Stock code: 8422

Cleanaway Company Limited

Standalone Financial Statements and Independent Auditors' Report

2019 and 2018

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TABLE OF CONTENTS

Independent Auditors' Report

To Cleanaway Company Limited:

Audit Opinion

The Parent Company Only Balance Sheets of Cleanaway Company Limited as of December 31, 2019 and 2018 and the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including the Summarized Remarks on Significant Accounting Policies) in from January 1 to December 31, 2019 and 2018 have been audited by the CPA firm.

Per opinions of the CPA, the Parent Company Only Financial Statements specified above have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in all material aspects, and can be reasonably assessed to present the individual financial conditions of Cleanaway Company Limited as of December 31, 2019 and 2018 and the parent company only financial performance and cash flow in from January 1 to December 31, 2019 and 2018.

Basis for Audit Opinion

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

Key Audit Matters

The key audit matters pertain to the most important items of Cleanaway Company Limited's 2019 Parent Company Only Financial Statements as per the professional judgment of the CPA. These matters were addressed in our audit of the Parent Company Only Financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Listed below are the details of the CPA's verification of the key items in Cleanaway Company Limited's 2019 Parent Company Only Financial Statements:

Revenue recognition for solidification

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

Cleanaway is an enterprise located in Taiwan that provides intermediate solidification treatment services for hazardous waste. The solidified hazardous waste is handed over to a subsidiary operating a landfill business for landfill. As lead time exists between receipts of wastes to completion of treatment so that waste can be disposed of through landfill, the appropriateness of timing for revenue recognition may be affected by such a process. The CPA, therefore, believes that the timing for recognizing revenue for solidification is a key audit matter for this year.

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

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

Responsibility of the Management and the Governing Body for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements or violation of internal control, its risks outweigh those due to obvious errors.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cleanaway Company Limited's internal control.
3. Evaluated the appropriateness of accounting policies adopted by the management and the rationale behind the accounting estimates and relevant disclosures.
4. Based on the audit evidence obtained, to conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Cleanaway Company Limited's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. The CPA's conclusion is based on the auditing evidence obtained up to the date of the report. However, future events or conditions may cause Cleanaway Company Limited to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Cleanaway Company Limited to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit on the Group and the preparation of an audit opinion on Cleanaway Company Limited.

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

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

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

Deloitte, Taiwan

CPA Te-Chen Cheng	CPA Kuan-Chung Lai
Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen No. 1000028068	Securities and Futures Bureau Approval Document No. Tai-Cai-Zheng-6 No. 0920123784

March 20, 2020

Cleanaway Company Limited

Parent Company Only Balance Sheets

December 31, 2019 and 2018

Unit: NT$ 1,000

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

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

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

Cleanaway Company Limited

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2019 and 2018

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

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

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

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

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

Cleanaway Company Limited

Parent Company Only Statements of Changes in Equity

January 1 to December 31, 2019 and 2018

Unit: NT$ 1,000

Code		Common stock capital	Capital surplus	Retained earnings: Statutory surplus reserve	Retained earnings: Special surplus reserve	Retained earnings: Undistributed earnings	Other equity: Exchange differences on translation of financial statements of foreign operations in financial statements conversion differences	Total equity
A1	Balance as of January 1, 2018	$ 1,088,880	$ 1,701,775	$ 905,278	$ 1,053	$ 1,715,245	($ 1,057)	$ 5,411,174
	Appropriations of 2017 earnings							
B1	Appropriation for legal surplus reserve	-	-	136,350	-	(136,350)	-	-
B3	Appropriation for special earnings reserve	-	-	-	4	(4)	-	-
B5	Cash dividends	-	-	-	-	(1,197,768)	-	(1,197,768)
D1	2018 net profit	-	-	-	-	1,320,610	-	1,320,610
D3	2018 other comprehensive income (loss) after tax	-	-	-	-	654	(858)	(204)
Z1	Balance as of December 31, 2018	1,088,880	1,701,775	1,041,628	1,057	1,702,387	(1,915)	5,533,812
	Appropriations of 2018 earnings							
B1	Appropriation for legal surplus reserve	-	-	132,062	-	(132,062)	-	-
B3	Appropriation for special earnings reserve	-	-	-	858	(858)	-	-
B5	Cash dividends	-	-	-	-	(1,088,880)	-	(1,088,880)
M7	Changes in ownership interests in subsidiaries	-	136	-	-	-	-	136
D1	2019 net profit	-	-	-	-	1,178,988	-	1,178,988
D3	2019 other comprehensive income (loss) after tax	-	-	-	-	4,764	(856)	3,908
Z1	Balance at December 31, 2019	$ 1,088,880	$ 1,701,911	$ 1,173,690	$ 1,915	$ 1,664,339	($ 2,771)	$ 5,627,964

