Stock Code: 8422

Cleanaway Company Limited

Standalone Financial Statements and Independent Auditors' Report

for the Years Ended December 31, 2017 and 2016

The English financial statement is a translation of the original in Chinese for information purpose only. In case of a discrepancy, the Chinese version will prevail.

Address: 1st Floor, No. 308, Zhongshan South Road, Houhong Li, Gangshan District, Kaohsiung City

Phone: (07) 622-8422

TABLE OF CONTENTS

Independent Auditors' Report

To Cleanaway Company Limited

Audit Opinion

We have audited the parent company only balance sheets of Cleanaway Company Limited as of December 31, 2017 and 2016, the related parent company only statements of comprehensive income, changes in equity and cash flows, and notes to parent company only financial statements (including summary on significant accounting policies) for the years then ended.

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial status of Cleanaway Company Limited as of December 31, 2017 and 2016, and its parent company only financial performance and parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of this report. We are independent of Cleanaway Company Limited in accordance with the Norm of Professional

Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities under the Norm. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Key audit matters

In our professional judgment, key audit matters are ones that were of most significance in our audit of the parent company only financial statements of Cleanaway Company Limited for the year ended December 31, 2017. 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.

Key audit matters of the parent company only financial statements of Cleanaway Company Limited for the year ended December 31, 2017 are stated as follows:

<u>Revenue recognition for solidification under waste disposal revenue</u>

Please refer to Note 4(11) in the parent company only financial statements for accounting policies concerning operating revenue.

Cleanaway Company Limited is a company providing waste disposal service in Taiwan. The solidification process within the intermediate treatment requires many steps. As lead time exists between receiving of wastes to completing the process so that waste can be disposed through landfill, the appropriateness of timing for revenue recognition may be affected by such a process.

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

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. To review Cleanaway Company Limited′ s revenue policy of solidification and compare it with the International Accounting Standards (IAS) to ensure its compliance.
3. Perform the cut-off test on revenue recognized before and after the end of year and check the acceptance reports on waste disposal and documents from external environmental agencies to ensure the appropriateness of revenue recognition.

Responsibilities of management and governance bodies for the parent company only financial statements

The responsibilities of management are to prepare parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of Cleanaway Company Limited in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the company or cease its operations, or has no realistic alternative but to do so.

The governance bodies of Cleanaway Company Limited (including supervisors) are responsible for supervising the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have utilized our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cleanaway Company Limited’ s internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.

4. Based on the audit evidence obtained, to conclude on the appropriateness of management’ s use of the going concern principle of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Cleanaway Company Limited's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Cleanaway Company Limited to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Cleanaway Company Limited to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit on the Group and the preparation of an audit opinion on Cleanaway Company Limited.

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

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

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 2017. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte & Touche

CPA Te-Chen Cheng	CPA Chin-Chuan Shih
Financial Supervisory Commission Approval No. Jin-Guan-Zheng-Shen No. 1000028068	Securities and Futures Commission Approval No. Tai-Cai-Zheng-Liu No. 0930128050

March 31, 2018

Cleanaway Company Limited

Parent Company Only Balance Sheets

December 31, 2016 and 2017

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2017: Amount	%	December 31, 2016 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 473,930	8	$ 574,675	10
1147	Debt investments with no active market - current (Notes 4, 7 & 26)	434,620	8	757,967	13
1170	Notes and accounts receivable (Notes 4, 8 and 24)	239,933	4	468,086	8
1210	Other receivables - related parties (Notes 4 and 25)	261,462	5	15,002	1
1330	Inventories (Notes 4 and 9)	5,279	-	2,759	-
1470	Other current assets (Notes 12 and 26)	7,399	-	6,803	-
11XX	Total Current Assets	1,422,623	25	1,825,292	32
	Noncurrent Assets				
1546	Debt investments with no active market - noncurrent (Notes 4, 7 & 26)	208,662	4	30,000	1
1550	Investments accounted for using equity method (Notes 4 and 10)	3,656,354	63	3,469,618	60
1600	Property, Plant & Equipment (Note 4, 11, and 25)	472,314	8	414,072	7
1840	Deferred income tax assets (Notes 4 and 20)	4,783	-	3,264	-
1915	Prepaid equipment (Notes 12 and 25)	15,432	-	11,099	-
1920	Refundable deposits (Notes 4, 12 and 22)	15,614	-	4,928	-
1990	Other noncurrent assets (Note 12)	4,300	-	-	-
15XX	Total Noncurrent Assets	4,377,459	75	3,932,981	68
1XXX	Total Assets	$ 5,800,082	100	$ 5,758,273	100
Code	Liabilities and Equity				
	Current Liabilities				
2170	Accounts payable (Note 13)	$ 12,885	-	$ 8,884	-
2180	Accounts payable - related parties (Note 25)	134,037	2	154,103	3
2219	Other payables (Note 14)	204,196	4	232,720	4
2230	Current income tax liabilities (Notes 4 and 20)	9,757	-	24,755	1
2300	Other current liabilities	3,009	-	13,856	-
21XX	Total Current Liabilities	363,884	6	434,318	8
	Noncurrent liabilities				
2550	Cost provisions for restoration (Notes 4, 5 and 15)	6,442	-	6,143	-
2640	Net defined benefit liabilities - noncurrent (Notes 4 and 16)	18,474	1	17,942	-
2645	Guarantee deposits received	108	-	28	-
25XX	Total Noncurrent Liabilities	25,024	1	24,113	-
2XXX	Total Liabilities	388,908	7	458,431	8
	Equity (Note 17)				
	Capital stock				
3110	Common stock	1,088,880	19	1,088,880	19
3200	Capital Surplus	1,701,775	29	1,701,775	29
	Retained Earnings				
3310	Legal reserve	905,278	16	761,173	13
3320	Special reserve	1,053	-	-	-
3350	Unappropriated earnings	1,715,245	29	1,749,067	31
3300	Total retained earnings	2,621,576	45	2,510,240	44
	Other equity				
3410	Exchange differences on translation of foreign operations (Notes 4 and 10)	(1,057)	-	(1,053)	-
3XXX	Total Equity	5,411,174	93	5,299,842	92
	Total Liabilities and Equity	$ 5,800,082	100	$ 5,758,273	100

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

Chairman: Ching-Hsiang Yang President: Cheng-Lun Tao Accounting Manager: Tsung-Tien Chen

Cleanaway Company Limited

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2017 and 2016

In Thousands of New Taiwan Dollars,
Except Earnings per Share

		2017		2016	
Code		Amount	%	Amount	%
4000	Net operating revenues (Notes 4 and 18)	$ 853,437	100	$ 1,552,555	100
5000	Operating costs (Notes 4, 9, 15, 16, 19 and 25)	592,024	70	1,169,508	75
5900	Gross profit	261,413	30	383,047	25
	Operating expenses (Notes 16, 19 and 25)				
6200	Administrative expenses	123,105	14	109,090	7
6300	Research and development expenses	15,084	2	9,369	1
6000	Total operating expenses	138,189	16	118,459	8
6900	Operating Income	123,224	14	264,588	17
	Nonoperating income and expenses				
7070	Share of profits of subsidiaries accounted for using equity method (Notes 4 and 10)	1,258,425	148	1,206,379	78
7100	Interest income (Notes 4 and 25)	7,964	1	8,865	-
7190	Other revenues	570	-	1,146	-
7210	Profit from disposal of property, plant and equipment (Note 4)	167	-	-	-
7610	Loss on disposal of property, plant and equipment (Note 4)	-	-	(20)	-
7000	Total nonoperating income and expenses	1,267,126	149	1,216,370	78

(Continued on next page)

(Continued from previous page)

Code		2017 Amount	2017 %	2016 Amount	2016 %
7900	Income before income tax	$ 1,390,350	163	$ 1,480,958	95
7950	Income tax expense (Notes 4 and 20)	26,852	3	39,905	2
8200	Net income	1,363,498	160	1,441,053	93
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Notes 4 and 16)	(882)	-	(2,251)	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method - items that will not be reclassified to profit or loss (Notes 4 and 10)	489	-	148	-
8349	Income tax associated with items that will not be reclassified (Notes 4 and 20)	443	-	271	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations (Note 4)	(4)	-	(2,055)	-
8300	Total other comprehensive income for the year (net)	46	-	(3,887)	-

8500	Total comprehensive income for the year	$ 1,363,544	160	$ 1,437,166	93
	Earnings per share (Note 21)				
9710	Basic	$ 12.52		$ 13.23	
9810	Diluted	$ 12.49		$ 13.20	

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

Chairman: Ching-Hsiang Yang President: Cheng-Lun Tao Accounting Manager: Tsung-Tien Chen

