Stock code: 8422

Cleanaway Company Limited

Standalone Financial Statements and Independent Auditors' Report

2018 and 2017

(若與中文版有差異以中文版為主)
The English report is a translation of the original in Chinese for information purpose only. In case of a discrepancy, the Chinese version will prevail.

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TABLE OF CONTENTS

Independent Auditor's Report

To Cleanaway Company Limited:

Audit Opinion

The Parent Company Only Balance Sheet of Cleanaway Company Limited as of December 31, 2018 and 2017 and the Parent Company Only Comprehensive Income Statement, Parent Company Only Statement of Changes in Equity, Parent Company Only Cash Flow Statement, and Notes to the Individual Financial Statements (including the summary of material accounting policies) in from January 1 to December 31, 2018 and 2017 have been audited by the CPA firm.

Per opinions of the CPA, the Parent Company Only Financial Statements specified above have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and can be reasonably assessed to present the individual financial conditions of Cleanaway Company Limited as of December 31, 2018 and 2017 and the parent company only financial performance and cash flow in from January 1 to December 31, 2018 and 2017.

Basis for Audit Opinion

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

Key Audit Matters

The key audit matters pertain to the most important items of Cleanaway Company Limited's 2018 Parent Company Only Financial Statements as per the professional judgment of the CPA. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Listed below are the details of the CPA's verification of the key items in Cleanaway Company Limited's 2018 Parent Company Only Financial Statements:

Revenue recognition for solidification under waste disposal revenue

For the accounting policies for operating income, please refer to Note 4(13) of the Parent Company Only Financial Statements.

Cleanaway provides waste treatment services in Taiwan. The solidification process within the intermediate treatment requires many steps. As lead time exists between receiving of wastes to completing the process so that waste can be disposed through landfill, the appropriateness of timing for revenue recognition may be affected by such a process. The CPA therefore believes that the timing for recognizing revenue for solidification is key audit matter for this year.

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

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cleanaway Company Limited’s internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, to conclude on the appropriateness of management’s use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Cleanaway Company Limited's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Cleanaway Company Limited to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately represent the underlying transactions and events.

6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Cleanaway Company Limited to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit on the Group and the preparation of an audit opinion on Cleanaway Company Limited.

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

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

The CPA has identified the key verification items to inspect in the 2018 Parent Company Only Financial Statements of Cleanaway Company Limited in communication with the governance unit. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte, Taiwan

CPA Te-Chen Cheng

CPA Kuan-Chung Lai

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

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Document No.
Tai-Cai-Zheng-6 No. 0920123784

March 15, 2019

Cleanaway Company Limited

Parent Company Only Balance Sheets

As of December 31, 2018 and 2017

Unit: NT$1,000

Code	Asset	December 31, 2018 Amount	%	December 31, 2017 (After adjustment and verification) Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 267,789	4	$ 473,930	8
1136	Financial assets measured at amortized cost - current (Notes 3, 4, 7 and 26)	104,768	2	434,620	8
1140	Contract assets - current (Notes 3, 4, and 18)	197,049	3	42,862	1
1170	Notes and account receivables (Notes 3, 4, 8, and 24)	301,735	4	197,071	3
1181	Accounts receivable - Related parties (Notes 4 and 25)	495	-	-	-
1210	Other accounts receivable - Related parties (Notes 4 and 25)	18,159	-	261,462	5
1330	Inventory (Note 4)	1,697	-	2,186	-
1479	Other current assets (Notes 3, 11, and 26)	28,916	-	4,317	-
1482	Fulfillment of contract costs (Notes 3, 4 and 18)	33,703	1	6,175	-
11XX	Total current assets	954,311	14	1,422,623	25
	Non-current assets				
1535	Financial assets measured at amortized cost - non-current (Notes 3, 4, 7 and 26)	153,301	2	208,662	4
1550	Investment using the equity method (Notes 4 and 9)	4,293,589	64	3,656,354	63
1560	Contract assets - non-current (Notes 3, 4 and 18)	25,813	-	-	-
1600	Property, plant, and equipment (Note 4, 10, 25 and 26)	1,295,748	19	472,314	8
1840	Deferred income tax assets (Notes 4 and 20)	5,433	-	4,783	-
1915	Prepaid land and equipment (Notes 11 and 25)	500	-	15,432	-
1920	Guarantee deposits paid (Notes 4, 11 and 22)	33,112	1	15,614	-
1990	Other non-current assets (Note 11)	4,300	-	4,300	-
15XX	Total non-current assets	5,811,796	86	4,377,459	75
1XXX	Total assets	$ 6,766,107	100	$ 5,800,082	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 12)	$ 150,000	2	$ -	-
2170	Accounts payable (Note 13)	9,960	-	12,885	-
2180	Accounts payable - Related parties (Note 25)	51,659	1	134,037	2
2219	Other payables (Note 14)	298,451	4	204,196	4
2220	Other payables - Related parties (Note 25)	441,333	7	-	-
2230	Current income tax liabilities (Notes 4 and 20)	54,209	1	9,757	-
2300	Other current liabilities (Notes 3 and 14)	2,419	-	3,009	-
21XX	Total current liabilities	1,008,031	15	363,884	6
	Non-current liabilities				
2541	Long-term bank loans (Notes 12 and 26)	200,000	3	-	-
2550	Cost provisions for restoration (Notes 4, 5 and 15)	6,774	-	6,442	-
2640	Net defined benefit liabilities - noncurrent (Notes 4 and 16)	17,490	-	18,474	1
2645	Deposits received	-	-	108	-
25XX	Total non-current liabilities	224,264	3	25,024	1
2XXX	Total liabilities	1,232,295	18	388,908	7
	Equity (Note 17)				
	Capital				
3110	Common stocks	1,088,880	16	1,088,880	19
3200	Capital surplus	1,701,775	25	1,701,775	29
	Retained earnings				
3310	Statutory surplus reserve	1,041,628	16	905,278	16
3320	Special surplus reserve	1,057	-	1,053	-
3350	Undistributed earnings	1,702,387	25	1,715,245	29
3300	Total retained earnings	2,745,072	41	2,621,576	45
	Other equity				
3410	Exchange differences in conversion of financial statements of foreign operating agencies (Notes 4 and 9)	(1,915)	-	(1,057)	-
3XXX	Total equity	5,533,812	82	5,411,174	93
	Total liabilities and equity	$ 6,766,107	100	$ 5,800,082	100

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

Chairman: Yang Qingxiang Manager: Yang Yongfa Accounting Supervisor: Chen Congtian

Cleanaway Company Limited

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2018 and 2017

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

Code		2018 Amount	2018 %	2017 Amount	2017 %
4000	Net operating revenue (Notes 3, 4, 18, and 25)	$ 1,435,479	100	$ 853,437	100
5000	Operating cost (Notes 4, 15, 16, 19, and 25)	1,041,569	72	592,024	70
5900	Gross profit	393,910	28	261,413	30
	Operating expenses (Notes 16, 19 and 25)				
6200	Management expenses	118,972	8	123,105	14
6300	Research and development expenses	10,466	1	15,084	2
6000	Total operating expenses	129,438	9	138,189	16
6900	Net operating profit	264,472	19	123,224	14
	Non-operating income and expenses				
7070	Share of profits of subsidiaries accounted for using equity method (Note 4 and 9)	1,116,031	78	1,258,425	148
7100	Interest income (Notes 4 and 25)	5,577	-	7,964	1
7190	Other income	3,664	-	570	-
7210	Profit from disposal of property, plant and equipment (Note 4)	200	-	167	-
7510	Interest expenses (Notes 4 and 25)	(2,764)	-	-	-
7000	Total Non-operating income and expenses	1,122,708	78	1,267,126	149

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Code		2018 Amount	2018 %	2017 Amount	2017 %
7900	Net profit before tax	$ 1,387,180	97	$ 1,390,350	163
7950	Income tax expense (Notes 4 and 20)	66,570	5	26,852	3
8200	Net income	1,320,610	92	1,363,498	160
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Notes 4 and 16)	599	-	(882)	-
8330	Share of other comprehensive income/losses on equity-accounted subsidiary companies - Items that will not be reclassified to profit or loss (Notes 4 and 9)	(28)	-	489	-
8349	Income tax benefits relating to items that will not be reclassified (Notes 4 and 20)	83	-	443	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences in conversion of financial statements of foreign operating agencies (Notes 4 and 9)	(858)	-	(4)	-
8300	Total other comprehensive income for the year (net)	(204)	-	46	-
8500	Total comprehensive income for the year	$ 1,320,406	92	$ 1,363,544	160
	Earnings per share (Note 21)				
9710	Basic	$ 12.13		$ 12.52	
9810	Diluted	$ 12.09		$ 12.49	

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

Chairman: Yang Qingxiang Manager: Yang Yongfa Accounting Supervisor: Chen Congtian

Cleanaway Company Limited

Parent Company Only Statements of Changes in Equity

January 1 to December 31, 2018 and 2017

Unit: Unless otherwise specified, the unit shall be NT$1,000

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

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

Chairman: Yang Qingxiang Manager: Yang Yongfa Accounting Supervisor: Chen Congtian