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

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

Cleanaway Company Limited

Parent Company Only Statements of Cash Flows

January 1 to December 31, 2019 and 2018

Unit: NT$ 1,000

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

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

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

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

Cleanaway Company Limited
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

I. Company History

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

The Company has obtained a Waste Disposal Permit ("permit") issued by the Kaohsiung County Government on February 12, 2000 with effective period ending July 1, 2001. The permit is granted at the sole discretion of the local ROC government authority with effective periods that may vary. The Company has extended the permit multiple times and the latest valid date has been extended to July 1, 2024.

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

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

II. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements were approved in the Board of Directors' meeting on March 20, 2020.

III. Applicability of Newly Issued and Revised Standards and Interpretations

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

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

IFRS 16 "Leases"

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

Definitions of leases

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

Where the Company is the lessee

The Company shall recognize right-of-use assets and lease liabilities for all leases on the Parent Company Only Balance Sheets except for small-amount and short-term leases that shall be recognized on a straight-line basis. On the Parent Company Only Statements of Comprehensive Income, the depreciation expenses on right-of-use assets and the interest expenses on lease liabilities computed by effective interest method shall be presented separately. On the Parent Company Only Statements of Cash Flows, the principal of lease liabilities shall be classified as financing activities and interest payments shall be classified as operating activities. Before the adoption of IFRS 16, costs of contracts classified as operating leases are recognized as expenses based on straight-line method. Cash flow from operating leases is shown in operating activities on the Parent Company Only Statements of Cash Flows.

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

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

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

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

4. When measuring lease liabilities, decisions regarding the lease period shall be adopted retroactively.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. Summarized Remarks on Significant Accounting Policies

(I) Statement of Compliance

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

(II) Basis of Preparation

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

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

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

The Company accounts for subsidiaries and affiliate enterprises by using the equity method in the preparation of the parent company only financial statements. In order to align the loss and profit, other comprehensive income, and equity from the current year in parent company only financial statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investment under equity method," "subsidiary loss and profit under the equity method," and "other comprehensive income of subsidiary under equity method."

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

Current assets include:

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

Current liabilities include:

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

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

(IV) Foreign currencies

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

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

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

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

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

(V) Inventories

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

(VI) Investment in subsidiary companies

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

Subsidiaries are entities controlled by the Company.

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

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

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

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

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

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

(VII) Investment in affiliate enterprises

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

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

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

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

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

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

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

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

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

(VIII) Property, plant and equipment

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

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

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

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

(IX) Contract cost-related assets

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

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

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

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

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

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

(XI) Financial Instruments

Financial assets and financial liabilities shall be recognized in the Parent Company Only Balance Sheets when the Company becomes a party of the financial instrument contract.

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

1. Financial assets

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

(1) Measurement types

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

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

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

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

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

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

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

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

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

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

(2) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

(3) Derecognition of financial assets

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

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

2. Equity instruments

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

3. Financial liabilities

(1) Subsequent assessment

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

(2) Derecognition of financial liabilities

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

(XII) Cost provisions for restoration

The environmental impact of waste after filling a landfill site or being processed through intermediate treatment solidification plants would decline as time passes based on the physical characteristics of waste. The Company shall estimate the total restoration cost according to previous experience and recognize it as cost provisions.