Cleanaway Company Limited

Parent Company Only Statements of Changes in Equity

From January 1 to December 31, 2017 and January 1 to December 31, 2016

In Thousands of New Taiwan Dollars, Unless Otherwise Specified

Code		Common stock	Capital surplus	in retained earnings: Statutory surplus reserve	in retained earnings: Special surplus reserve	in retained earnings: Undistributed earnings	Other equity: Translation differences from foreign operations in financial statements conversion differences	Total equity
A1	Balance as of January 1, 2016	$ 1,088,880	$ 1,701,775	$ 637,960	$ -	$ 1,521,939	$ 1,002	$ 4,951,556
	Appropriations of 2015 earnings							
B1	Appropriation of legal reserve	-	-	123,213	-	(123,213)	-	-
B5	Cash dividends	-	-	-	-	(1,088,880)	-	(1,088,880)
D1	Net income for the year ended December 31, 2016	-	-	-	-	1,441,053	-	1,441,053
D3	Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	(1,832)	(2,055)	(3,887)
Z1	Balance at December 31, 2016	1,088,880	1,701,775	761,173	-	1,749,067	(1,053)	5,299,842
	2016 earnings appropriation							
B1	Appropriation of legal reserve	-	-	144,105	-	(144,105)	-	-
B3	Special Surplus Reserve	-	-	-	1,053	(1,053)	-	-
B5	Cash dividends	-	-	-	-	(1,252,212)	-	(1,252,212)
D1	Net Profit in 2017	-	-	-	-	1,363,498	-	1,363,498
D3	2017 Other Comprehensive Income (Loss) after tax	-	-	-	-	50	(4)	46
Z1	Balance at December 31, 2017	$ 1,088,880	$ 1,701,775	$ 905,278	$ 1,053	$ 1,715,245	($ 1,057)	$ 5,411,174

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

Chairman: Ching-Hsiang Yang President: Cheng-Lun Tao Accounting Manager: Tsung-Tien Chen

Cleanaway Company Limited

Parent Company Only Statements of Cash Flows

From January 1 to December 31, 2017 and January 1 to December 31, 2016

Units: in NT$1,000

Code		2017	2016
	Cash Flows from Operating Activities		
A10000	Income before income tax for the year	$ 1,390,350	$ 1,480,958
A20010	Income and expense items		
A20100	Depreciation	21,499	19,235
A21200	Interest income	(7,964)	(8,865)
A22400	Share of profits of subsidiaries accounted for using equity method	(1,258,425)	(1,206,379)
A22500	(Gain) loss on disposal of property, plant and equipment	(167)	20
A22600	Prepayments for equipment reclassified to expenses	56	-
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	228,153	89,868
A31190	Other receivables - related parties	3,752	(9,194)
A31200	Inventories	(2,520)	341
A31240	Other current assets	(596)	(5,285)
A32150	Accounts payable	4,001	(572)
A32160	Accounts payable - related parties	(20,066)	(32,394)
A32180	Other payables	(29,154)	(128,165)
A32200	Cost provisions for restoration	299	373
A32230	Other current liabilities	(10,847)	11,139
A32240	Net defined benefit liabilities	(350)	(336)
A33000	Cash generated from operations	318,021	210,744
A33100	Interest received	7,752	8,967
A33500	Income tax paid	(42,926)	(45,274)
AAAA	Net cash provided by operating activities	282,847	174,437
	Cash flows from investing activities		
B00600	Acquisition of debt investments with no active market	-	(53,512)

B00800	Proceeds from debt investments with no active market upon maturity	144,685	-
B01800	Acquisition of investments accounted for using equity method	(15,070)	(16,309)
B02700	Acquisition of property, plant and equipment	(61,186)	(67,270)
B02800	Disposal of property, plant and equipment	445	-

(Continued on next page)

(Continued from previous page)

Code		2017	2016
B03700	Increase in refundable deposits	($ 14,939)	($ 4,322)
B03800	Decrease in refundable deposits	4,253	102,762
B04300	Increase in other receivables - related parties	(250,000)	-
B04400	Decrease in other receivables - related parties	-	120,000
B07100	Increase in prepaid equipment	(26,892)	(10,431)
B07600	Cash dividends from subsidiaries	1,087,244	974,096
BBBB	Net cash inflow from investment activities	868,540	1,045,014
	Cash flow from financing activities		
C03000	Increase in guarantee deposits received	108	-
C03100	Decrease in guarantee deposits received	(28)	-
C04500	Cash dividends	(1,252,212)	(1,088,880)
CCCC	Net cash outflow from financing activities	(1,252,132)	(1,088,880)
EEEE	Increases (decreases) in cash and cash equivalents for current year	(100,745)	130,571
E00100	Cash and cash equivalents at beginning of year	574,675	444,104
E00200	Cash and cash equivalents at end of year	$ 473,930	$ 574,675

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

Chairman: Ching-Hsiang Yang President: Cheng-Lun Tao Accounting Manager: Tsung-Tien Chen

Cleanaway Company Limited
Notes to Parent Company Only Financial Statements
From January 1 to December 31, 2017 and January 1 to December 31, 2016
(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

1. Company History

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

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

The Company’ s shares have been listed on the Taiwan Stock Exchange ("TSE") 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.

2. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements were approved in the Board of Directors' meeting on March 31, 2018.

3. 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").

The amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by FSC for application starting 2017 did not have any material impact on the Group's accounting policies.

(II) The Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by FSC for application starting 2018

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB (Note 1)
"Annual Improvements 2014-2016 cycle"	Note 2
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018

(Continued on next page)

(Continued from previous page)

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB (Note 1)
Amendments to IFRS 4 "Application of IFRS 9 "Financial Instruments" under IFRS 4 "Insurance Contracts""	January 1, 2018
IFRS 9 "Financial instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
Amendments to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendments to IFRS 12 shall be applicable retroactively to fiscal years starting after January 1, 2017; the amendments to IAS 28 shall be applicable retroactively to the fiscal years starting after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers" and related amendments

IFRS 15 stipulates the principle of recognition of revenue from customer contracts. The guideline will replace IAS 18 "Income" and IAS 11 "Construction Contract" and related interpretations.

When applying IFRS 15, the Company recognizes revenue based on the following steps:

1. Identify the contract with the customer;

2. Identify the performance obligations in the contract;

3. Determine the transaction price;

Prior to the application of IFRS 15, contracts under IAS 18 recognize the decrease in receivables or advance receipts upon revenue recognition.

5. Recognize revenue upon satisfaction of performance obligations.

The net result of revenue recognition, accounts received and receivable would be recognized as contract assets (liabilities). Prior to the application of IFRS 15, contracts under IAS 18 recognize the decrease in receivables or advance receipts upon revenue recognition.

The company will apply IFRS 15 retrospectively and restate the statements for the year ended December 31, 2017. In addition, the Company will choose to disclose the impact of first-time adoption of IFRS 15 on the financial statements for the year ended December 31, 2017 only.

The retrospective application of IFRS 15 has no impact on the Company's parent company only comprehensive income statement for the year ended December 31, 2017 and the retained earnings as of December 31 and January 1, 2017. Only the presentation in the parent company only balance sheet is reclassified. The expected impact is as follows:

Effects on assets, liabilities and equity	Carrying amount	First time Adoption adjustment	After adjustment Carrying amount
December 31, 2017			
Current assets			
Notes and account receivables	$ 239,933	($ 42,862)	$ 197,071
Contract assets	-	42,862	42,862
Current liabilities			

	Carrying amount	First time Adoption adjustment	After adjustment Carrying amount
Other current liabilities	3,009	(2,518)	491
Contract liabilities	-	2,518	2,518
January 1, 2017			
Current assets			
Notes and account receivables	468,086	(243,192)	224,894
Contract assets	-	243,192	243,192
Current liabilities			
Other current liabilities	13,856	(8,022)	5,834
Contract liabilities	-	8,022	8,022

Except for the aforementioned impact, as of the authorization date of the Parent Company Only Financial Statement, the adoption of amendments to other standards and interpretations, which are effective starting 2018, will not have a significant impact on the Company's the Parent Company Only financial position and performance upon 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)
"Annual Improvements 2015-2017 cycle"	January 1, 2019
Amendments to IFRS 9, "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 16 "Leases"	January 1, 2019 (Note 3)
Amendments to IAS 19 in "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 4)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

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

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

Note 2: FSC announced on December 19, 2017 that domestic companies shall adopt IFRS 16 starting from January 1, 2019.

Note 4: Plan amendments, curtailment or settlement occurring after January 1, 2019 shall be subject to this amendment.

IFRS 16 "Leases"

IFRS 16 stipulates accounting treatments for leases and will supersede IAS 17 "Leases" and related interpretations.

Upon the application of IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the Company only balance sheets except for small-amount and short-term leases, which can adopt methods similar to the accounting for operating lease under IAS 17. Other leases shall recognize usage right assets and lease liabilities on their Individual Balance Sheet. On the parent company only statements of comprehensive income, the depreciation expense on right-of-use asset and interest expense computed by using effective interest method on the lease liability shall be presented separately. On the parent company only statements of cash flows, the repayment of principal of the lease liability is classified as financing activities and interest payments are classified as operating activities.

IFRS 16 is expected to have no significant impact on the accounting treatment for the Company being a lessor.

When IFRS 16 becomes effective, the Company can choose to either apply it retrospectively up to the comparative period or recognize the cumulative effects of initial application at the date of initial application.

Except for the aforementioned impact, as of the authorization date of the parent company only financial statements, the Company continues to assess the effects of amendments to other standards and interpretations on the financial position and performance. Relevant effects will be disclosed upon completion of the assessment.

4. 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

The parent company only financial statements were prepared on a historical cost basis, except for financial instruments measured at fair value.

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 by using the equity method in the preparation of the parent company only financial statements. To ensure consistency between net income, other comprehensive income and equity in the parent company only financial statements and the net income, other comprehensive income and equity attributable to shareholders of the parent in the Company's consolidated financial statements, certain accounting treatment differences under the parent company only basis and consolidated basis were adjusted through "Investments accounted for using equity method", "Share of profits of subsidiaries accounted for using equity method " and "Share of other comprehensive income of subsidiaries accounted for using equity method".