Cleanaway Company Limited

Parent Company Only Statements of Cash Flows

January 1 to December 31, 2018 and 2017

Unit: NT$1,000

Code		2018	2017 (After adjustment and verification)
	Cash flow from operating activities		
A10000	Net profit before tax	$ 1,387,180	$ 1,390,350
A20010	Income and expense items		
A20100	Depreciation	23,370	21,499
A20900	Interest expenses	2,764	-
A21200	Interest income	(5,577)	(7,964)
A22400	Share of profits of subsidiaries accounted for using equity method	(1,116,031)	(1,258,425)
A22500	Gain on disposal of property, plant and equipment	(200)	(167)
A22600	Prepayments for equipment reclassified to expenses	-	56
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(180,000)	242,500
A31150	Notes and Account Receivables	(104,664)	(14,347)
A31160	Accounts receivable - related parties	(495)	-
A31190	Other receivables - related parties	(6,909)	3,752
A31200	Inventories	489	(939)
A31240	Other current assets	(24,599)	2,486
A31280	Contract performance costs	(27,528)	(4,663)
A32150	Notes and account payable	(2,925)	4,001
A32160	Accounts payable - related parties	(82,378)	(20,066)
A32180	Other payables	78,987	(29,154)
A32190	Other payables - related parties	959	-
A32200	Cost provisions for restoration	332	299
A32230	Other current liabilities	(590)	(10,847)
A32240	Net defined benefit liabilities	(385)	(350)
A33000	Cash inflow (outflow) from operating activities	(58,200)	318,021
A33100	Interest received	5,789	7,752
A33300	Interest paid	(2,149)	-
A33500	Income tax paid	(22,685)	(42,926)
AAAA	Net cash inflow (outflow) from operating activities	(77,245)	282,847

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Code		2018	2017 (After adjustment and verification)
	Cash flow from investing activities		
B00060	Loan principal repayment upon maturity for financial assets measured at amortized cost	$ 385,213	$ 144,685
B01800	Acquisition of investments accounted for using equity method	(664,640)	(15,070)
B02700	Acquisition of property, plant and equipment	(80,917)	(61,186)
B02800	Proceeds from disposal of property, plant and equipment	200	445
B03700	Increase in guarantee deposits paid	(51,753)	(14,939)
B03800	Decrease in guarantee deposits paid	34,255	4,253
B04300	Increase in other receivables - related parties	-	(250,000)
B04400	Decrease in other receivables - related parties	250,000	-
B07100	Increase in prepayments for land and equipment	(735,928)	(26,892)
B07600	Cash dividends from subsidiaries	1,142,550	1,087,244
BBBB	Net cash inflow from investment activities	278,980	868,540
	Cash flow from financing activities		
C00100	Increase in short-term loans	200,000	-
C00200	Decrease in short-term loans	(50,000)	-
C01600	Borrowing long-term loans	200,000	-
C03000	Increase in guarantee deposits received	-	108
C03100	Decrease in guarantee deposits received	(108)	(28)
C03700	Other accounts payable - increase in related parties	440,000	-
C04500	Distribution of cash dividends	(1,197,768)	(1,252,212)
CCCC	Net cash outflow from financing activities	(407,876)	(1,252,132)
EEEE	Decrease in cash and cash equivalents in the current year	(206,141)	(100,745)
E00100	Cash and cash equivalents at beginning of year	473,930	574,675
E00200	Cash and cash equivalents at end of year	$ 267,789	$ 473,930

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

Chairman: Yang Qingxiang Manager: Yang Yongfa Accounting Supervisor: Chen Congtian

Cleanaway Company Limited

Notes to Parent Company Only Financial Statements

January 1 to December 31, 2018 and 2017

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

I. Company History

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

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

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

The Company's parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

II. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements were approved in the Board of Directors' meeting on March 15, 2019.

III. Applicability of Newly Issued and Revised Standards and Interpretations

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

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

IFRS 15 “Revenue from Customer Contracts” and related amendments

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

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

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

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

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

In addition, the Company chooses to disclose only the impact of the first application of IFRS 15 for 2017.

The retrospective application of IFRS 15 has no effect on the Company's 2017 parent company only comprehensive income statement and retained earnings as of December 31, and January 1, 2017. Only the expression of the parent company only balance sheet has the following impact:

Effects on assets, liabilities and equity	Carrying amount before adjustment	Adjustment for first-time adoption	Carrying amount after adjustment
December 31, 2017			
Current assets			
Contract assets	$ -	$ 42,862	$ 42,862
Notes and Account Receivables	239,933	(42,862)	197,071
Inventories	5,279	(3,093)	2,186
Other-current assets－ other	7,399	(3,082)	4,317
Contract performance costs	-	6,175	6,175
Current liabilities			
Other current liabilities			
Advance payments	$ 2,518	($ 2,518)	$ -
Contract liabilities	-	2,518	2,518
January 1, 2017			
Current assets			
Contract assets	-	285,362	285,362
Notes and Account Receivables	468,086	(285,362)	182,724
Inventories	2,759	(1,512)	1,247
Contract performance costs	-	1,512	1,512
Current liabilities			
Other current liabilities			
Advance payments	8,022	(8,022)	-
Contract liabilities	-	8,022	8,022

IFRS 9 "Financial instruments" and related amendments

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

Classification, measurement, and impairment of financial assets

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

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

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

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

Effects on assets, liabilities and equity	Carrying amount before adjustment	Adjustment for first-time adoption	Carrying amount after adjustment
December 31, 2017			
Current assets			
Investment in debt instrument in non-active market - current	$ 434,620	($ 434,620)	$ -
Financial assets measured at amortized cost - current	-	434,620	434,620
Non-current assets			
Investment in debt instrument in non-active market - non-current	208,662	(208,662)	-
Financial assets measured at amortized cost - non-current	-	208,662	208,662
January 1, 2017			
Current assets			
Investment in debt instrument in non-active market - current	757,967	(757,967)	-
Financial assets measured at amortized cost - current	-	757,967	757,967
Current liabilities			
Investment in debt instrument in non-active market - non-current	30,000	(30,000)	-
Financial assets measured at amortized cost - non-current	-	30,000	30,000

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

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

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

Note 2: FSC permits companies to elect to an earlier application of such amendment beginning on or after January 1, 2018.

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

IFRS 16 "Leases"

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

Definitions of leases

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

Where the Company is the lessee

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

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

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

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

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

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

	December 31, 2018 Carrying amount	Adjustment for first-time adoption	January 1, 2019 Carrying amount after adjustment
Right-of-use assets	$ -	$ 343,507	$ 343,507
Impact of assets	$ -	$ 343,507	$ 343,507
Lease liabilities - current	$ -	$ 11,090	$ 11,090
Lease liabilities - non-current	-	332,417	332,417
Impact of liabilities	$ -	$ 343,507	$ 343,507
Retained earnings	$ -	$ -	$ -
Effect on equity	$ -	$ -	$ -

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

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

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

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

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

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

As of the date of authorization of the parent company only financial statements, the Company has continued to assess the effects of amendments to other standards and interpretations on financial status and performance. Related effects will be disclosed on completion of the assessment.

IV. Summarized Remarks on Significant Accounting Policies

(I) Statement of Compliance

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

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

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

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

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

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or a cash equivalent (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

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

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

(IV) Foreign currencies

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

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

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

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

The assets and liabilities of foreign operations (including subsidiaries at countries or using currencies different from the Company) are translated into New Taiwan Dollars at the rate of exchange prevailing on the balance sheet date. The income and expense items are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

(V) Inventories

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

(VI) Investment in subsidiary companies

The Company has adopted the equity method to account for investments in subsidiaries.

Subsidiaries are entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiary. In addition, changes in other equity of the subsidiary attributable to the Company shall be recognized in accordance with the Company's shareholding percentage.

When a change in the Company's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be accounted for as equity transaction. The difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company shall continue to recognize losses based on the shareholding percentage.

The excess of acquisition cost over the Company's share of the net fair value of the identifiable assets acquired and liabilities assumed of the subsidiary on the acquisition date is recognized as goodwill. The goodwill is included in the carrying amount of the investment and cannot be amortized. The excess of the Company’s share of the net fair value of the identifiable assets acquired and liabilities assumed of the subsidiary on the acquisition date over the acquisition cost shall be recognized as profit or loss of the period.

When the Company assesses impairment, the test shall be performed on the basis of cash generating unit within the financial statements. The recoverable amount and the carrying amount of cash generating unit shall be compared. If the recoverable amount of the asset later increases, the reversal of the impairment loss shall be recognized as profits, but the carrying amount of the asset after reversal of impairment loss may not exceed the carrying amount of the asset before recognizing the impairment loss, net of amortization. Impairment loss attributable to goodwill shall not be reversed in subsequent periods.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the parent company only financial statements. Profit or loss generated in upstream transactions between the Company and subsidiaries or transactions between subsidiaries shall only be recognized in the parent company only financial statements when it is not related to the Company's interest in the subsidiaries.

(VII) Investment in affiliate enterprises

Affiliate enterprises (referred to as "associate" in IFRS 10) are companies in which the Company has major influence but they are not its subsidiaries.

The Company follows the equity method for investment in affiliate enterprises.

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

The net fair value of the number of shares of identifiable assets acquired and liabilities assumed in the affiliate by the Company on the acquisition date will be considered as goodwill. The goodwill is included in the carryover amount of the investment and may not be amortized. The balance of shares that exceeds the acquisition cost will be shown as profit or loss in the current year.

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

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

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

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

Profit or loss in up- and downstream transactions between the Company and the affiliates or transactions between affiliates needs to be shown in the Parent Company Only Financial Report when they do not affect the interests of the Company or the affiliate.

(VIII) Property, plant and equipment

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

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

The depreciation of PP&E in its useful life is considered on straight-line basis and each major part/component will be shown independently. The Company shall conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods. The effects of changes in accounting estimates shall be applied prospectively.

