Cleanaway Company Limited

Chairman Ching-Hsiang Yang