(3) 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.

(4) 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.

(5) Inventories

Inventories consist of raw materials, work-in-process and services inventories of waste clean-up and transport. The cost of services inventories of waste clean-up and transport consists primarily of cost associated with rendering the service. It does not include expected margins or overheads which cannot be attributed directly. 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.

(6) Investments accounted for using equity method

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.

(7) Property, plant and equipment (PP&E)

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.

PP&E are depreciated using the straight-line method over their useful life. Each major component shall be depreciated separately. 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.

(8) Impairment of tangible 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.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash generating unit 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 or cash generating unit that was not impaired in the previous years. The reversal of impairment loss shall be recognized in profit or loss.

(9) Financial instruments

Financial assets and financial liabilities shall be recognized in the parent company only balance sheet when the Company becomes a party of the financial instrument contract.

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

1. Financial assets

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

(1) Measurement types

Financial assets held by the Company are loans and accounts receivable.

Loans and receivables (including cash and cash equivalent, notes and accounts receivable, other receivables - related parties, debt investments with no active market and refundable deposits) are measured at amortized cost less impairment loss using the effective interest method, unless the recognition of interest on short-term accounts receivables is not significant.

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

(2) Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset other than the ones at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of single or multiple events that has occurred after the initial recognition of the asset and that event has a negative impact on the estimated future cash flows of the financial asset.

For financial assets measured at amortized cost, such as accounts receivable, if there is no objective evidence of impairment exists for an individually assessed financial asset, they shall be collectively assessed for impairment. The objective evidence of impairment of receivables may include the collection experience of the Company, the collective increase of delayed payments over the average collection period by 365 days, and the observable changes in national or regional economic situation related to arrears of accounts receivable.

The amount of impairment loss of financial assets measured at amortized cost is measured as the difference between the carrying amount of asset and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset.

If, in a subsequent period, the amount of impairment loss of financial assets measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed directly or through adjustments of the allowance account to the extent that the carrying amount of the financial asset does not exceed its amortized cost that would have been at the date of reversal if the impairment loss not been recognized previously.

All impairment losses of financial assets are directly deducted from the carrying amount of financial assets. However, carrying amount of accounts receivable is reduced through the use of an allowance account. When it is determined a receivable is uncollectible, it is written off via the allowance account. The amount that has been written off but subsequently recovered shall be credited to the allowance account. Except for written-off because the receivable is uncollectible, changes in the carrying amount of the allowance account shall be recognized in profit or loss.

(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, 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.

2. Financial liabilities

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

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

(10) Cost provisions for restoration

The environmental impact of waste processed through intermediate treatment solidification plants would decline as time passes based on the physical characteristics of waste. The unit cost of environmental impact of processed waste per ton is estimated based on experience. The cost provisions for restoration is recognized as the product of processed tons and the aforementioned unit cost.

(11) Revenue recognition

1. Operating revenue

Revenue is recognized when Toxicity Characteristic Leaching Procedures (“TCLP”) are completed, compression laboratory compliance reports on intermediate treatment of hazardous wastes are issued, and the stabilized hazardous wastes can be transported to landfill sites.

Revenue concerning construction projects of contaminated and illegal dump site cleanup is recognized based on the completion percentage of the contracts. The completion percentage of contracts is measured by the percentage of actual cost incurred over total contract cost.

2. Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognized in accordance with the applicable interest rate adopted for the outstanding principal on accrual basis.

(12) Cost recognition

Operating costs mainly comprise the cost of staff at the intermediate treatment solidification plant; supplies put in, such as cement and solidifying agents; costs of contaminated and illegal dump sites cleanup; and waste disposal cost, such as landfill expense and clean-up and transport expense.

At the end of each month, costs to processing hazardous waste which were not underwent the TCLP procedure nor complete the compression laboratory compliance reports would be deferred to inventories. Once the TCLP and the compression laboratory compliance reports were completed, such costs would then be reclassified to operating costs in conformity with the revenue recognized.

(13) Leases

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. The Company is the lessee to all leases engaged 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.

(14) 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 cost under the defined contribution retirement plan are recognized as expenses according to the amount of pension contribution during 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.

(15) Income tax

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

1. Current income tax

An additional 10% 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 in the parent company only financial statements 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.

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

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

3. Current and deferred income tax of the current year

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.

5. Significant accounting judgments and assumptions, and major sources of estimation uncertainty

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

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

Estimates of cost provisions for restoration

The Company recognizes cost provisions for restoration based on the number of tons of waste processed every month. The associated measurement and recognition are described in Note 4(10) and the Company regularly reviews the reasonableness of those estimates. However, the maintenance time and characteristics of intermediate treatment solidification plants may require additional provisions in the future due to changes in the environmental laws and regulations and plant environment. Please refer to Note 15 for the carrying amount of cost provisions for restoration.

6. Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash on hand	$ 73	$ 73
Checking accounts and demand deposits	49,357	60,102
Cash equivalents		
Bank time deposit with original maturity date within 3 months	377,500	514,500
Bonds with repurchase agreement	47,000	-
	$ 473,930	$ 574,675

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, 2017	December 31, 2016
Bank time deposit with original maturity date within 3 months	0.42% - 0.66%	0.42% - 0.66%
Bonds with repurchase agreement	0.35%	-

7. Debt investments with no active market

	December 31, 2017	December 31, 2016
Bank time deposit with original maturity date over 3 months	$ 643,282	$ 787,967
Current	$ 434,620	$ 757,967
Noncurrent	208,662	30,000
	$ 643,282	$ 787,967

(1) 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, 2017	December 31, 2016
Bank time deposit with original maturity date over 3 months	0.3% - 1.09%	0.52% - 1.045%

(2) Please refer to Note 26 for pledged debt investments with no active market.

8. Notes and accounts receivable

	December 31, 2017	December 31, 2016
Notes receivable	$ 9,114	$ 6,739
Accounts receivable	232,843	465,794
	241,957	472,533
Less:Allowance for doubtful accounts	(2,024)	(4,447)
	$ 239,933	$ 468,086
Classified based on the nature of retention money		
Notes receivable - non-retention money	$ 9,114	$ 6,739
Accounts receivable - non-retention money	232,843	328,874
Accounts receivable - retention money	-	136,920
	$ 241,957	$ 472,533

(1) 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 ageing 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 bad debts.

Customers of the Company can be classified into government institutions and general business ventures. In principle, government institutions do not have credit quality issues. If difficulties in collection arise, assessment would be performed separately. 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.

Please copy and paste the one-time link in your email from Wave into the same browser you originally used to enter your username and password (do not use Incognito or InPrivate mode). If the problem continues, contact

(2) Receivables from material customers

Single customers with amounts of notes and accounts receivable exceeding 10% of the Company's overall notes and accounts receivable balance as of December 31, 2017 and 2016 are summarized below:

	December 31, 2017	December 31, 2016
Customer A - non-retention money	$ -	$ 224,724
Customer A - Retention money	-	136,920
Customer B - non-retention money	120,141	-
	$ 120,141	$ 361,644

Receivables contribute over 10% of notes and accounts receivable balance of the Company are mostly generated from large projects (including retention money stipulated in contract clauses). Except for material customers disclosed above, no other customer contributes more than 10% of the notes and accounts receivable balance. Please refer to Note 24 for relevant risk assessments.

(3) Retention money receivable

The retention money concerning waste disposal contracts under accounts receivable were NT$0 thousand and NT$136,920 thousand as of December 31, 2017 and 2016, respectively. The abovementioned retention money does not accrue interest and will be recovered upon the expiry of retention period stipulated in individual contract. If the expected recovery date of such retention money exceeds the balance sheet date by a normal operating cycle (i.e. over one year), the Company would reclassify the money to long-term accounts receivable under noncurrent asset after considering the discounted effect and expected recovery period.

(4) Allowance for doubtful accounts

The age of overdue accounts receivable are analyzed as follows:

	December 31, 2017	December 31, 2016
Not past due	$240,989	$470,224
1 to 60 days	923	2,023
61 to 120 days	45	286
Total	$241,957	$472,533

The above is an analysis of elapse periods of accounts based on the number of days overdue.

As of December 31, 2017 and 2016, the Group did not have overdue notes and accounts receivable without recognizing associated allowance for doubtful accounts

Information regarding changes in the allowance for doubtful accounts of notes and accounts receivable was as follows:

	Impairment loss by individual assessment	Impairment loss by group assessment	Total
Balance as of January 1, 2016	$ 618	$ 5,628	$ 6,246
Reversal of bad debt expenses	-	(1,181)	(1,181)
Actual write-off	(618)	-	(618)
Balance at December 31, 2016	-	4,447	4,447
Reversal of bad debt expenses	-	(2,423)	(2,423)
Balance at December 31, 2017	$ -	$ 2,024	$ 2,024

9. Inventories

	December 31, 2017	December 31, 2016
Raw materials	$ 2,186	$ 1,247
Work in process - Solidified blocks	2,212	621
Services inventories of waste clean-up and transport	881	891
	$ 5,279	$ 2,759

The operating costs associated with inventory-raw materials and supplies were NT$55,781 thousand and NT$67,055 thousand for the years ended December 31, 2017 and 2016, respectively.