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

(IX) Contract cost-related assets

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

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

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

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

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

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

(XI) Financial Instruments

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

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

1. Financial assets

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

(1) Measurement types

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

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

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

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

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

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

a. The interest income of a credit-impaired financial asset purchased or provided for the founding is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
b. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

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

(2) Impairment of financial assets and contract assets

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

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

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

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

(3) Derecognition of financial assets

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

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

2. Equity instruments

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

3. Financial liabilities

(1) Subsequent assessment

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

(2) Derecognition of financial liabilities

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

(XII) Cost provisions for restoration

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

(XIII) Revenue recognition

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

1. Revenue from waste disposal

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

2. Revenue from contaminated and illegal dump sites cleanup

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

(XIV) Leases

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

(XV) Employee benefits

1. Short-term employee benefits

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

2. Benefits after retirement

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

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

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

(XVI) Income tax

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

1. Current income tax

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

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

2. Deferred income tax

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

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

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

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

3. Current and deferred income tax of the period

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

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

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

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

Estimates of cost provisions for restoration

The Company recognizes cost provisions for restoration based on the number of tons of waste processed every month. The associated measurement and recognition are described in Note 4(12) and the Company regularly reviews the reasonableness of those estimates. However, the maintenance time and characteristics of intermediate treatment solidification plants may require additional provisions in the future due to changes in the environmental laws and regulations and plant environment. Please refer to Note 15 for the carrying amount of cost provisions for restoration.

VI. Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand	$ 73	$ 73
Checking accounts and demand deposits	153,064	49,357
Cash equivalents		
Bank time deposit with original maturity date within 3 months	14,652	377,500
Bonds with repurchase agreement	100,000	47,000
	$ 267,789	$ 473,930

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

	December 31, 2018	December 31, 2017
Bank time deposit with original maturity date within 3 months	0.60% - 0.64%	0.42% - 0.66%
Bonds with repurchase agreement	0.37%	0.35%

VII. Management of Credit Risks of Investments in Debt Instruments

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

	December 31, 2018	December 31, 2017
Bank time deposit with original maturity date over 3 months	$ 258,069	$ 643,282
Current	$ 104,768	$ 434,620
Non-current	153,301	208,662
	$ 258,069	$ 643,282

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

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

The financial institutions that conduct business transactions with the Company have normal credit ratings and exhibit no signs of irregularities or defaults. As the financial institutions that conduct business transactions with the Group have low credit risks and have sufficient capacity to repay contractual cash flows, the expected credit loss basis was based on an expected credit impairment evaluation and the expected credit loss rate were 0%. The credit risks as of December 31, 2018 and 2017 have remained unchanged.

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

	December 31, 2018	December 31, 2017
Bank time deposit with original maturity date over 3 months	0.3% - 1.09%	0.3% - 1.09%

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

VIII. Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 11,063	$ 9,114
Accounts receivable	291,723	189,981
	302,786	199,095
Less: Allowance for losses	(1,051)	(2,024)
	$ 301,735	$ 197,071

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

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

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

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

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

December 31, 2018

	Government authorities	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Overdue for more than 365 days	Total
Overdue credit loss rate	0%	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 198,234	$ 103,175	$ 1,377	$ -	$ -	$ -	$ 302,786
Allowance for losses (lifetime expected credit losses)	-	(1,037)	(14)	-	-	-	(1,051)
Amortized cost	$ 198,234	$ 102,138	$ 1,363	$ -	$ -	$ -	$ 301,735

December 31, 2017

	Government authorities	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Overdue for more than 365 days	Total
Overdue credit loss rate	0%	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 2,040	$ 196,087	$ 968	$ -	$ -	$ -	$ 199,095
Allowance for losses (lifetime expected credit losses)	-	(2,005)	(19)	-	-	-	(2,024)
Amortized cost	$ 2,040	$ 194,082	$ 949	$ -	$ -	$ -	$ 197,071

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

	January 1 to December 31, 2018	January 1 to December 31, 2017
Opening balance	$ 2,024	$ 4,447
Less: Reversed impairment loss in this period	(973)	(2,423)
Ending balance	$ 1,051	$ 2,024

As of December 31, 2018 and 2017, the impairment loss recognized was the difference between the carrying amount of accounts receivable and the present value of expected recoverable amount upon liquidation. The Company did not hold any collaterals for the aforementioned accounts receivable.

(II) Receivables from material customers

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

	December 31, 2018	December 31, 2017
Customer A	$ 40,146	$ -
Customer B	101,762	120,141
Customer C	52,470	-
	$ 194,378	$ 120,141

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

IX. Equity-accounted investments

	December 31, 2018	December 31, 2017
Investee	$ 3,649,391	$ 3,653,354
Investment in affiliate enterprises	644,198	-
	$ 4,293,589	$ 3,656,354

(I) Investment in subsidiary companies

	December 31, 2018	December 31, 2017
Unlisted companies		
Da Tsang Industrial Company Limited	$ 2,162,228	$ 2,243,036
Chi Wei Company Limited	1,115,107	1,051,010
Cleanaway Enterprise Company Limited	232,615	232,099
Kang Lien Enterprise Company Limited	77,387	68,983
Cleanaway Investment Company Limited	46,177	46,695
CCL Investment Holding Company Limited	15,877	14,531
	$ 3,649,391	$ 3,656,354

1. The Company's ownership and voting right, either directly or indirectly, over each subsidiary were 100% on each balance sheet date.
2. The Company increased its investment in CCL Investment Holding Company Limited in the 2018 and 2017, totaling RMB 3,142 thousand and RMB 3,448 thousand, respectively (equivalent to NT$14,640 and NT$15,070 thousand, respectively).

3. (1) Shares of profits (losses) of subsidiaries accounted for using equity method for 2018 and 2017 were as follows:

	2018	2017
Da Tsang Industrial Company Limited	$ 818,602	$ 1,001,699
Chi Wei Company Limited	302,226	264,588
Cleanaway Enterprise Company Limited	516	364
Kang Lien Enterprise Company Limited	11,324	2,781
Cleanaway Investment Company Limited	(2,990)	(3,483)
CCL Investment Holding Company Limited	(7,845)	(7,524)
	$ 1,121,833	$ 1,258,425

(2) Shares of other comprehensive income (losses) of subsidiaries accounted for using equity method for 2018 and 2017 were as follows:

	2018	2017
Kang Lien Enterprise Company Limited	($ 28)	$ 489

The shares of profits (losses) and other comprehensive income (losses) of subsidiaries accounted for using equity method for 2018 and 2017 were recognized based on the subsidiaries' audited financial statements for the same periods.

4. Cash dividends received from subsidiaries for 2018 and 2017 were as follows:

	2018	2017
Da Tsang Industrial Company Limited	$ 901,529	$ 858,465
Chi Wei Company Limited	238,129	222,327
Kang Lien Enterprise Company Limited	2,892	6,452
	$ 1,142,550	$ 1,087,244

5. As of December 31, 2018 and 2017, the accumulated exchange differences on translation of foreign operations recognized by subsidiaries were as follows:

	December 31, 2018	December 31, 2017
Cleanaway Investment Company Limited	($ 105)	$ 90
Da Tsang Industrial Company Limited	(1,036)	(869)
CCL Investment Holding Company Limited	(774)	(278)
	($ 1,915)	($ 1,057)

(II) Investment in affiliate enterprises

	December 31, 2018	December 31, 2017
Investment in affiliate enterprises		
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	$ 644,198	$ -

Company name	Main businesses	Main place of business	Shareholding and voting rights ratio December 31, 2018	Shareholding and voting rights ratio December 31, 2017
Cleanaway SUEZ	Waste disposal	Kaohsiung	29%	-

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

1. The financial information of Cleanaway SUEZ is summarized as follows:

	December 31, 2018
Current assets	$ 127,959
Non-current assets	634,132
Current liabilities	(15,012)
Non-current liabilities	(17,087)
Equity	$ 729,992
Company shareholding ratio	29%
Equity attributable to the Company	$ 211,698
Investment premiums	432,500
Investment carrying amount	$ 644,198

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

2. The Company's share of losses in affiliate enterprises accounted for using the equity method in 2018 amounted to NT$5,802 thousand. The amount is recognized based on the affiliate enterprises' audited financial statements for the same periods.

X. Property, plants and equipment

	Land	Buildings and structures	Machinery and equipment	Laboratory equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Costs									
Balance as of January 1, 2018	$ 139,770	$ 335,584	$ 42,602	$ 5,284	$ 30,818	$ 27,996	$ 30,870	$ 25,820	$ 638,744
Additions	-	12,885	3,042	4,993	-	2,109	638	72,277	95,944
Decrease	-	-	(2,380)	(351)	(1,120)	(374)	-	-	(4,225)
Reclassification	722,806	85,645	3,525	10,983	2,090	10,581	7,079	(91,849)	750,860
Balance at December 31, 2018	$ 862,576	$ 434,114	$ 46,789	$ 20,909	$ 31,788	$ 40,312	$ 38,587	$ 6,248	$1,481,323
Accumulated depreciation									
Balance as of January 1, 2018	$ -	$ 86,861	$ 35,682	$ 3,438	$ 28,974	$ 3,873	$ 7,602	$ -	$ 166,430
Depreciation	-	12,016	2,664	2,353	1,804	2,679	1,854	-	23,370
Decrease	-	-	(2,380)	(351)	(1,120)	(374)	-	-	(4,225)
Balance at December 31, 2018	$ -	$ 98,877	$ 35,966	$ 5,440	$ 29,658	$ 6,178	$ 9,456	$ -	$ 185,575
Net amount as of December 31, 2018	$ 862,576	$ 335,237	$ 10,823	$ 15,469	$ 2,130	$ 34,134	$ 29,131	$ 6,248	$1,295,748
Costs									
Balance as of January 1, 2017	$ 139,770	$ 115,790	$ 38,114	$ 3,470	$ 32,778	$ 5,570	$ 34,438	$ 198,425	$ 568,355
Additions	-	8,931	5,000	1,814	-	2,560	424	43,087	61,816
Decrease	-	-	(817)	-	(1,960)	(3,183)	(3,670)	-	(9,630)
Reclassification	-	210,863	305	-	-	23,049	3,978	(215,692)	22,503
Transferred to other non-current assets	-	-	-	-	-	-	(4,300)	-	(4,300)
Balance at December 31, 2017	$ 139,770	$ 335,584	$ 42,602	$ 5,284	$ 30,818	$ 27,996	$ 30,870	$ 25,820	$ 638,744
Accumulated depreciation									
Balance as of January 1, 2017	$ -	$ 76,105	$ 34,082	$ 3,043	$ 26,686	$ 5,016	$ 9,351	$ -	$ 154,283
Depreciation	-	10,756	2,400	395	4,248	1,851	1,849	-	21,499
Decrease	-	-	(800)	-	(1,960)	(2,994)	(3,598)		(9,352)
Balance at December 31, 2017	$ -	$ 86,861	$ 35,682	$ 3,438	$ 28,974	$ 3,873	$ 7,602	$	$ 166,430
Net amount as of December 31, 2017	$ 139,770	$ 248,723	$ 6,920	$ 1,846	$ 1,844	$ 24,123	$ 23,268	$ 25,820	$ 472,314