(XIII) Revenue recognition

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

1. Revenue from waste disposal

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

2. Revenue from contaminated and illegal dump sites cleanup

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

(XIV) Leases

Where the Company is the lessee

2019

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

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

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

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

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

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

2018

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

(XV) Employee benefits

1. Short-term employee benefits

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

2. Benefits after retirement

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

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

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

(XVI) Income tax

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

1. Current income tax

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

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

2. Deferred income tax

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

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

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

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

3. Current and deferred income tax of the period

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

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

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

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

Estimates of cost provisions for restoration

The Company recognizes cost provisions for restoration based on previous experience. The associated measurement and recognition are described in Note IV(XII) and the Company regularly reviews the reasonableness of those estimates. However, the maintenance time and characteristics of intermediate treatment solidification plants may require additional provisions in the future due to changes in the environmental laws and regulations and plant environment. Please refer to Note XVI for the carrying amount of cost provisions for restoration.

VI. Cash and cash equivalents

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

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

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

VII. Management of Credit Risks of Investments in Debt Instruments

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

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

The allowance for losses for financial assets measured at amortized cost as of December 31, 2019 and 2018 was both NT$0. The amortized cost and the carrying amount are consistent.

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

The financial institutions that conduct business transactions with the Company have normal credit ratings and exhibit no signs of irregularities or defaults. As the financial institutions that conduct business transactions with the Company have low credit risks and have sufficient capacity to repay contractual cash flows, the expected credit loss basis were based on an expected 12-month credit impairment evaluation and the expected credit loss rate was 0%. The credit risks in both 2019 and 2018 have remained unchanged.

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

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

Refer to Note XXVI for information on pledged debt investments.

VIII. Notes and accounts receivable

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

The average credit period of the Company for services rendered is 30 to 120 days. To lower the credit risk, management of the Company appoints a specific team to handle decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As such, the Company's management concludes that the credit risk of the Company is significantly reduced.

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

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

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

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

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

December 31, 2019

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

December 31, 2018

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

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

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

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

IX. Equity-accounted investments

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

(I) Investment in subsidiary companies

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

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

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

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

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

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

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

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

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

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

(II) Investment in affiliate enterprises

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

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

Cleanaway SUEZ

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

The financial information of Cleanaway SUEZ is summarized as follows:

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

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

Chung Tai

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

The financial information of Chung Tai is summarized as follows:

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

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

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

The Company's shares of profit (loss) in affiliate enterprises accounted for using the equity method in 2019 and 2018 amounted to NT$ 24,825 thousand and NT$ (5,802) thousand, respectively. The amounts were recognized based on the affiliate enterprises' audited financial statements for the same periods.