The write-downs of inventories under operating costs amounted to NT$0 thousand for the same periods.

10. Investments accounted for using equity method - investments in subsidiaries

	December 31, 2017	December 31, 2016
Unlisted companies		
Da Tsang Industrial Company Limited	$ 2,243,036	$ 2,097,260
Chi Wei Company Limited	1,051,010	1,008,749
Cleanaway Enterprise Company Limited	232,099	231,735
Kang Lien Enterprise Company Limited	68,983	72,165
Cleanaway Investment Company Limited	46,695	47,212
CCL Investment Holding Company Limited	14,531	12,497
	$ 3,656,354	$ 3,469,618

(1) The Company's ownership and voting right, either directly or indirectly, over each subsidiary were 100% on each balance sheet date.

(II) The Company increased its investment in CCL Investment Holding Company Limited in 2017, totaling CNY 3,448 thousand (equivalent to NT$ 15,070 thousand).

(2) 1. Shares of profits (losses) of subsidiaries accounted for using equity method for 2017 and 2016 were as follows:

	2017	2016
Da Tsang Industrial Company Limited	$ 1,001,699	$ 975,231
Chi Wei Company Limited	264,588	247,030
Cleanaway Enterprise Company Limited	364	(13,396)
Kang Lien Enterprise Company Limited	2,781	7,874
Cleanaway Investment Company Limited	(3,483)	(4,032)
CCL Investment Holding Company Limited	(7,524)	(6,328)
	$ 1,258,425	$ 1,206,379

2. Shares of other comprehensive income (losses) of subsidiaries accounted for using equity method for 2017 and 2016 were as follows:

	2017	2016
Kang Lien Enterprise Company Limited	$ 489	$ 148

The shares of profits (losses) and other comprehensive income (losses) of subsidiaries accounted for using equity method for 2017 and 2016 were recognized based on the subsidiaries' audited financial statements for the same periods.

(4) Cash dividends received from subsidiaries for 2017 and 2016 were as follows:

	2017	2016
Da Tsang Industrial Company Limited	$ 858,465	$ 775,194
Chi Wei Company Limited	222,327	193,720
Cleanaway Enterprise Company Limited	-	2,610
Kang Lien Enterprise Company Limited	6,452	2,572
	$ 1,087,244	$ 974,096

(5) As of December 31, 2017 and 2016, the accumulated exchange differences on translation of foreign operations recognized by subsidiaries were as follows:

	December 31, 2017	December 31, 2016
Cleanaway Investment Company Limited	$ 90	$ 175
Da Tsang Industrial Company Limited	(869)	(796)
CCL Investment Holding Company Limited	(278)	(432)
	($ 1,057)	($ 1,053)

11. Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Laboratory equipment	Transportation equipment	Furniture and fixtures	Other equipment	Construction in progress and equipment awaiting examination	Total
Costs									
Balance as of January 1, 2017	$ 139,770	$ 115,790	$ 38,114	$ 3,470	$ 32,778	$ 5,570	$ 34,438	$ 198,425	$ 568,355
Additions	-	8,931	5,000	1,814	-	2,560	424	43,087	61,816
Reductions	-	-	(817)	-	(1,960)	(3,183)	(3,670)	-	(9,630)
Reclassification of self prepayments for equipment	-	210,863	305	-	-	23,049	3,978	(215,692)	22,503
Transferred to other noncurrent assets	-	-	-	-	-	-	(4,300)	-	(4,300)
Balance at December 31, 2017	$ 139,770	$ 335,584	$ 42,602	$ 5,284	$ 30,818	$ 27,996	$ 30,870	$ 25,820	$ 638,744
Accumulated depreciation									
Balance as of January 1, 2017	$ -	$ 76,105	$ 34,082	$ 3,043	$ 26,686	$ 5,016	$ 9,351	$ -	$ 154,283
Depreciation	-	10,756	2,400	395	4,248	1,851	1,849		21,499
Reductions	-	-	(800)	-	(1,960)	(2,994)	(3,598)		(9,352)
Balance at December 31, 2017	$ -	$ 86,861	$ 35,682	$ 3,438	$ 28,974	$ 3,873	$ 7,602	$	$ 166,430
Carrying amount as of December 31, 2017	$ 139,770	$ 248,723	$ 6,920	$ 1,846	$ 1,844	$ 24,123	$ 23,268	$ 25,820	$ 472,314
Costs									
Balance as of January 1, 2016	$ 139,770	$ 113,478	$ 38,114	$ 3,653	$ 32,778	$ 6,020	$ 34,438	$ 132,405	$ 500,656
Additions	-	2,480	-	-	-	-	-	66,020	68,500
Disposals	-	(168)	-	(183)	-	(450)	-	-	(801)
Balance at December 31, 2016	$ 139,770	$ 115,790	$ 38,114	$ 3,470	$ 32,778	$ 5,570	$ 34,438	$ 198,425	$ 568,355
Accumulated depreciation									
Balance as of January 1, 2016	$ -	$ 68,971	$ 30,328	$ 2,666	$ 21,233	$ 5,101	$ 7,530	$ -	$ 135,829
Depreciation	-	7,293	3,754	549	5,453	365	1,821	-	19,235
Disposals	-	(159)	-	(172)	-	(450)	-	-	(781)
Balance at December 31, 2016	$ -	$ 76,105	$ 34,082	$ 3,043	$ 26,686	$ 5,016	$ 9,351	$ -	$ 154,283
Carrying amount as of December 31, 2016	$ 139,770	$ 39,685	$ 4,032	$ 427	$ 6,092	$ 554	$ 25,087	$ 198,425	$ 414,072

(1) As there was no indication of impairment, the Company did not conduct impairment assessment for the years ended December 31, 2017 and 2016.

(2) Depreciation is calculated on a straight-line basis over the useful economic lives of the following property, plant and equipment:

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
Furniture and fixtures	
Office furniture	5 to 10 years
Information communication equipment	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 4 years

12. Other assets

	December 31, 2017	December 31, 2016
Prepaid equipment	$ 15,432	$ 11,099
Refundable Deposit	15,614	4,928
Restricted bank deposits (Note 26)	3	3
Others	11,696	6,800
	$ 42,745	$ 22,830
Current	$ 7,399	$ 6,803
Noncurrent	35,346	16,027
	$ 42,745	$ 22,830

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

Changes in prepaid equipment are as follows:

	2017	2016
Balance, beginning of year	$ 11,099	$ 668
New addition in the year	26,892	10,431
Transferred to real estate, plant and equipment this year	(22,503)	-
Reclassified to operating expenses	(56)	-
Balance, end of year	$ 15,432	$ 11,099

13. Accounts payable

	December 31, 2017	December 31, 2016
Accounts payable	$ 12,885	$ 8,884

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.

14. Other payables

	December 31, 2017	December 31, 2016
Accrued employee compensation/bonus	$ 100,397	$ 86,951
Accrued remuneration to directors and supervisors	35,000	35,000
Accrued excavation cost	31,547	74,635
Accrued maintenance	6,712	11,830
Accrued salaries	5,346	4,694

(Continued on next page)

(Continued from previous page)

	December 31, 2017	December 31, 2016
Accrued waste clean up and transport expense	$ 3,819	$ 3,893
Accrued leave benefits	3,222	3,115
Payables on equipment	3,214	2,584
Accrued waste clean up and transport expense	2,981	2,642
Business tax payable	2,163	-
Accrued professional fees	1,829	1,618
Other accrued expenses	7,966	5,758
	$ 204,196	$ 232,720

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

15. Cost provisions for restoration

	December 31, 2017	December 31, 2016
Cost provisions for restoration	$ 6,442	$ 6,143

	2017	2016
Balance, beginning of year	$ 6,143	$ 5,770
Add: Cost provisions for restoration recognized during the year	299	373
Balance, end of year	$ 6,442	$ 6,143

The cost provisions for restoration recognized under operating costs based on the number of tons for solidification and landfill for the years ended December 31, 2017 and 2016 were NT$299 thousand and NT$373thousand, respectively.

16. Benefit plan after retirement

(1) 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.

(2) Defined benefit plans

The Company's pension system under the “Labor Standards Law” is a defined benefit pension plan managed by the government. The payment of employee pension is based on the employee's years of service and the average wages in the one month prior to the authorized retirement date. The Company contributes 2% of the total monthly wages of employees to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. Before the end of each year, if the balance in the account is inadequate to pay pensions of laborers who are expected to reach retirement conditions in the following year, the Company shall make up the difference in one appropriation before the end of March in the following year. The Bureau of Labor Funds, Ministry of Labor is assigned to administer the account. The Company retains no rights that may influence its investment and administration strategies.