(I) The increase of NT$750,860 and NT$22,503 in reclassified accounts in 2017 consisted of converted prepayments on purchase of land and equipment.

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

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

(IV) PP&E are depreciated based on the straight-line method in accordance with the following useful life:

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

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

XI. Other assets

	December 31, 2018	December 31, 2017
Guarantee deposits paid	$ 33,112	$ 15,614
Tax overpaid retained	18,188	-
Advance equipment expenses	500	15,432
Restricted bank deposits (Note 26)	3	3
Others	15,025	8,614
	$ 66,828	$ 39,663
Current	$ 28,916	$ 4,317
Non-current	37,912	35,346
	$ 66,828	$ 39,663

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

Changes in prepaid equipment are as follows:

	2018	2017
Balance, beginning of year	$ 15,432	$ 11,099
New addition in the year	735,928	26,892
Transferred to real estate, plant and equipment this year	(750,860)	(22,503)
Reclassified to operating expenses	-	(56)
Balance, end of year	$ 500	$ 15,432

XII. Loans

(I) Short-term loans

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

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

(II) Long-term loans

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

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

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

XIII. Accounts payable

	December 31, 2018	December 31, 2017
Accounts payable	$ 9,960	$ 12,885

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

XIV. Other liabilities

	December 31, 2018	December 31, 2017
Accrued employee compensation/bonus	$ 101,868	$ 100,397
Accrued excavation cost	88,104	31,547
Accrued remuneration to directors and supervisors	35,000	35,000
Payables on equipment	18,241	3,214
Accrued maintenance cost	14,035	6,712
Accrued salaries	10,979	5,346
Accrued waste clean-up and transport expense	8,307	3,819
Payable entertainment expenses	5,906	2,981
Payable leave benefits	2,902	3,222
Payable professional service fees	2,667	1,829
Business tax payable	2,506	2,163
Other accrued expenses	7,936	7,966
	$ 298,451	$ 204,196

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

	December 31, 2018	December 31, 2017
Other current liabilities		
Contract liabilities (Note 18)	$ 1,921	$ 2,518
Withheld taxes, etc.	467	489
Receipts under custody, etc.	31	2
	$ 2,419	$ 3,009

XV. Cost provisions for restoration

	2018	2017
Balance, beginning of year	$ 6,442	$ 6,143
Add: Cost provisions for restoration recognized during the year	332	299
Balance, end of year	$ 6,774	$ 6,442

The cost provisions for restoration recognized under operating costs based on the number of tons of solidification processed for 2018 and 2017 was NT$332 thousand and $299 thousand, respectively. The accounts are listed under operating costs.

XVI. Benefit plan after retirement

(I) Defined contribution plans

The pension system of the "Labor Pension Act" applicable to the Company is a defined contribution plan under government administration. The Company contributes 6% of employees' monthly salaries to their personal accounts at the Bureau of Labor Insurance.

(II) Defined benefit plans

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

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

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 26,665	$ 28,172
Fair value of plan assets	(9,175)	(9,698)
Net defined benefit liabilities	$ 17,490	$ 18,474

Changes in net defined benefit liabilities were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2017	$ 26,920	($ 8,978)	$ 17,942
Cost of service in the current period	28	-	28
Interest expenses (income)	377	(126)	251
Recognized in profit or loss	405	(126)	279
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	35	35
Actuarial losses - Changes in financial assumptions	730	-	730
Actuarial losses - Adjustments based on history	117	-	117
Recognized in other comprehensive income	847	35	882
Employer contribution	-	(629)	(629)
December 31, 2017	28,172	(9,698)	18,474
Cost of service in the current period	30	-	30
Interest expenses (income)	310	(107)	203
Recognized in profit or loss	340	(107)	233
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(273)	(273)
Actuarial losses - Changes in financial assumptions	453	-	453
Actuarial losses - Adjustments based on history	(779)	-	(779)
Recognized in other comprehensive income	(326)	(273)	(599)
Benefits payment	(1,521)	1,521	-
Employer contribution	-	(618)	(618)
December 31, 2018	$ 26,665	($ 9,175)	$ 17,490

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

	2018	2017
Operating costs	$ 117	$ 140
Management expenses	116	139
	$ 233	$ 279

The Company is exposed to the following risks due to the pension system of the "Labor Standards Act":

1. Investment risks: The Bureau of Labor Funds of the Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the

Company shall not be lower than interest on a two-year time deposit at a local bank.

2. Interest rate risk: A decrease in interest rates of government bonds will increase the present value of defined benefit obligations but it will also increase the return on investment of debts for the assets of the plan. The two items partially cancel each other out with regard to their influence to net defined benefit liabilities.
3. Salary risk: The present value of defined benefit obligations is calculated based on the future salaries of members of the plan. Therefore, an increase in salaries of the members of the plan will cause the present value of defined benefit obligations to increase.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. Major assumptions on the measurement date were as follows:

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

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

	December 31, 2018	December 31, 2017
Discount rate		
Increase of 0.25%	($ 565)	($ 610)
Decrease by 0.25%	$ 583	$ 631
Expected growth rate of salaries		
Increase of 0.25%	$ 504	$ 550
Decrease by 0.25%	($ 491)	($ 536)

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

	December 31, 2018	December 31, 2017
Expected appropriation amount within 1 year	$ 602	$ 613
Average maturity period of defined benefit obligations	10	11

XVII. Equity

(I) Capital

Common stocks

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

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

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

(II) Capital surplus

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

Retained earnings and dividend policy

The amended earning appropriation policy in the Articles of Incorporation provides that the Company shall use the earnings for year, if any, to pay for all taxes first and offset accumulated losses. Next, it shall allocate 10% of the remaining balance as legal surplus reserve. However, no additional legal surplus reserve shall be appropriated once it reaches the Company's paid-in capital. Special reserve shall then be appropriated or reversed from the balance pursuant to relevant laws and regulations. The Board of Directors shall draft the proposal for appropriation of earnings based on the remaining balance, if any, combined with accumulated unappropriated earnings and submit it to the shareholders' meeting for resolution on bonus to shareholders. Please refer to Note 19(3) Employee remuneration and remuneration for Directors and Supervisors for the distribution policy for remuneration for employees, Directors, and Supervisors in the Articles of Incorporation of the Company.

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

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

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

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

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

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

XVIII. Revenue

	2018	2017
Revenue from contracts with customers		
Revenue from waste disposal	$ 1,073,127	$ 731,954
Revenue from contaminated and illegal dump sites cleanup	359,876	118,965
Other income	2,476	2,518
	$ 1,435,479	$ 853,437

Please refer to explanation in Note 4(13) for the explanation of revenue from main labor services and timing for satisfying material contract performance obligations. Except for contracts for contaminated and illegal dump sites cleanup for which payment can only be requested once the customer completes stages of acceptance inspections, payment requests for other waste processing and removal are processed based on agreed payment cycles upon the completion of clean-up and transport services.

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

(I) Contract balance

	December 31, 2018	December 31, 2017
Notes and accounts receivable (Note 8)	$ 302,786	$ 199,095
Contract assets - current		
Contaminated and illegal dump site cleanup	$ 181,612	$ 42,862
Waste disposal	15,437	-
	$ 197,049	$ 42,862
Contract assets - non-current		
Contaminated and illegal dump site cleanup	$ 15,448	$ -
Waste disposal	10,365	-
	$ 25,813	$ -
Contract liabilities - current		
Waste disposal	$ 1,921	$ 2,518

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

(II) Contract cost-related assets

	December 31, 2018	December 31, 2017
Contract performance costs		
Prepaid excavation cost	$ 29,241	$ 3,082
Solidification processing cost	3,012	2,212
Waste clean-up and transport cost	1,450	881
	$ 33,703	$ 6,175

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

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

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

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

XIX. Net income

Net income for the period consists of the following items:

(I) Depreciation

	2018	2017
Summarized by functions		
Operating costs	$ 15,552	$ 15,354
Operating expenses	7,818	6,145
	$ 23,370	$ 21,499

(II) Employee benefit expenses

	2018	2017
Benefits after retirement (Note 16)		
Defined contribution plans	$ 3,340	$ 3,390
Defined benefit plans	233	279
	3,573	3,669
Salary expenses	158,133	156,582
Employee insurance premiums	7,290	7,412
Other employee benefits	3,526	2,770
Total employee benefit expenses	$ 172,522	$ 170,433
Summarized by functions		
Operating costs	$ 44,293	$ 50,146
Operating expenses	128,229	120,287
	$ 172,522	$ 170,433

(III) Remuneration for employees, Directors and Supervisors

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

Estimated ratio

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

Amount

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

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

The actual employee compensation and remuneration to directors and supervisors in 2017 and 2016 were consistent with the recognized amounts in the parent company only financial statements for 2017 and 2016.