X. Property, plants and equipment

	Land	Buildings and structures	Machinery and equipment	Laboratory equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Costs									
Balance as of January 1, 2019	$ 862,576	$ 434,114	$ 46,789	$ 20,909	$ 31,788	$ 40,312	$ 38,587	$ 6,248	$1,481,323
Additions	-	3,836	108	1,490	-	1,108	825	77,542	84,909
Decrease	-	-	(140)	(683)	(4,465)	-	-	-	(5,288)
Reclassification	-	89,848	-	2,860	-	6,871	-	(82,046)	17,533
Balance at December 31, 2019	$ 862,576	$ 527,798	$ 46,757	$ 24,576	$ 27,323	$ 48,291	$ 39,412	$ 1,744	$1,578,477
Accumulated depreciation									
Balance as of January 1, 2019	$ -	$ 98,877	$ 35,966	$ 5,440	$ 29,658	$ 6,178	$ 9,456	$ -	$ 185,575
Depreciation	-	14,281	1,747	5,154	466	4,214	2,572	-	28,434
Decrease	-	-	(140)	(683)	(4,465)	-	-	-	(5,288)
Balance at December 31, 2019	$ -	$ 113,158	$ 37,573	$ 9,911	$ 25,659	$ 10,392	$ 12,028	$ -	$ 208,721
Balance at December 31, 2019, net	$ 862,576	$ 414,640	$ 9,184	$ 14,665	$ 1,664	$ 37,899	$ 27,384	$ 1,744	$1,369,756
Costs									
Balance as of January 1, 2018	$ 139,770	$ 335,584	$ 42,602	$ 5,284	$ 30,818	$ 27,996	$ 30,870	$ 25,820	$ 638,744
Additions	-	12,885	3,042	4,993	-	2,109	638	72,277	95,944
Decrease	-	-	(2,380)	(351)	(1,120)	(374)	-	-	(4,225)
Reclassification	722,806	85,645	3,525	10,983	2,090	10,581	7,079	(91,849)	750,860
Balance as of December 31, 2018	$ 862,576	$ 434,114	$ 46,789	$ 20,909	$ 31,788	$ 40,312	$ 38,587	$ 6,248	$1,481,323
Accumulated depreciation									
Balance as of January 1, 2018	$ -	$ 86,861	$ 35,682	$ 3,438	$ 28,974	$ 3,873	$ 7,602	$ -	$ 166,430
Depreciation	-	12,016	2,664	2,353	1,804	2,679	1,854	-	23,370
Decrease	-	-	(2,380)	(351)	(1,120)	(374)	-	-	(4,225)
Balance as of December 31, 2018	$ -	$ 98,877	$ 35,966	$ 5,440	$ 29,658	$ 6,178	$ 9,456	$ -	$ 185,575
Net amount as of December 31, 2018	$ 862,576	$ 335,237	$ 10,823	$ 15,469	$ 2,130	$ 34,134	$ 29,131	$ 6,248	$1,295,748

(I) The increases of NT$ 17,533 and NT$ 750,860 in reclassified accounts in 2019 and 2018 consisted of converted prepayments for land and equipment.

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

(III) As there was no indication of impairment in 2019 and 2018, the Company did not conduct impairment assessment.

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

Buildings and structures	
Main building of intermediate treatment solidification plant	20 years
Ancillary facilities of plants	10 to 15 years
Operation headquarters main building and ancillary facilities	50 years
Other facilities	3 to 5 years
Machinery and equipment	
Solidification production equipment	10 years
Thermal desorption equipment	3 to 5 years
Instrumentations	3 to 5 years
Laboratory equipment	3 to 5 years
Transportation equipment	
Acquisition of brand new transportation vehicles	5 years
Acquisition of used transportation vehicles	3 years
Office equipment	
Office furniture	5 to 10 years
Information communication equipment	3 to 6 years
Information communication equipment - extra-low-voltage systems engineering	50 years
Other equipment	
Monitoring facilities	11 years
Generators	15 years
Lease improvement and others	3 to 9.75 years

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

XI. Lease Agreement

(I) Right-of-use assets – 2019

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

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

(II) Lease liabilities – 2019

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

The discount rate ranges for lease liabilities are as follows:

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

(III) Important lease activities and terms

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

(IV) Other lease information

2019

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

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

2018

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

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

XII. Other assets

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

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

Changes in prepaid equipment are as follows:

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

XIII. Loans

(I) Short-term loans

	December 31, 2019	December 31, 2018
Unsecured loans		
Credit limit loans	$ -	$ 150,000

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

(II) Long-term loans

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

The Company and CTBC Bank signed a loan contract with land owned by the Company as collateral (refer to Note XXVI for more information). The loan maturity date is September 14, 2023 and the loan amount totaled NT$ 200,000 thousand. The annual interest rate is the Taipei Interbank Offered Rate plus 0.59%. According to the contract, repayment of the principal is provided with a grace period of 2 years starting from the drawdown. The Company shall repay NT$ 7,500 thousand in each quarter starting from the month of the expiry of the grace period (September 30, 2020) and the balance shall be repaid in one payment upon maturity. The drawdown amount shall be used to purchase land registered in Guantan Section, Guanyin District, Taoyuan City.