The funds for defined benefit plans included in the parent company only balance sheet were as follows:

	December 31, 2017	December 31, 2016
Present value of defined benefit obligations	$ 28,172	$ 26,920
Fair value of plan assets	(9,698)	(8,978)
Net defined benefit liabilities	$ 18,474	$ 17,942

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, 2016	$ 24,294	($ 8,267)	$ 16,027
Current service cost	27	-	27
Interest expense (income)	413	(140)	273
Recognized in profit or loss	440	(140)	300
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	65	65
Actuarial losses - Changes in financial assumptions	720	-	720
Actuarial losses - Adjustments based on history	1,466	-	1,466
Recognized in other comprehensive income	2,186	65	2,251
Employer contribution	-	(636)	(636)
December 31, 2016	26,920	(8,978)	17,942
Current service cost	28	-	28
Interest expense (income)	377	(126)	251
Recognized in profit or loss	405	(126)	279
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	35	35
Actuarial losses - Changes in financial assumptions	730	-	730
Actuarial losses - Adjustments based on history	117	-	117
Recognized in other comprehensive income	847	35	882
Employer contribution	-	(629)	(629)
December 31, 2017	$ 28,172	($ 9,698)	$ 18,474

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

	2017	2016
Operating costs	$ 140	$ 150
Management expenses	139	150
	$ 279	$ 300

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, 2017	December 31, 2016
Discount rate	1.10%	1.40%
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, 2017	December 31, 2016
Discount rate		
Increase by 0.25%	($ 610)	($ 602)
Decrease by 0.25%	$ 631	$ 623
Expected growth rate of salaries		
Increase by 0.25%	$ 550	$ 547
Decrease by 0.25%	($ 536)	($ 532)

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, 2017	December 31, 2016
Expected appropriation amount within 1 year	$ 613	$ 633
Average maturity period of defined benefit obligations	11 years	12 years

17. Equity

(1) Capital

Common stocks

	December 31, 2017	December 31, 2016
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.

(2) Capital surplus

Capital surplus of the Company came from additional paid-in capital. Capital surplus related to the income derived from the issuance of new shares at a premium (issuance of common stocks above par value) or income from endowments received by the

Company may be used, up to a certain percentage, to offset deficit of the Company. When the Company has no deficit, it may be distributed as cash dividends or transferred to capital stock. The transfer is limited to a certain percentage of the Company's paid-in capital of the year.

(3) Retained earnings and dividend policy

According to the amendment to the Company Act in May 2015, the appropriation of dividends and bonuses is restricted to shareholders; employees are not parties to the appropriation of earnings. The Company has passed the amendments to the earnings appropriation policy in the Articles of Incorporation in the shareholders' meeting on June 17, 2016 and it has established a separate appropriation policy in the Articles of Incorporation for compensation to employees.

The amended earning appropriation policy in the Articles of Incorporation provides that the Company shall use the earnings for year, if any, to pay for all taxes first and offset accumulated losses. Next, it shall allocate 10% of the remaining balance as legal reserve. 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.

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

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

When appropriating unappropriated earnings, shareholders may receive shareholder deductible tax amount calculated based on the tax deduction ratio on the dividend appropriation date, except for shareholders who do not reside within the Republic of China.

The Company held general shareholders' meetings on June 16, 2017 and June 17, 2016, during which the 2016 and 2015 appropriation of earnings passed, respectively, were as follows:

	Appropriation of Earnings		Dividends per Share (NTD)	
	2016	2015	2016	2015
Statutory surplus reserve	$ 144,105	$ 123,213	$ -	$ -
Special surplus reserve	1,053	- 1,088,880	-	-
Cash dividends	1,252,212	1,088,880	11.50	10.00

Pursuant to Order Jin-Guan-Zheng-Fa No. 1010012865, for other net deductions from shareholders' equity incurred for the year ended December 31, 2016 (i.e. exchange differences on translation of foreign operations), the Company recognizes an equal amount of special capital reserve (i.e. NT$1,053 thousand) from the profit and loss for the same period. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

18. Revenue

	2017	2016
Revenue from waste disposal	$ 731,954	$ 1,013,872
Revenue from contaminated and illegal dump sites cleanup	118,965	536,129
Other income	2,518	2,554
	$ 853,437	$ 1,552,555

19. Net income

Net income for the period consists the following items:

(1) Depreciation and amortization

	2017	2016
Property, plant and equipment	$ 21,499	$ 19,235
Depreciation summarized by functions		
Operating costs	$ 15,354	$ 18,200
Operating Expenses	6,145	1,035
	$ 21,499	$ 19,235

(2) Employee benefit expenses

	2017	2016
Benefits after retirement (Note 16)		
Defined contribution plans	$ 3,390	$ 3,298
Defined benefit plans	279	300
	3,669	3,598
Salary	156,582	157,688
Employee insurance premiums	7,412	6,671
Other employee benefits	2,770	2,868
Total employee benefit expenses	$ 170,433	$ 170,825
Summarized by functions		
Operating costs	$ 50,146	$ 51,322
Operating Expenses	120,287	119,503
	$ 170,433	$ 170,825

The Company's number of employees was 97 and 98 in 2017 and 2016, respectively.

Employee compensation and remuneration to Directors and Supervisors in 2017 and 2016

According to the amendments to the Company Act in May 2015 and the amendments to the Articles of Incorporation resolved in the shareholders' meeting in June 2016, the Company's employees compensation shall not be lower than 1% and remuneration to

Directors and Supervisors shall be capped at 5% of the income before income tax and the deduction of employees compensation and remuneration to directors and supervisors of the year. Employee compensation and remuneration to Directors and Supervisors in 2017 and 2016 resolved in Board of Directors' meetings on March 31, 2018 and March 24, 2017, respectively, were as follows:

Estimated ratio

	2017	2016
Employee remuneration	3.00%	2.50%
Directors and Supervisors remuneration	2.38%	2.25%

Amount

	2017		2016	
	Cash	Stock	Cash	Stock
Employee remuneration	$ 44,084	$ -	$ 38,870	$ -
Directors and Supervisors remuneration	35,000	-	35,000	-

If there are changes made to the amount after the issuance of parent company only annual financial statements, the changes shall be accounted for as changes in accounting estimates and recognized in the financial statements of the following year.
The actual employee compensation and remuneration to directors and supervisors in 2017 and 2016 were consistent with the amounts recognized in the parent company only financial statements for 2017 and 2016.

Please refer to the "Market Observation Post System" of Taiwan Stock Exchange for information on the Company's employee compensation and remuneration to Directors and Supervisors passed in the 2018 and 2017 Board of Directors' meetings.

20. Income tax

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

	2017	2016
Current income tax		
Generated in the current year	$ 23,736	$ 36,686
Surtax on unappropriated retained earnings	4,185	1,908
Adjustments of previous years	7	1,303
	27,928	39,897
Deferred income tax		
Generated in the current year	(1,076)	8
Income tax expenses recognized in profit or loss	$ 26,852	$ 39,905

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

	2017	2016
Net income before tax	$ 1,390,350	$ 1,480,958
Income tax expense calculated as the product of income before income tax and the statutory tax rate (17%)	$ 236,360	$ 251,763
Unrealized share of profits of subsidiaries accounted for using equity method	(213,932)	(205,085)
Non-deductible expenses	7,099	5,387
Tax-exempted income	(5,800)	(16,062)
Additional income tax under the Alternative Minimum Tax Act	-	691
Surtax on unappropriated earnings	4,185	1,908
Adjustments on current income tax expenses of prior periods in current period	7	1,303
Adjustments on the applicable tax rates of deferred income tax assets and liabilities, beginning of period	(1,067)	-
Income tax expenses recognized in profit or loss	$ 26,852	$ 39,905

(2) Income tax expenses recognized in other comprehensive income

	2017	2016
Deferred income tax income		
Recognized in other comprehensive income		
- Remeasurements of defined benefit plans	$ 443	$ 271

(3) Current income tax liabilities

	December 31, 2017	December 31, 2016
Income tax payable	$ 9,757	$ 24,755

(4) Deferred income tax assets

Changes in deferred income tax assets were as follows:

2017

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences				
Defined benefits retirement plans	$ 2,153	$ 544	$ 443	$ 3,140
Cost provisions for restoration	737	358	-	1,095
Payable leave benefits	374	174	-	548
	$ 3,264	$ 1,076	$ 443	$ 4,783

2016

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences				
Defined benefits retirement plans	$ 1,922	($ 40)	$ 271	$ 2,153
Cost provisions for restoration	693	44	-	737
Payable leave benefits	313	61	-	374
Allowance for doubtful accounts	73	(73)	-	-
	$ 3,001	($ 8)	$ 271	$ 3,264

The amended Income Tax Act of the Republic of China promulgated by the President in February 2018 adjusted the business income tax rate from 17% to 20%. The amendment shall be implemented in 2018. In addition, the applicable tax rate for undistributed earnings shall be reduced from 10% to 5% starting from 2018. Deferred income tax assets that have been recognized as at December 31, 2017 are expected to increase by approximately NT$844 thousand in 2018 due to changes in tax rates.

(5) The Company is exempted from tax for 5 years for capital increase and expansion project in 2017 and 2016:

Expansion Project	Tax-exempted period
Official Letter Kung Yung Tzu No. 09900127530 from Ministry of Economic Affairs, Industrial Development Bureau approved the expansion investment plans of environmental protection technology services (waste disposal)	2012.07.01 - 2017.06.30

(6) Information about imputation credit:

	December 31, 2017	December 31, 2016
Undistributed earnings		
Before December 31, 1997	$ -	$ -
After January 1, 1998	-	1,749,067
	$ -	$ 1,749,067
	(Note)	
Balance of imputation credit account	(Note)	$ 61,040

	2017	2016
Creditable ratio for distribution of earning	(Note)	14.76%

Note: The amendments to the Income Tax Act of the Republic of China that came into effect in February of 2018 have repealed the two-tax-in-one system, and the relevant information from 2017 is no longer applicable.

(7) Income tax approval status

The Company' s income tax returns through 2015 have been assessed by the tax authorities.