Please refer to the "Market Observation Post System" of Taiwan Stock Exchange for information on the Company's employee remuneration and remuneration for Directors and Supervisors passed in the 2019 and 2018 Board of Directors meeting.

XX. Income tax

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

	2018	2017
Current income tax		
Generated in the current year	$ 63,669	$ 23,736
Surtax on unappropriated retained earnings	2,943	4,185
Adjustments of previous years	525	7
	67,137	27,928
Deferred income tax		
Generated in the current year	74	(1,076)
Tax rate variation	(641)	-
	(567)	(1,076)
Income tax expenses recognized in profit or loss	$ 66,570	$ 26,852

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

	2018	2017
Pre-tax profit	$ 1,387,180	$ 1,390,350
Income tax expense calculated as the product of income before income tax and the statutory tax rate	$ 277,436	$ 236,360
Unrealized share of profits of subsidiaries accounted for using equity method	(223,206)	(213,932)
Unrecognized deductible temporary difference	(1)	-
Non-deductible expenses	9,514	7,099
Tax-exempted income	-	(5,800)
Surtax on unappropriated retained earnings	2,943	4,185
Adjustments on current income tax expenses of prior periods in current period	525	7
Tax rate variation	(641)	-
Applicable tax rate adjustment of deferred income tax assets at beginning of period	-	(1,067)
Income tax expenses recognized in profit or loss	$ 66,570	$ 26,852

The Company's applicable tax rate in 2017 was 17%. The Income Tax Act of the Republic of China amended in February 2018 adjusted the business income tax rate from 17% to 20%. The amendment was implemented in 2018. In addition, the applicable tax rate for undistributed earnings in 2018 shall be reduced from 10% to 5%.

As there are uncertainties in the earnings appropriation in the 2019 general shareholders meeting, the potential income tax impact for the 5% income tax imposed on unappropriated earnings of 2018 cannot be reliably determined.

(II) Income tax expenses recognized in other comprehensive income

	2018	2017
Deferred income tax income		
Recognized in other comprehensive income		
- Remeasurements of defined benefit plans	$ 83	$ 443

(III) Current income tax liabilities

	December 31, 2018	December 31, 2017
Income tax payable	$ 54,209	$ 9,757

(IV) Deferred income tax assets

Changes in deferred income tax assets were as follows:

2018

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences				
Defined benefits retirement plans	$ 3,140	$ 275	$ 83	$ 3,498
Cost provisions for restoration	1,095	260	-	1,355
Payable leave benefits	548	32	-	580
	$ 4,783	$ 567	$ 83	$ 5,433

2017

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

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

	December 31, 2018	December 31, 2017
Investment in subsidiary companies	$ 49,366	$ 41,521

(VI) The Company enjoys a five-year tax exemption for capital increase and expansion project in 2017:

Expansion Project	Tax-exempted period
Official Letter Gong-Yong No. 09900127530 from Ministry of Economic Affairs, Industrial Development Bureau approved the expansion investment plans of environmental protection technology services (waste disposal)	July 1, 2012 to June 30, 2017

(VII) The Company’s income tax returns through 2016 have been assessed by the tax authorities.

XXI. Earnings per share (EPS)

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

Net income

	2018	2017
Net profit used for the calculation of basic EPS	$ 1,320,610	$ 1,363,498
Net profit used for the calculation of diluted EPS	$ 1,320,610	$ 1,363,498

Number of shares (in thousands)

	2018	2017
Weighted average number of common stocks used for the calculation of basic EPS	108,888	108,888
Effect of dilutive potential common stocks:		
Employee remuneration	327	306
Weighted average number of common stocks used for the calculation of diluted EPS	109,215	109,194

If the Company can choose between stocks and cash for the appropriation of employee compensation, it shall assume the employee compensation would be appropriated in stocks for the calculation of diluted EPS. The dilutive potential common stocks shall be incorporated in the weighted average number of stocks outstanding when calculating the diluted EPS. The dilutive effect of such potential common stocks shall continue to be considered when calculating the diluted EPS before resolving the number of stocks to be distributed as employee compensation in the following year.

XXII. Operating lease agreements

Operating leases are mainly for leasing cars for business use and offices for operation. Except for items below, the lease term is 1 to 5 years. The Company does not have the right of first refusal regarding the aforementioned lease object at the end of lease term.

Considering the gradual increase in business scale and employee number, the Company leased 15 lots of land, including parcel number 184 at Dade Section, Gangshan District, Kaohsiung City from Ho Tsang Co., Ltd. on May 31, 2013 (Please refer to Note 27 for unrecognized contract commitment concerning the construction of operation offices). The monthly rent is originally set at NT$613 thousand which will be adjusted based on the percentage of change in the Consumer Price Index (at all-item level) of the month released by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan every 2 years from the inception of lease. If the changes exceed 5%, the rent will be adjusted by 5%. The lease term is 20 years, which starts on June 1, 2013 and ends on May 31, 2033. The lease can be renewed with the original conditions at the end of lease term. The agreement regarding building constructed on the leased land would be renew if both parties can reach consensus at the end of lease term. If the Company decides against renewing the agreement, the building would be transferred to Ho Tsang Co., Ltd. without consideration. If Ho Tsang Co., Ltd. terminates the lease agreement before the end of lease term during 55 years, it shall compensate the Company of the net book value of the building.

As of December 31, 2018 and 2017, the guarantee deposits paid by the Company to the operating lease agreements amounted to NT$4,710 thousand and NT$2,360 thousand, respectively. In addition, as of December 31, 2018 and 2017, the post-dated checks issued for rents payable of every period and delivered to lessors of the operating leases amounted to NT$6,542 thousand and NT$3,704 thousand, respectively.

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

	December 31, 2018	December 31, 2017
No more than 1 year	$ 14,790	$ 11,680
More than 1 year but no more than 5 years	38,682	33,588
More than 5 years	75,604	76,696
	$ 129,076	$ 121,964

XXIII. Capital risk management

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

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

XXIV. Financial instruments

(I) Information on fair value and categories of financial instruments

All financial instruments of the Company are financial assets (liabilities) measured at amortized cost instead of fair value.

The Company's management believes that the carrying amounts of financial assets (cash and cash equivalents, financial asset measured at amortized cost, notes and accounts receivable, other accounts receivable - related, and guarantee deposits paid) and financial liabilities (accounts receivable, accounts receivable - related parties, other receivables, other receivables - related parties, and guarantee deposits received) not measured at fair value are close to their fair values.

(II) Financial risk management objectives and policy

The Company's main financial instruments include cash and cash equivalents, contract assets, financial assets measured at amortized cost, notes and accounts receivable, accounts receivable - related parties, other accounts receivable - related parties, guarantee deposits paid (received), accounts payable, accounts payable - related parties, other payables, and other payables - related parties. The finance management department of the Company provides services to business units and coordinates operations in the domestic and overseas financial markets by supervising internal risk exposure reports and managing financial risks related to the operations of the Company in accordance with the risk level and breadth analyses. Such risks include market risk, credit risk and liquidity risk.

The finance and business departments regularly submit reports to the management of the Company. The management would carry out risk monitoring and policy implementation based on its duties and responsibilities to diminish the risk exposures.

1. Market risks

(1) Foreign exchange risk

There is no significant foreign exchange risk as the Company mainly operates in Taiwan and the functional currency is New Taiwan Dollars. The Company invests in Cleanaway (Shanghai) Company Limited and Cleanaway Zoucheng Co., Ltd. indirectly. As those companies are located in Mainland China, their functional currency is Renminbi. Their exposure to foreign exchange risk is not significant as their main operations involve the preparation for development in environmental market in China.

(2) Interest rate risk

The interest rate risks derive mainly from the borrowing of funds by the Company on floating interest rates. Loans with fixed interest rates exposes the Company to fair-value interest rate risks. However, parts of the risks are offset with term deposit certificates with fixed interest rates pledged for business activities. Loans with floating interest rates exposes the Company to cash flow interest rate risks. However, parts of the risks are offset with cash and cash equivalents held at floating interest rates. The nominal value of financial assets exposed to interest rate and the nominal value of financial liabilities of the Company on the balance sheet date are as follows:

	December 31, 2018	December 31, 2017
Interest rate risks with fair value		
- Financial assets	$ 291,181	$ 658,896
- Financial liabilities	150,000	-
Interest rate risks with cash flow		
- Financial assets	267,716	473,857
- Financial liabilities	200,000	-

Sensitivity Analysis

The sensitivity analysis below is based the Group's exposure to interest rate risk on the balance sheet date. For assets and liabilities based on floating interest rates, the analysis method assumes the assets and liabilities in external circulation on the reporting date remain so throughout the year. With regard to the evaluation of the possible range of changes to the interest rate, if the interest rate increases or decreases by 1% while all other variables remain unchanged, the Company’s net profit before tax in 2018 and 2017 will increase by NT$677 thousand or decrease by NT$4,739 thousand, respectively.

2. Credit risk

Credit risks refer to risks that cause financial loss of the Company due to the counterparty's delay in performing contractual obligations.