XIV. Accounts payable

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

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

XV. Other liabilities

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

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

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

XVI. Cost provisions for restoration

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

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

XVII. Post-employment benefits

(I) Defined contribution plans

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

(II) Defined benefit plans

The Company's pension system under the "Labor Standards Act" is a defined benefit pension plan managed by the government. Pension is based on the employee's years of service rendered and the average wages over the six months prior to retirement. The Company contributes 2% of the total monthly wages of employees to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. Before the end of each year, if the balance in the account is inadequate to pay pensions of laborers who are expected to reach retirement conditions in the following year, the

Company shall make up the difference in one appropriation before the end of March in the following year. The Bureau of Labor Funds, Ministry of Labor is assigned to administer the account. The Company retains no rights that may influence its investment and administration strategies.

The funds for defined benefit plans included in the Parent Company Only Balance Sheets were as follows:

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

Changes in net defined benefit liabilities were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2018	$ 28,172	($ 9,698)	$ 18,474
Cost of service in the current period	30	-	30
Interest expenses (income)	310	(107)	203
Recognized in profit or loss	340	(107)	233
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(273)	(273)
Actuarial losses - changes in financial assumptions	453	-	453
Actuarial losses - adjustments based on history	(779)	-	(779)
Recognized in other comprehensive income	(326)	(273)	(599)
Benefits payment	(1,521)	1,521	-
Employer contribution	-	(618)	(618)
December 31, 2018	26,665	(9,175)	17,490
Cost of service in the current period	-	-	-
Interest expenses (income)	241	(83)	158
Recognized in profit or loss	241	(83)	158
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	$ -	($ 348)	($ 348)
Actuarial losses - changes in financial assumptions	399	-	399
Actuarial losses - adjustments based on history	(5,554)	-	(5,554)
Recognized in other comprehensive income	(5,155)	(348)	(5,503)
Employer contribution	-	(510)	(510)
December 31, 2019	$ 21,751	($ 10,116)	$ 11,635

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

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

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

1. Investment risks: The Bureau of Labor Funds of the Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the Company shall not be lower than interest on a two-year time deposit at a local bank.

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

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

	December 31, 2019	December 31, 2018
Discount rate	0.70%	0.90%
Expected growth rate of salaries	3.00%	3.00%

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

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

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

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

XVIII. Equity

(I) Capital

Common stocks

	December 31, 2019	December 31, 2018
Authorized shares (in thousands)	150,000	150,000
Authorized capital	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousand shares)	108,888	108,888
Issued capital	$ 1,088,880	$ 1,088,880

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

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

(II) Capital surplus

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

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

(III) Retained earnings and dividend policy

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

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

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

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

The Company held general shareholders' meetings on June 6, 2019, and June 22, 2018, during which the 2018 and 2017 appropriation of earnings were passed, respectively, as follows:

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

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

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

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

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

XIX. Income

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

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

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

(I) Contract balance

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

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

(II) Contract cost-related assets

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

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

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

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

As of December 31, 2019, the transaction price allocated to contract performance obligations that have not been completed totaled NT$ 389,042 thousand. The Company shall recognize income based on the progress of contaminated and illegal dumpsite cleanup projects. The contracts for contaminated and illegal dumpsite cleanup projects will be completed from 2020 to 2023.