21. Earnings per share (EPS)

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

Net income

	2017	2016
Net income	$ 1,363,498	$ 1,441,053

Number of shares (in thousands)

	2017	2016
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	306	273
Weighted average number of common stocks used for the calculation of diluted EPS	109,194	109,161

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.

22. Operating lease agreements

Operating leases are mainly for leasing cars for business use and offices for operation. Except for items below, the lease term is 1 to 5 years. The Company does not have the right of first refusal regarding the aforementioned lease object at the end of lease term. Considering the gradual increase in business scale and employee number, the Company leased 15 lots of land, including parcel number 184 at Dade Section, Gangshan District, Kaohsiung City from Han Tsang Enterprise Company Limited on May 31, 2013 (Please refer to Note 27 for unrecognized contract commitment concerning the construction of operation offices). The monthly rent is originally set at NT$613 thousand which will be adjusted based on the percentage of change in the Consumer Price Index (at all-item level) of the month released by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan every 2 years from the inception of lease. If the changes exceeds 5%, the rent will be adjusted by 5%. The lease term is 20 years, which starts on June 1, 2013 and ends on May 31, 2033. The lease can be renewed with the original conditions at the end of least 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 Han Tsang Enterprise Company Limited without consideration. If Han Tsang Enterprise Company Limited terminates the lease agreement before the end of lease term during 55 years, it shall compensate the Company of the net book value of the building.

As of December 31, 2017 and 2016, the refundable deposits paid by the Company in accordance with operating lease agreements amounted to NT2,360 thousand and NT$543 thousand, respectively. Moreover, as of December 31, 2017 and 2016, the post-dated checks issued for rents payable of every period and delivered to lessors of the operating leases amounted to NT$3,704 thousand and NT$0 thousand, respectively.

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

	December 31, 2017	December 31, 2016
No more than 1 year	$ 11,680	$ 9,154
More than 1 year but no more than 5 years	33,588	30,378
Over 5 years	76,696	84,059
	$ 121,964	$ 123,591

23. Capital risk management

The purpose of capital management policy of the Company is to secure its ability as a going concern entity in order to provide returns to shareholders and benefits to other stakeholders. To achieve the aforementioned objective, the Company regularly review the capital structure and adjust it by paying dividends or issuing new shares after taking into account the overall economy, current interest rates and adequacy of cash for operating activities.

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

24. Financial instruments

(1) Information on fair value

Most of the financial instruments held by the Company are not measured at fair value.

The Company's management thinks that the carrying amounts of financial assets (cash and cash equivalents, debt investments with no active market, notes and accounts receivable, other payables - related parties and refundable deposits) and financial liabilities (accounts payable, accounts payable - related parties, other payables and guarantee deposits received) not measured at fair value approximate their fair value.

(2) Financial risk management objectives and policy

Major financial instruments of the Company include cash and cash equivalents, debt investments with no active market, notes and accounts receivable, other accounts receivable - related parties, refundable deposits, refundable deposits, guarantee deposits received, accounts payable and other payables. 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

As of December 31, 2017, the Company did not have long- nor short-term loans. Thus, finance risk arising due to changes in interest rates was not expected.

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.

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 would review the recoverable amount of each receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Company's management concludes that the credit risk of the Company is significantly reduced.

Credit risk of the Company concentrates on large-project customers (please refer to Note 8(2)). As of December 31, 2017 and 2016, notes and accounts receivable generated from aforementioned customers accounted for 50% and 77% of the overall notes and accounts receivable balance, respectively. The high percentages were caused by the long collection periods for some retention money. Considering the progress of construction and good credit ratings of counterparties, there was no significant credit risk.

3. Liquidity risk

The Company has sufficient working capital for operations. There are no liquidity risk arising from immediate future cash requirements to fulfill contractual obligations.

25. Significant Related Party Transactions

In addition to those disclosed in other Notes, the transactions between the Company and related parties were as follows.

(1) The names and relationships of the related parties

Related Party	Relations with the company
Da Tsang Industrial Company Limited (Da Tsang)	The Company's subsidiary
Kang Lien Enterprise Company Limited (Kang Lien Enterprise)	The Company's subsidiary
Da Ning Co. Ltd. (Da Ning)	The Company's second-tier subsidiary
Chi Wei Company Limited (Chi Wei)	The Company's subsidiary
Kang Lien Business Company Limited (Kang Lien Business)	The Company's corporate director
Han Tsang Enterprise Company Limited (Han Tsang)	The spouse of the Company's chairman is the chairman of the company
MHS Technology Co., Ltd. (MHST)	Chairman of the Company is a second-degree relative of the company' s chairman
Yang Mei-Ling	Second-degree relative of the Company's chairman
Chou Yang Mei-Zhu	Second-degree relative of the Company's chairman

(2) Significant transactions with related parties

1. Other receivables - related parties

	December 31, 2017		December 31, 2016	
	Amount	% to Total	Amount	% to Total
Da Ning	$ 250,212	96	$ -	-
Da Tsang Industrial	6,574	2	5,448	36
Chi Wei	3,257	1	2,872	19
Kang Lien Enterprise	1,419	1	6,682	45
	$ 261,462	100	$ 15,002	100

Other receivables - Daning as of December 31, 2017 consists mainly of the Company's NT$250,000 thousand loan to Da Ning and NT$212 thousand in other interest receivable. Other receivables - related parties consist of the Company's receivables from affiliate companies for the amortization of management expenses.

2. Accounts payable - related parties

	December 31, 2017		December 31, 2016	
	Amount	% to Total	Amount	% to Total
Da Tsang Industrial	$ 92,029	69	$ 118,226	77
Chi Wei	38,138	28	31,838	21
Kang Lien Enterprise	3,870	3	4,039	2
	$ 134,037	100	$ 154,103	100

Accounts payable - related parties are landfill and clean-up and transport payable.

3. Landfill expense

	2017		2016	
	Amount	% to Operating Costs	Amount	% to Operating Costs
Chi Wei	$ 170,794	29	$ 203,342	17
Da Tsang Industrial Company Limited	89,506	15	253,272	22
	$ 260,300	44	$ 456,614	39

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 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.

4. Clean-up and transport expense

	2017		2016	
	Amount	% to Operating Costs	Amount	% to Operating Costs
Kang Lien	$ 14,376	3	$ 18,497	2
Chi Wei	8,540	1	5,857	-
Da Tsang	6,564	1	-	-
	$ 29,480	5	$ 24,354	2

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.

5. Rental expense (recognized under operating expense)

	2017		2016	
	Amount	% to Operating Expenses	Amount	% to Operating Expenses
Han Tsang	$ 7,356	5	$ 7,356	6
Chou Yang Mei-Zhu	-	-	840	1
Kang Lien Enterprise	-	-	240	-
Yang Mei-Ling	-	-	120	-
	$ 7,356	5	$ 8,556	7

Please refer to Note 22 for lease transactions with Han Tsang.

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

	2017	2016
Da Tsang	$ 59,734	$ 48,113
Chi Wei	31,487	26,639
Kang Lien Enterprise	14,256	9,659
	$ 105,477	$ 84,411

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

7. Financing

Financing provided to related parties

	2017				
Related Party	Actual Drawdown Highest balance in the current year	Actual expenditure Ending balance	Annual interest rate Range	Interest in the current period Revenue	End-of-period accounts receivable Interest (recognized as other receivables - related parties)
Da Ning	$ 250,000	$ 250,000	1%	$ 589	$ 212

	2016				
Related Party	Actual expenditure Highest balance in the current year	Actual expenditure Ending balance	Annual interest rate Range	Interest in the current period Revenue	End-of-period accounts receivable Interest (recognized as other receivables - related parties)
Chi Wei	$ 120,000	$ -	1%	$ 120	$ -

The interest rates of financing provided to related parties make reference to the cost of fund management within the Group and interest rates of time deposits.

8. Property transaction - acquisition of property, plant and equipment

The company purchased solar energy equipment from MH GoPower Company Limited (MHGP) paid NT$106 thousand and NT$424 thousand in 2015 and 2017, respectively. Those amounts were reclassified from prepayments for equipment to property, plant and equipment upon completion of acceptance in 2017. The transaction terms are not significantly different from ones with non-related parties.

9. Remuneration to key management

Remuneration to directors and key management was as follows:

	2017	2016
Remuneration to Directors	$ 32,400	$ 32,400
Short-term employee benefits		
Salaries	14,760	14,760
Bonus and compensation	40,260	35,250
Benefits after retirement		
Defined contribution	648	621
Defined benefits	257	257
Transportation expense	250	250
	$ 88,575	$ 83,538

The remuneration to directors and other key management is determined by the remuneration committee based on personal performance and market trends.