Credit risks of the Company are concentrated on customers of large projects (please refer to Note 8(2)). As of December 31, 2017 and 2016, notes and accounts receivable generated from aforementioned customers accounted for 64% and 60% of the overall notes and accounts receivable balance, respectively. The share of such notes and accounts is high. However, considering the progress of construction and good credit ratings of counterparties, there was no significant credit risk.

3. Liquidity risk

The Company supports its business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash and cash equivalents. In response to the Company's new investment plans starting from July 2018, the Company's management has supervised bank financing conditions and ensured compliance with loan contracts. Financing and loans from banks are regarded as an important source for maintaining liquidity.

(1) Table of liquidity and interest rate risks of non-derivative financial liabilities

The maturity analysis of remaining contracts of non-derivative financial liabilities is based on the earliest possible date on which the Company may be required to make repayments and the undiscounted cash flows of financial liabilities (including principal and estimated future interest). Therefore, the Company may be requested to immediately return bank loans in the earliest period specified in the table below without considering the probability of bank's immediate execution of such rights. Maturity analysis of other non-derivative financial liabilities shall be prepared in accordance with the agreed repayment date.

December 31, 2018

	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years
Non-interest-bearing liabilities	$ 647,939	$ -	$ -
Floating interest rate instruments	2,511	17,487	190,033
Fixed interest rate instruments	150,241	-	-
	$ 800,691	$ 17,487	$ 190,033

(2) Financing Limit

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

XXV. Significant Related Party Transactions

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

(I) The names and relationships of the related parties

Related Party	Relations with the company
Da Tsang Industrial Company Limited (Da Tsang)	Subsidiary
Kang Lien Enterprise Company Limited (Kang Lien Enterprise)	Subsidiary
Da Ning Co. Ltd. (Da Ning)	Sub-subsidiary
Chi Wei Company Limited (Chi Wei)	Subsidiary
Cleanaway Investment Company Limited (Cleanaway Investment)	Subsidiary
Chase Environmental Co., Ltd. (Chase)	Affiliate enterprise
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	Affiliate enterprise
Ho Tsang Co., Ltd. (Ho Tsang)	The spouse of the Company's chairman is the chairman of the company
MHS Technology Co., Ltd. (MHST)	Chairman of the Company is a second-degree relative of the company's chairman

(II) Significant transactions with related parties

1. Accounts receivable - related parties

	December 31, 2018	December 31, 2017
Cleanaway SUEZ	$ 336	$ -
Chase	159	-
	$ 495	$ -

Refers to the Company's payments for revenue from waste disposal that have not been recovered as of the end of the period.

Collateral is not provided for receivables from related parties in external circulation. Allowances for bad debts for receivables from related parties have not been appropriated as of December 31, 2018 and 2017.

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

	December 31, 2018	December 31, 2017
Da Ning	$ 9,616	$ -
Chi Wei	4,627	3,257
Da Tsang	2,465	6,574
Kang Lien	1,451	1,419
	$ 18,159	$ 11,250

Other receivables - related parties consist of the Company's receivables from affiliate companies for the amortization of management expenses.

3. Accounts payable - related parties

	December 31, 2018	December 31, 2017
Chi Wei	$ 28,924	$ 38,138
Da Ning	20,818	-
Kang Lien	1,917	3,870
Da Tsang	-	92,029
	$ 51,659	$ 134,037

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

4. Other accounts payable - related parties (excluding loans from related parties)

	December 31, 2018	December 31, 2017
Cleanaway Investment	$ 959	$ -

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

5. Operating revenue

	2018	2017
Cleanaway SUEZ	$ 336	$ -
Chase	159	-
	$ 495	$ -

The accounts are the Company's operating revenue from performing waste disposal on behalf of Cleanaway SUEZ and Chase which are calculated based on non-related parties' pricing.

6. Landfill expenses (recognized under operating costs)

	2018	2017
Chi Wei	$ 187,450	$ 170,794
Da Ning	154,739	-
Da Tsang	74,846	89,506
	$ 417,035	$ 260,300

Landfill expense incurred from Chi Wei for the disposal of treated industrial waste and thermal desorbed waste. Such transactions are all processed by the aforementioned related parties, and, therefore, there is no comparative price from third parties.

Landfill expenses incurred from Da Ning and Da Tsang for the disposal of general waste due to contaminated and illegal dump site cleanup. All such transactions were processed by the aforementioned related parties; therefore, there is no comparative price from non-related parties.

7. Clean-up and transport expenses (recognized under operating costs)

	2018	2017
Kang Lien	$ 14,775	$ 14,376
Da Ning	12,883	-
Chi Wei	9,372	8,540
Da Tsang	7,216	6,564
	$ 44,246	$ 29,480

Those are clean-up and transport expenses incurred from related parties. Such costs are calculated based on non-related parties' pricing according to cleaning quantity and transport distance.

8. Labor service expenses (recognized under operating expenses)

	2018	2017
Cleanaway Investment	$ 4,983	$ -

Refers to corporate management consultation services provided to the Company. It is a unique transaction with no comparative price from non-related parties.

9. Rental expense (recognized under operating expense)

	2018	2017
Ho Tsang	$ 7,356	$ 7,356

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

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

	2018	2017
Da Ning	$ 50,557	$ -
Chi Wei	44,738	31,487
Da Tsang	31,746	59,734
Kang Lien	15,741	14,256
	$ 142,782	$ 105,477

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

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

	2018				
Related party	Actual expenditure Highest balance in the current year	Actual expenditure Ending balance	Annual interest rate Range	Interest in the current period Earnings	End-of-period accounts receivable Interest (accounts other receivables - related parties)
Da Ning	$ 250,000	$ -	1%	$ 1,467	$ -

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

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

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

	2018				
Related party	Actual expenditure Highest balance in the current year	Actual expenditure Ending balance	Annual interest rate Range	Interest in the current period Fees	End-of-period accounts payable Interest (recognized under other payables - related parties)
Da Tsang	$ 300,000	$ 300,000	1%	$ 921	$ 255
Chi Wei	140,000	140,000	1%	430	119
		$ 440,000		$ 1,351	$ 374

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

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

The company purchased solar energy equipment from MHST at the cost NT$530 thousand. The Company paid NT$106 thousand and NT$424 thousand respectively in 2015 and 2017. Upon completion of acceptance inspections in 2017, the prepaid equipment expenses were transferred to property, plant and equipment. The transaction terms were not significantly different from non-related-party transactions.

14. Remuneration to key management

Remuneration to Directors and key management was as follows:

	2018	2017
Remuneration of Directors	$ 32,400	$ 32,400
Short-term employee benefits		
Salaries	14,760	14,760
Bonus and compensation	35,130	40,260
Benefits after retirement		
Defined contribution	257	648
Defined benefits	648	257
Transportation expenses	290	250
	$ 83,485	$ 88,575

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

XXVI. Pledged assets

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

	December 31, 2018	December 31, 2017
Pledged time deposit certificates (recognized under financial assets measured at amortized cost)		
- current	$ 103,898	$ 28,090
- non-current	149,845	208,662
Restricted bank deposits (Reserve account, Recognized under other current assets)		
- current	3	3
Land	722,806	-

XXVII. Significant Contingent Liabilities and Unrecognized Contract Commitments

Unrecognized contract commitments of the Company were as follows:

	December 31, 2018	December 31, 2017
Acquisition of property, plant and equipment (for construction of offices for operations)	$ 45,589	$ 5,066

XXVIII. Subsequent events

(I) The Company established Cleanaway Energy Co., Ltd. (Cleanaway Energy) based on the approval of the competent authority on January 16, 2019 to expand environmental protection businesses. The Company acquired 100% of total outstanding shares of Cleanaway Energy totaling 2,000 thousand shares with a total investment of NT$20,000 thousand. Cleanaway Energy Co., Ltd. is responsible for preliminary preparatory tasks for the development of land for environmental protection business operations in Guanyin District, Taoyuan City owned by the Company.

(II) The Company invested in Chung Tai Resource Technology Corp. (Chung Tai) in February 2019 to expand environmental protection businesses. The Company acquired 20.02% of total outstanding shares of Chung Tai totaling 15,600 thousand shares with a total investment of NT$374,400 thousand. Chung Tai's main business operations include waste resource recycling and industrial waste disposal services.

XXIX. Additional Disclosures

Information on

(I) Significant Transactions and

(II) Investees:

1. Financings provided (Table 1)
2. Endorsements/guarantees provided to others (None)
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
4. Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital (Table 2)
5. Acquisition of real estate at price in excess of NT$300 million or 20% of the paid-in capital (Table 3)
6. Disposal of real estate at price in excess of NT$300 million or 20% of the paid-in capital (None)
7. Purchases and sales with related parties in excess of NT$100 million or 20% of the paid-in capital (Table 4)
8. Amount of receivable from related parties in excess of NT$100 million or 20% of its paid-in capital (None)
9. Derivative financial instrument transactions (None)
10. Information on investees (Table 5)

(III) Information on Investments in Mainland China:

1. China investees' names, business items, amounts of paid-in capital, investment methods, capital transaction conditions, shareholding ratios, investment gains and losses, the ending investment book value, investment income repatriation and limits of investment in China (Table 6)
2. Significant transactions with China investees through direct or indirect third region, and their prices, terms of payment, unrealized gains and losses: (Table 6)
   (1) Purchase amount and percentage, and the ending balance and percentage of payables.
   (2) Sales amount and percentage, and the ending balance and percentage of receivables.
   (3) Property transaction amount and the resulting gain or loss.
   (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
   (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.
   (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.