26. Pledged Assets

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

	December 31, 2017	December 31, 2016
Pledged time deposits (recognized under debt investments with no active market)		
- current	$ 28,090	$ 107,237
- noncurrent	208,662	30,000
Restricted bank deposits (Reserve account, Recognized under other current assets)		
- current	3	3

27. Significant Contingent Liabilities and Unrecognized Contract Commitments

Unrecognized contract commitments of the Company were as follows:

	December 31, 2017	December 31, 2016
Acquisition of property, plant and equipment (for construction of offices for operations)	$ 5,066	$ 40,259

28. Additional Disclosures

Information on (1) Significant Transactions and (2) Investees:

A. Financings provided (Table 1)

B. Endorsements/guarantees provided to others (None)

C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)

D. Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital (None)

E. Acquisition of real estate at price in excess of NT$300 million or 20% of the paid-in capital (Table 2)

F. Disposal of real estate at price in excess of NT$300 million or 20% of the paid-in capital (None)

G. Purchases and sales with related parties in excess of NT$100 million or 20% of the paid-in capital (Table 3)

H. Amount of receivable from related parties in excess of NT$100 million or 20% of its paid-in capital (Table 4)

I. Derivative financial instrument transactions (None)

J. Information on investees (Table 5)

(3) Information on Investments in Mainland China:

1. China investees' names, business items, amounts of paid-in capital, investment methods, capital transaction conditions,

shareholding ratios, investment gains and losses, the ending investment book value, investment income repatriation and limits of investment in China (Table 6)

2. Significant transactions with China investees through direct or indirect third region, and their prices, terms of payment, unrealized gains and losses: (Table 6)
   (1) Purchase amount and percentage, and the ending balance and percentage of payables.
   (2) Sales amount and percentage, and the ending balance and percentage of receivables.
   (3) Property transaction amount and the resulting gain or loss.
   (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
   (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.
   (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.

Cleanaway Company Limited

Lending to Others

January 1 to December 31, 2017

Table 1

In Thousands of New Taiwan Dollars,
Unless Otherwise Specified

No.	Company to which funds were lent	Borrower	Accounts	Related Party Status	Highest balance in the current year	Ending balance	Actual Drawdown	Interest Rate Range	Nature of Loan	Amount arising from ordinary course of business	Reason for Short-Term Financing	Listed deductibles for bad debts	Collateral		Limitation on financing loans for specific entities (Note 1)	Financing total limit (Note 1)	Note
													Name	Value			
0	Cleanaway Company Limited	Da Ning Co. Ltd.	Other receivables - related parties	Yes	$ 250,000	$ 250,000	$ 250,000	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 2,164,469 (Note 2)	$ 2,164,469 (Note 2)	
1	Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	Other receivables - related parties	Yes	250,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	838,903 (Note 3)	838,903 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,848 (RMB 1,500 thousand)	6,848 (RMB 1,500 thousand)	6,848 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	897,214 (Note 4)	897,214 (Note 4)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,848 (RMB 1,500 thousand)	6,848 (RMB 1,500 thousand)	6,848 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	897,214 (Note 4)	897,214 (Note 4)	
1	Da Tsang Industrial Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	13,695 (RMB 3,000 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	838,903 (Note 5)	838,903 (Note 5)	
1	Da Tsang Industrial Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	25,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	838,903 (Note 5)	838,903 (Note 5)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,848 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	92,694 (Note 6)	92,694 (Note 6)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,848 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	92,694 (Note 6)	92,694 (Note 6)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,848 (RMB 1,500 thousand)	6,848 (RMB 1,500 thousand)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	92,840 (Note 7)	92,840 (Note 7)	
2	Cleanaway Enterprise Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	25,000	25,000	13,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	92,840 (Note 7)	92,840 (Note 7)	

2	Cleanaway Enterprise Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	13,695 (RMB 3,000 thousand)	13,695 (RMB 3,000 thousand)	13,695 (RMB 3,000 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	92,840 (Note 7)	92,840 (Note 7)	

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, for lending between the Company and its parent company or subsidiaries or between subsidiaries, the amount authorized for lending to a single company is limited to 10 percent of that company’ s net worth in the most recent financial statements.

Note 2: Cleanaway Company Limited is the parent company of Da Ning Co. Ltd. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of the Company' s net worth. Net worth of the Company is calculated based on its latest audited or reviewed financial statements, i.e. net worth as of December 31, 2017. 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: Da Tsang Industrial Company Limited is the parent company of Da Ning Co. Ltd. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of 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. As the loan has expired, calculation is done using the net worth as of December 31, 2016. 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: Cleanaway Zoucheng Co., Ltd. is an affiliate 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, 2017. 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 5: 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. As the loan has expired, the net worth shown is as of December 31, 2016. 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 6: Cleanaway Zoucheng Co., Ltd. is an affiliate 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. As the loan has expired, calculation is done using the net worth as of December 31, 2016. 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: Cleanaway Zoucheng Co., Ltd., Kang Lien Enterprise Company Limited, and Cleanaway (Shanghai) Company Limited 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, 2017. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Cleanaway Company Limited

Acquisition of Real Estate at Cost in Excess of NT$300 Million or 20% of the Paid-in Capital

January 1 to December 31, 2017

Table 2

In Thousands of New Taiwan Dollars, Unless Otherwise Specified

Company that Acquired Real Property	Name of Property	Date of Occurrence	Transaction Amount	Payment Status	Transaction Counterparty	Relationship	Prior Transaction of Related Counter-party				Price Determination Reference	Purpose of Acquisition and Status of Usage	Other Provisions Item
							Owner	Relationship with Issuer	Date of Transfer	Amount			
Da Ning Co. Ltd.	Landfill site facilities	January 1 to September 30, 2017	$ 468,571	Payment in accordance with the contract	Hung Chi Construction Co., Ltd.	Non-related parties	–	–	–	–	Agreed by both parties according to market conditions	For business use	-

Cleanaway Company Limited

Purchases and Sales with Related Parties Amounting to NT$ 100 Million or More Than 20% of the Paid-in Capital

January 1 to December 31, 2017

Table 3

In Thousands of New Taiwan Dollars, Unless Otherwise Specified

Supplier (Buyer) company	Name of Trading Partner	Relationship	Transaction Details				Circumstance and Reason for Abnormal Transaction		Notes and accounts receivable (payable)		Note
			Purchase/Sale	Amount	% to Total Purchase (Sale)	Credit period	Unit Price	Credit period	Balance	% to Total Notes and Accounts Receivable (Payable)	
Cleanaway Company Limited	Chi Wei Company Limited	Subsidiary	Landfill and clean-up and transport expense	$ 179,334	30	Determined by the contract	-	-	($ 38,138)	(26)	-
Chi Wei Company Limited	Cleanaway Company Limited	Parent company	Landfill revenue	(179,334)	(26)	Determined by the contract	-	-	38,138	28	-

Cleanaway Company Limited

Amount of receivable from related parties in excess of NT$100 million or 20% of its paid-in capital

December 31, 2017

Table 4

In Thousands of New Taiwan Dollars, Unless Otherwise Specified

Company with accounts receivable	Name of Trading Partner	Relationship	Ending Balance	Turnover rate	Overdue Receivables from Related Parties		Receivables from Related Parties Amounts Received in Subsequent Periods	Listed deductibles for bad debts
					Amount	Processing method		
Cleanaway Company Limited	Da Ning Co. Ltd.	Second-tier subsidiary	$ 250,212 (Note 1)	- (Note 2)	-	-		-

Note 1: Financing provided by Cleanaway Company Limited to Da Ning Co. Ltd. Please refer to Table 1.

Note 2: Those receivables are not generated from operating revenue; thus, turnover ratio is not applicable.

Cleanaway Company Limited

Information on Investees, Locations, etc.

January 1 to December 31, 2017

Table 5

In Thousands of New Taiwan Dollars, Unless Otherwise Specified

Investor	Investee	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	Note
				End of the Current Period	End of Previous Year	Number of Shares	Percentage	Carrying amount			
Cleanaway Company Limited	Da Tsang Industrial Company Limited	No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City	Waste disposal	$ 800,977	$ 800,977	77,000,000	100	$ 2,243,036	$ 1,001,699	$ 1,001,699	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Enterprise Company Limited	〃	〃	159,507	159,507	18,000,000	100	232,099	364	364	Subsidiary of Cleanaway Company Limited
〃	Chi Wei Company Limited	〃	〃	735,000	735,000	41,000,000	100	1,051,010	264,588	264,588	Subsidiary of Cleanaway Company Limited
〃	Kang Lien Enterprise Company Limited	〃	Waste clean-up	58,222	58,222	6,020,000	100	68,983	2,670	2,781	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Investment Company Limited	〃	General investment	80,000	80,000	8,000,000	100	46,695	(3,483)	(3,483)	Subsidiary of Cleanaway Company Limited

〃	CCL Investment Holding Company Limited	Samoa	General investment	US$2,500 thousand (equivalent to NT$76,369 thousand)	US$2,000 thousand (equivalent to NT$61,299 thousand)	-	55	14,531	(14,178)	(7,524)	Subsidiary of Cleanaway Company Limited
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City	Waste disposal	450,000	150,000	15,000,000	100	447,623	(2,104)	(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)	-	21	5,458	(14,178)	(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)	-	24	6,368	(14,178)	(Note 1)	Subsidiary of Cleanaway Company Limited
CCL Investment Holding Company Limited	Cleanaway Shanghai Management Holding Company Limited	Samoa	General investment	US$1,124 thousand (equivalent to NT$33,034 thousand)	US$1,124 thousand (equivalent to NT$33,034 thousand)	-	100	(26,292)	(560)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	Cleanaway Zoucheng Holding Company Limited	Samoa	General investment	US$2,500 thousand (equivalent to NT$76,369 thousand)	US$2,000 thousand (equivalent to NT$61,299 thousand)	-	100	22,871	(14,957)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited

〃	Cleanaway Zhejiang Holding Company Limited	Samoa	General investment	-	RMB 3,000 thousand (equivalent to NT$15,051 thousand)	-	100	1,355	580	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited

Note 1: For "Share of Profits/Losses", only the Company' s direct investment in subsidiaries shall be provided. The rest is not required. The profit or loss of each subsidiary already includes the investment gains of its investees required to be recognized by laws.