Cleanaway Company Limited
Lending to Others
January 1 to December 31, 2018

Table 1

Unit: NT$1,000
Unless Otherwise Specified

No.	Lender company	Borrower	Transaction item	Related party status	Highest balance in the current year	Ending balance	Actual drawdown	Interest rate range	Nature of loan	Amount arising from ordinary course of business	Reason for short-term financing	Listed allowances for bad debts	Collateral		Limitation on financing loans for individual entities (Note 1)	Total limit for loans (Note 1)	Notes
													Name	Value			
0	Cleanaway Company Limited	Da Ning Co. Ltd.	Other receivables - related parties	Yes	$ 250,000	$ -	$ -	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 2,213,524 (Note 2)	$ 2,213,524 (Note 2)	
1	Da Tsang Industrial Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	35,000	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	13,416 (RMB 3,000 thousand)	13,416 (RMB 3,000 thousand)	13,416 (RMB 3,000 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	50,000	50,000	38,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	50,000	50,000	50,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	250,000	250,000	250,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	864,891 (Note 3)	864,891 (Note 3)	
2	Cleanaway Enterprise Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	25,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	13,416 (RMB 3,000 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	6,708 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	93,046 (Note 4)	93,046 (Note 4)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	35,000	30,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	446,042 (Note 5)	446,042 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	50,000	50,000	50,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	446,042 (Note 5)	446,042 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	140,000	140,000	140,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	446,042 (Note 5)	446,042 (Note 5)	

Note 1: In accordance with the “Procedures for Lending Funds to Other Parties and Endorsement and Guarantee” of Cleanaway Company Limited, Da Tsang Industrial Company Limited, and Cleanaway Enterprise Company Limited (hereinafter, the “Company”):

(1) The parties to whom the Company may lend its funds to are companies or firms having business relationship with the Company, or ones requiring short-term financing.

(2) Total lending amount of the Company shall not exceed 80 percent of the Company’s net worth. The accumulated lending amount to firms or companies having business relationship with the Company shall not exceed 80 percent of the Company’s net worth. The accumulated lending amount to firms or companies requiring short-term financing shall not exceed 40 percent of the Company’s net worth.

(3) The lending amount to a single firm or company is limited to 40 percent of the Company’s net worth. For firms or companies having business relationship with the Company, the lending amount to a single firm or company is limited to the previous year’s transaction amount between both parties. The transaction amount means the sales or purchasing amount between the parties, whichever is higher. The lending amount to a single enterprise requiring short-term financing shall not exceed 20 percent of the Company’s net worth. For companies where the Company or the parent company held, either directly or indirectly, 50% or more of shares, the lending amount shall not exceed 40 percent of the Company’s net worth. In addition, the lending between the Company and its parent or subsidiary company, or between subsidiary companies shall not exceed 10% of the net value of the company's latest financial statements.

Note 2: Cleanaway Company Limited is the parent company of Da Ning Co. Ltd. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of the Cleanaway Company Limited’s net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest financial statements audited or reviewed by the CPA, i.e. the net worth as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of the Company’s net worth.

Note 3: Cleanaway Enterprise Company, Cleanaway (Shanghai) Company Limited, Kang Lien Enterprise Company Limited, and Cleanaway Zoucheng Co., Ltd. are affiliates of Da Tsang Industrial Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Da Tsang Industrial Company Limited's net worth. Net worth of Da Tsang Industrial Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Da Tsang Industrial Company Limited's net worth.

Note 4: Kang Lien Enterprise Company Limited, Cleanaway (Shanghai) Company Limited, and Cleanaway Zoucheng Co., Ltd. are affiliates of Cleanaway Enterprise Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Cleanaway Enterprise Company Limited's net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Note 5: Cleanaway Enterprise Company Limited is an affiliate of Chi Wei Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Chi Wei Company Limited's net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest audited financial statements. As the loan has expired, the net worth shown is as of December 31, 2018. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Cleanaway Company Limited
Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital
January 1 to December 31, 2018

Table 2

Unit: NT$1,000
Unless Otherwise Specified

Buying/selling company	Securities Type and name (Note 1)	Financial statement account	Transaction counterparty (Note 2)	Relationship (Note 2)	Beginning of period		Buying		Selling				Cash balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Disposal profit or loss	Number of shares	Amount
Cleanaway Company Limited	Common shares of Cleanaway SUEZ Environmental Resources Limited	Equity-accounted investments	Please refer to Note 9	Affiliate enterprise	—	$ -	—	$ -	—	$ -	$ -	$ -	—	$ -

Note 1: Securities in the Table refer to stocks, bonds, certificates of beneficial interest, and securities derived from such items.

Note 2: The two fields are required for securities investments accounted for using equity method but exempted for others.

Cleanaway Company Limited
Acquisition of Real Estate at Cost in Excess of NT$300 Million or 20% of the Paid-in Capital
January 1 to December 31, 2018

Table 3

Unit: NT$1,000
Unless Otherwise Specified

Company that Acquired property	Name of property	Date of occurrence	Transaction amount	Payment status	Transaction counterparty	Relationship	Prior transaction of related counterparty				Price determination Reference	Purpose of acquisition and status of usage	Other provisions
							Owner	Relationship with the issuer	Date of transfer	Amount			
Cleanaway Company Limited	Land with an area of 9,255.47 pings in Guantan Section, Guanyin District, Taoyuan City	June 27, 2018	$ 721,926	Paid	Asia Pacific Technology Corporation	Non-related party	—	—	-	$ -	Based the appraisal report provided by Evermore Valuation, the appraisal value is NT$723,778 thousand	Land for environmental protection business expansion	—

Cleanaway Company Limited
Purchases and Sales with Related Parties Amounting to NT$100 Million or More Than 20% of the Paid-in Capital
January 1 to December 31, 2018

Table 4

Unit: NT$1,000
Unless Otherwise Specified

Supplier (buyer) company	Name of trading partner	Relationship	Transaction details				Different situations and reasons from general transaction terms		Notes and accounts receivable (payable)		Notes
			Purchase/Sale	Amount	Ratio of total procurement (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
Cleanaway Company Limited	Chi Wei Company Limited	Subsidiary	Landfill and clean-up and transport expense	$ 196,822	19	Determined by the contract	-	-	($ 28,924)	(47)	—
Chi Wei Company Limited	Cleanaway Company Limited	Parent company	Landfill revenue	(196,822)	(26)	Determined by the contract	-	-	28,924	23	—
Cleanaway Company Limited	Da Ning Co. Ltd.	Subsidiary	Landfill and clean-up and transport expense	167,622	16	Determined by the contract	-	-	(20,818)	(34)	—
Da Ning Co. Ltd.	Cleanaway Company Limited	Parent company	Landfill revenue	(167,622)	(11)	Determined by the contract	-	-	20,818	8	—

Cleanaway Company Limited
Information on Investees, Locations, etc.
January 1 to December 31, 2018

Table 5

Unit: NT$1,000

Unless Otherwise Specified

Investor	Investee company name	Location	Main businesses	Initial investment		Holdings at the end of period			Investee company current profit or loss	Investment gain or loss recognized in the current period	Notes
				End of the current period	End of previous year	Number of shares	Percentage	Carrying amount			
Cleanaway Company Limited	Da Tsang Industrial Company Limited	No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City	Waste disposal	$ 800,977	$ 800,977	77,000,000	100	$ 2,162,228	$ 818,602	$ 818,602	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Enterprise Company Limited	〃	〃	159,507	159,507	18,000,000	100	232,615	516	516	Subsidiary of Cleanaway Company Limited
〃	Chi Wei Company Limited	〃	〃	735,000	735,000	41,000,000	100	1,115,107	302,226	302,226	Subsidiary of Cleanaway Company Limited
〃	Kang Lien Enterprise Company Limited	〃	Waste clean-up	58,222	58,222	6,020,000	100	77,387	11,195	11,324	Subsidiary of Cleanaway Company Limited
〃	Cleanaway Investment Company Limited	〃	General investment	80,000	80,000	8,000,000	100	46,177	(2,990)	(2,990)	Subsidiary of Cleanaway Company Limited
〃	CCL Investment Holding Company Limited	Samoa	General investment	US$3,000 thousand (equivalent to NT$91,009 thousand)	US$2,500 thousand (equivalent to NT$76,369 thousand)	-	60	15,877	(13,464)	(7,845)	Subsidiary of Cleanaway Company Limited
〃	Cleanaway SUEZ Environmental Resources Limited	No. 25-1, Huadong Road, Daliao District, Kaohsiung City	Waste disposal	650,000	-	21,750,000	29	644,198	(20,008)	(5,802)	Affiliate enterprise of Cleanaway Company Limited
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	No. 308, Zhongshan South Road, Gangshan District, Kaohsiung City	Waste disposal	450,000	450,000	15,000,000	100	762,467	314,845	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	CCL Investment Holding Company Limited	Samoa	General investment	RMB 6,000 thousand (equivalent to NT$30,102 thousand)	RMB 6,000 thousand (equivalent to NT$30,102 thousand)	-	18	4,984	(13,464)	(Note 1)	Subsidiary of Cleanaway Company Limited
Cleanaway Investment Company Limited	CCL Investment Holding Company Limited	Samoa	General investment	US$1,124 thousand (equivalent to NT$33,034 thousand)	US$1,124 thousand (equivalent to NT$33,034 thousand)	-	22	5,814	(13,464)	(Note 1)	Subsidiary of Cleanaway Company Limited
〃	Chase Environmental Co., Ltd.	1F, No. 326, Huanke Road, Datan Village, Guanyin District, Taoyuan City	Waste clean-up	15,000	-	15,000,000	25	14,607	(4,188)	(Note 1)	Affiliate enterprise of Cleanaway Company Limited
CCL Investment Holding Company Limited	Cleanaway Shanghai Management Holding Company Limited	Samoa	General investment	US$1,124 thousand (equivalent to NT$33,034 thousand)	US$1,124 thousand (equivalent to NT$33,034 thousand)	-	100	(28,327)	(2,623)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	Cleanaway Zoucheng Holding Company Limited	Samoa	General investment	US$3,000 thousand (equivalent to NT$91,009 thousand)	US$2,500 thousand (equivalent to NT$76,369 thousand)	-	100	24,846	(11,846)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
〃	Cleanaway Zhejiang Holding Company Limited	Samoa	General investment	-	-	-	100	1,328	-	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited

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

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

Cleanaway Company Limited
Information on Investments in Mainland China
January 1 to December 31, 2018

Table 6

Unit: NT$1,000
Unless Otherwise Specified

Name of investee in China	Main businesses	Paid-in capital	Investment method	Accumulated amount of investment transferred from Taiwan at the end of this period	Wire-in or wire-out amount investment amount		Accumulated amount of investment transferred from Taiwan at the end of this period	Investee Current profit and loss	Shareholding Ratio of the Company's Investment, Directly or Indirectly	Investment gain or loss recognized in the current period	End-of-period investment Carrying amount	Repatriated investment gains to Taiwan as of the end of the period	Notes
					Outflow	Inflow							
Cleanaway (Shanghai) Company Limited	Enterprise management consultation	$ 33,034 (RMB 7,000 thousand)	Note 1	$ 33,034 (RMB 7,000 thousand)	$ -	$ -	$ 33,034 (RMB 7,000 thousand)	($ 2,623)	100%	($ 2,623)	($ 28,331)	$ -	
Cleanaway Zoucheng Co., Ltd.	Waste disposal	91,009 (USD 3,000 thousand)	Note 2	76,369 (USD 2,500 thousand)	14,640 (USD 500 thousand)	-	91,009 (USD 3,000 thousand)	(11,842)	100%	(11,842)	22,772	-	

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

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

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

Accumulated Investment in Mainland China from Taiwan as of December 31, 2018	Investment amount authorized by the Investment Commission, MOEA	Investment amount cap in China according to Investment Commission regulations
Cleanaway Investment Company Limited: NT$33,034 thousand (RMB 7,000 thousand)	Cleanaway Investment Company Limited: US$1,124 thousand (equivalent to NT$33,714 thousand)	The limit is 60% of the net value of Cleanaway Investment Company Limited. The limit calculated according to the regulations is as follows: 46,177 thousand × 60% = 27,706 thousand
Cleanaway Company Limited: NT$91,009 thousand (US$2,500 thousand)	Cleanaway Company Limited: US$8,000 thousand (equivalent to NT$240,000 thousand)	The limit is 60% of the net value of Cleanaway Company Limited. The limit calculated according to the regulations is as follows: 5,533,812 thousand × 60% = 3,320,287 thousand

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

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

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

TABLE OF CONTENTS FOR STATEMENTS OF MATERIAL ACCOUNTS

Cleanaway Company Limited

Statement of Inventories

December 31, 2018

Statement 1 | Unit: NT$1,000

Item	Description	Amount: Cost	Amount: Basis of calculation for the NRV:
Raw materials		$ 1,697	$ 1,697
Less: Allowance for inventory write-down		-	
		$ 1,697	

Cleanaway Company Limited

Statement of Changes in Investments Accounted for Using Equity Method

January 1 to December 31, 2018

Statement 2

Unit: NT$1,000

Name	Balance, beginning of year		Addition during the Year		Reduction during the Year		Balance, end of year			Market value/net equity		Evaluation basis	Collateral or pledge
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Shareholding %	Amount	Unit price per share (NT$)	Total price		
Da Tsang Industrial Company Limited (Note 1)	77,000,000	$ 2,243,036	-	$ 820,888	-	($ 901,696)	77,000,000	100	$ 2,162,228	28.08	$ 2,162,228	Equity method	None
Chi Wei Company Limited (Note 2)	41,000,000	1,051,010	-	302,226	-	(238,129)	41,000,000	100	1,115,107	27.20	1,115,107	Equity method	None
Cleanaway Enterprise Company Limited (Note 3)	18,000,000	232,099	-	516	-	-	18,000,000	100	232,615	12.92	232,615	Equity method	None
Kang Lien Enterprise Company Limited (Note 4)	6,020,000	68,983	-	11,324	-	(2,920)	6,020,000	100	77,387	12.85	77,387	Equity method	None
Cleanaway Investment Company Limited (Note 5)	8,000,000	46,695	-	2,667	-	(3,185)	8,000,000	100	46,177	5.77	46,177	Equity method	None
CCL Investment Holding Company Limited (Note 6)	-	14,531	-	14,640	-	(13,294)	-	100	15,877	0	15,877	Equity method	None
Cleanaway SUEZ Environmental Resources Limited (Note 7)	-	-	21,750,000	650,000	-	(5,802)	21,750,000	29	644,198	29.61	644,198	Equity method	None
		$ 3,656,354		$ 1,802,261		($ 1,165,026)			$ 4,293,589		$ 4,293,589		

Note 1: The increase in this period was due to the share of interest from the subsidiaries in the current period recognized though the equity method which amounted to NT$818,602 thousand and the recognized amount affected by changes in shareholding ratio in investee companies which amounted to NT$2,286 thousand. The decrease in this period included cash dividends of NT$901,529 thousand and the loss of NT$167 thousand from the exchange difference on translation of foreign operations' financial statements.

Note 2: The increase this year was the share of profits from subsidiaries accounted for using equity method which amounted to NT$302,226 thousand. The decrease this year was the cash dividend payment of NT$238,129 thousand.

Note 3: The increase this year was the share of profits from subsidiaries accounted for using equity method which amounted to NT$516 thousand.

Note 4: The increase this year was due to shares of profits of subsidiaries of NT$11,324 thousand; the decrease in this year was the cash dividend payment of NT$2,892 thousand and other comprehensive income of subsidiaries accounted for using equity method which amounted to NT$28 thousand.

Note 5: The increase this year was the recognized amount affected by changes in shareholding ratio in investee companies which amounted to NT$2,667 thousand. The decrease this year was due to the share of losses of subsidiaries accounted for using equity method which amounted to NT$2,990 thousand and exchange loss on translation of foreign operations which amounted to NT$195 thousand.

Note 6: The increase this year was due to new investments of NT$14,640 thousand. The decrease this year was due to the share of losses of subsidiaries accounted for using equity method which amounted to NT$7,845 thousand, the exchange loss on translation of foreign operations which amounted to NT$496 thousand, and recognized amount affected by changes in shareholding ratio in investee companies which amounted to NT$4,953 thousand.

Note 7: The increase this year due to new investments of NT$650,000 thousand. The decrease this year was due to the share of losses from subsidiaries accounted for using equity method which amounted to NT$5,802 thousand.

Cleanaway Company Limited

Statement of Accounts Payable

December 31, 2018

Statement 3 | Unit: NT$1,000

Supplier name	Description	Amount
Accounts payable:		
Vendor A	Purchase	$ 5,962
Vendor B	〃	1,410
Vendor C	〃	1,307
Vendor D	〃	1,071
Others (Note)	〃	210
		$ 9,960

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

Cleanaway Company Limited

Statement of Operating Revenue

2018

Statement 4 | Unit: NT$1,000

Item	Amount
Landfill expense	$ 417,035
Contaminated and illegal dump site cleanup cost	363,455
Solidification cost	191,637
Clean-up and transport cost	69,442
	$ 1,041,569

Cleanaway Company Limited

Statement of Operating Expenses

2018

Statement 5 Unit: NT$1,000

Item	Management expenses	Research and development expenses	Total
Salaries	$ 112,920	$ 6,383	$ 119,303
Rents	13,782	-	13,782
Stationary	918	-	918
Travel expense	8,109	-	8,109
Postage	1,211	-	1,211
Repairs and maintenance	2,872	599	3,471
Utilities	1,337	-	1,337
Insurance expense	4,739	-	4,739
Entertainment expense	51,280	-	51,280
Donations	8,662	-	8,662
Bad debt expense	(973)	-	(973)
Depreciation	7,190	628	7,818
Meals expense	1,190	279	1,469
Employee benefits	884	-	884
Pension	1,883	-	1,883
Professional service fees	26,479	-	26,479
Miscellaneous purchases	1,158	1,345	2,503
Other expenses	18,113	1,232	19,345
Selling and administrative expenses allocated to affiliated companies	(142,782)	-	(142,782)
	$ 118,972	$ 10,466	$ 129,438

Cleanaway Company Limited

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

2018 and 2017

Statement 6

Unit: NT$1,000

Function / Type	2018 Classified as Operating Costs	2018 Classified as Operating Expenses	2018 Total	2017 Classified as Operating Costs	2017 Classified as Operating Expenses	2017 Total
Employee welfare expenses						
Salary expenses	$ 38,830	$ 86,613	$ 125,443	$ 44,500	$ 79,432	$ 123,932
Employee insurance premiums	2,794	4,496	7,290	2,965	4,447	7,412
Pension expenses	1,690	1,883	3,573	1,792	1,877	3,669
Remuneration of Directors	-	32,690	32,690	-	32,650	32,650
Other employee benefit expenses	979	2,547	3,526	889	1,881	2,770
	$ 44,293	$ 128,229	$ 172,522	$ 50,146	$ 120,287	$ 170,433
Depreciation	$ 15,552	$ 7,818	$ 23,370	$ 15,354	$ 6,145	$ 21,499

As of December 31, 2018 and 2017, the number of employees of the Company were 85 and 97, respectively. There were 6 Directors who do not serve concurrently as employees.