Note 2: Please refer to Table 6 for information on investees in Mainland China.

Cleanaway Company Limited

Information on Investments in Mainland China

January 1 to December 31, 2017

Table 6

In Thousands of New Taiwan Dollars, Unless Otherwise Specified

Name of Investee in China	Main businesses	Paid-in capital	Investment method	Beginning of Year Accumulated Outflow of Investment from Taiwan,	Investment Flows		End of Year Accumulated Outflow of Investment from Taiwan,	Investee Profit or loss for the current period	Shareholding Ratio of the Company's Investment, Directly or Indirectly	Investment gain or loss recognized in the current period	End-of-period investment carrying amount	at End of Period Accumulated Inward Remittance of Earnings	Note
					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)	($ 560)	100%	($ 560)	($ 26,296)	$ -	
Cleanaway Zoucheng Co., Ltd.	Waste disposal	76,369 (US$ 2,500 thousand)	Note 2	61,299 (US$ 2,000 thousand)	15,070 (US$ 500 thousand)	-	76,369 (US$ 2,500 thousand)	(14,954)	100%	(14,954)	20,749	-	

Note 1: The subsidiary, Cleanaway Investment Company Limited, invests in the Mainland China company through company established in a third region (Cleanaway Shanghai Management Holding Company Limited).

Note 2: The investment in the Mainland China company is done trough company established in a third region (Cleanaway Zoucheng Holding Company Limited).

Note 3: It is recognized based on the audited financial statements of the parent company in Taiwan.

Accumulated Investment in Mainland China from Taiwan as of December 31, 2017	Investment amount authorized by the Investment Commission, MOEA	Investment amount cap in China according to Investment Commission regulations
Cleanaway Investment Company Limited: NT$33,034 thousand (RMB 7,000 thousand)	Cleanaway Investment Company Limited: US$1,124 thousand (equivalent to NT$33,714 thousand)	The 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$46,695 thousand * 60% = NT$28,017 thousand
Cleanaway Company Limited: NT$$76,369 thousand (US$2,500 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$5,411,174 thousand * 60% = NT$3,246,704 thousand

Note 4: Significant transactions with investees in Mainland China, either directly or indirectly through the third region (including purchase/sales, property transaction and provision and acceptance of services): None.

Note 5: Provision of endorsement, guarantee or collaterals to investees in Mainland China, either directly or indirectly through the third region: None.

Note 6: Financing provided to investees in Mainland China, either directly or indirectly through the third region: Please refer to Table 1. The total interest for the period amounted to NT$0 thousand.

TABLE OF CONTENTS FOR STATEMENTS OF MATERIAL ACCOUNTS

Cleanaway Company Limited

Statement of Inventories

December 31, 2017

Statement 1

Unit: NT$1,000

Item	Description	Amount	
		Cost	Basis of calculation for the NRV:
Raw materials		$ 2,186	$ 2,186
Work in process - Solidified blocks	Costs of raw materials and labor incurred will be reclassified to operating costs upon revenue recognition.	2,212	2,212
Services inventories of waste clean-up and transport	Costs of clean-up and transport incurred will be reclassified to operating costs upon revenue recognition.	881	881
		5,279	$ 5,279
Less: Allowance for inventory write-down		-	
		$ 5,279	

Cleanaway Company Limited

Statement of Changes in Investments Accounted for Using Equity Method

January 1 to December 31, 2017

Statement 2

Units: in NT$1,000

Name	Balance, beginning of year: No. of Shares	Balance, beginning of year: Amount	Addition during the Year: No. of Shares	Addition during the Year: Amount	Reduction during the Year: No. of Shares	Reduction during the Year: Amount	Balance, end of year: No. of Shares	Balance, end of year: Shareholding %	Balance, end of year: Amount	Market Value/ Net Equity: Unit Price per Share (NT$)	Market Value/ Net Equity: Total Price	Evaluation Basis	Collateral or Pledge
Da Tsang Industrial Company Limited (Note 1)	77,000,000	$ 2,097,260	-	$ 1,004,314	-	($ 858,538)	77,000,000	100	$ 2,243,036	29.13	$ 2,243,036	Equity method	None
Chi Wei Company Limited (Note 2)	41,000,000	1,008,749	-	264,588	-	(222,327)	41,000,000	100	1,051,010	25.63	1,051,010	Equity method	None
Cleanaway Enterprise Company Limited (Note 3)	18,000,000	231,735	-	364	-	-	18,000,000	100	232,099	12.89	232,099	Equity method	None
Kang Lien Enterprise Company Limited (Note 4)	6,020,000	72,165	-	3,270	-	(6,452)	6,020,000	100	68,983	11.46	68,983	Equity method	None
Cleanaway Investment Company Limited (Note 5)	8,000,000	47,212	-	3,051	-	(3,568)	8,000,000	100	46,695	5.84	46,695	Equity method	None
CCL Investment Holding Company Limited (Note 6)	-	12,497	-	15,224	-	(13,190)	-	100	14,531		14,531	Equity method	None
		$ 3,469,618		$ 1,290,811		($ 1,104,075)			$ 3,656,354		$ 3,656,354		

Note 1: The share of interest from the subsidiaries in the current period recognized though the equity method was NT$1,001,699 thousand and the reorganization of the current period's accounting adjustment accounted for NT$2,615 thousand. The reduction of cash dividends payment in this period was NT$858,465 thousand and the loss of NT$73 thousand from the exchange difference on translation of foreign operations' financial statements.

Note 2: The addition during the year was the share of profits from subsidiaries accounted for using equity method which amounted to NT$264,588 thousand. The reduction during the year was cash dividend payment of NT$222,327 thousand.

Note 3: The reduction during the year was the share of profits from subsidiaries accounted for using equity method which amounted to NT$364 thousand.

Note 4: The additions during the year were shares of profits of NT$2,781 thousand and other comprehensive income of subsidiaries accounted for using equity method of NT$489 thousand. The reduction during the year was the cash dividend payment of NT$6,452 thousand.

Note 5: The addition during the year was reclassification of accounting treatment due to adjustments in organization which amounted to NT$3,051 thousand. The reductions during the year were share of loss of subsidiaries accounted for using equity method which amounted to NT$3,483 thousand and exchange loss on translation of foreign operations which amounted to NT$85 thousand.

Note 6: The addition in the current period consist of the new investment of NT$15,070 thousand and the conversion benefit of the foreign operating agency's financial statement conversion of NT$154 thousand. The reduction derived from the share of losses of subsidiaries in the current period recognized by the equity method which amounted to NT$7,524 thousand and the adjustment of the accounting treatment and reorganization in the current period which amounted to NT$5,666 thousand.

Cleanaway Company Limited

Statement of Accounts Payable

December 31, 2017

Statement 3 Units: in NT$1,000

Name of Supplier	Description	Amount
Accounts payable:		
Vendor A	Purchase	$ 4,178
Vendor B	〃	3,259
Vendor C	〃	2,866
Vendor D	〃	2,112
Others (Note)	〃	470
		$ 12,885

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

Cleanaway Company Limited

Statement of Operating Cost

2017

Statement 4 Units: in NT$1,000

Item	Amount
Landfill expense	$ 260,300
Solidification cost	177,412
Contaminated and illegal dump site cleanup expense	103,301
Clean-up and transport expense	51,011
	$ 592,024

Cleanaway Company Limited

Statement of Operating Expenses

2017

Statement 5 Units: in NT$1,000

Item	Management expenses	Research and Development Expenses	Total
Salaries	$ 105,677	$ 6,405	$ 112,082
Rents	10,884	-	10,884
Stationary	1,028	-	1,028
Travel expense	5,863	-	5,863
Postage	1,096	-	1,096
Repairs and maintenance	3,292	2,127	5,419
Utilities	1,338	-	1,338
Insurance expense	4,582	128	4,710
Entertainment expense	44,426	-	44,426
Donations	16,464	-	16,464
Bad debt expense	(2,423)	-	(2,423)
Depreciation	5,750	395	6,145
Meals expense	911	199	1,110
Employee benefits	637	-	637
Pension	1,877	-	1,877
Professional service fees	12,462	-	12,462
Miscellaneous purchases	1,871	1,014	2,885
Other expenses	12,847	4,816	17,663
Selling and administrative expenses allocated to affiliated companies	(105,477)	-	(105,477)
	$ 123,105	$ 15,084	$ 138,189

Cleanaway Company Limited

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

2017 and 2016

Statement 6

Units: in NT$1,000

Function / Type	2017			2016		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee welfare expenses						
Salary	$ 44,500	$ 112,082	$ 156,582	$ 45,489	$ 112,199	$ 157,688
Employee insurance premiums	2,965	4,447	7,412	2,991	3,680	6,671
Pension	1,792	1,877	3,669	1,860	1,738	3,598
Other employee benefits	889	1,881	2,770	982	1,886	2,868
	$ 50,146	$ 120,287	$ 170,433	$ 51,322	$ 119,503	$ 170,825
Depreciation	$ 15,354	$ 6,145	$ 21,499	$ 18,200	$ 1,035	$ 19,235

As of December 31, 2017 and 2016, the number of employees of the Company were 97 and 98, respectively.