XX. Net income

Net income for the period consists of the following items:

(I) Depreciation

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

(II) Employee benefit expenses

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

(III) Remuneration for employees, Directors and Supervisors

The Company appropriates the remuneration for employees, Directors and Supervisors for the current year based on the Articles of Incorporation. It appropriates no less than 1% as remuneration for employees and no more than 5% as remuneration for Directors and Supervisors. Remunerations for employees, Directors and Supervisors for 2019 and 2018 were resolved by the Board of Directors on March 20, 2020 and March 15, 2019, respectively. The specific information is as below:

<u>Estimated ratio</u>

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

Amount

	2019		2018	
	Cash	Stock	Cash	Stock
Employee compensation	$ 38,954	$ -	$ 43,980	$ -
Remuneration to Directors and Supervisors	35,000	-	35,000	-

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

The actual employee compensation and remuneration to Directors and Supervisors in 2018 and 2017 were consistent with the recognized amounts in the parent company only financial statements for 2018 and 2017.

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

XXI. Income tax

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

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

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

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

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

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

(II) Income tax expenses recognized in other comprehensive income

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

(III) Current income tax liabilities

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

(IV) Deferred income tax assets

Changes in deferred income tax assets were as follows:

2019

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

2018

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

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

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

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

XXII. Basic earnings per share

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

Net income

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

Number of shares (in thousands)

	2019	2018
Weighted average number of common stocks used for the calculation of basic EPS	108,888	108,888
Effect of dilutive potential common stocks:		
Employee remuneration	310	327
Weighted average number of common stocks used for the calculation of diluted EPS	109,198	109,215

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

XXIII. Capital risk management

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

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

XXIV. Financial instruments

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

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

The Company's management believes that the carrying amounts of financial assets (cash and cash equivalents, contract assets, financial asset measured at amortized cost, notes and accounts receivable, account receivables - related parties, other receivables - related parties and guarantee deposits paid) and financial liabilities (accounts payable, accounts payable -related parties, other payables, other payables - related parties, long/short-term loans (due within one year)) not measured at fair value are close to their fair values.

(II) Financial risk management objectives and policy

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

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

1. Market risks

(1) Foreign exchange risk

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

(2) Interest rate risk

The interest rate risks derive mainly from the borrowing of funds by the Company on floating interest rates. Loans with fixed interest rates expose the Company to fair-value interest rate risks. However, parts of the risks are offset with term deposit certificates with fixed interest rates pledged for business activities. Loans with floating interest rates expose the Company to cash flow interest rate risks. However, parts of the risks are offset with cash and cash equivalents held at floating interest rates.

The nominal value of financial assets exposed to interest rate and the nominal value of financial liabilities of the Company on the balance sheet date are as follows:

	December 31, 2019	December 31, 2018
Interest rate risks with fair value		
- Financial assets	$ 121,749	$ 291,181
- Financial liabilities	-	150,000
Interest rate risks with cash flow		
- Financial assets	152,325	267,719
- Financial liabilities	200,000	200,000

Sensitivity Analysis

The sensitivity analysis below is based the Group's exposure to interest rate risk on the balance sheet date. For assets and liabilities based on floating interest rates, the analysis method assumes the assets and liabilities in external circulation on the reporting date remain so throughout the year. With regard to the evaluation of the possible range of changes to the interest rate, if the interest rate increases or decreases by 1% while all other variables remain unchanged, the Company's net profit before tax in 2019 and 2018 will increase or decrease by NT$477 and NT$677 thousand, respectively.

2. Credit risk

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

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

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

3. Liquidity risk

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

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

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

December 31, 2019

	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years
Non-interest-bearing liabilities	$ 93,612	$ -	$ -
Lease liabilities	9,139	9,294	19,580
Floating interest rate instruments	17,493	32,186	157,860
	$ 120,244	$ 41,480	$ 177,440

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

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

December 31, 2018

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

2. Financing limit

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

3. Performance quota

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

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

XXV. Significant Related Party Transactions

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

(I) The names and relationships of the related parties

Related party	Relations with the company
Da Tsang Industrial Company Limited (Da Tsang)	Subsidiary
Kang Lien Enterprise Company Limited (Kang Lien Enterprise)	Subsidiary
Cleanaway Enterprise Company Limited (Cleanaway Enterprise)	Subsidiary
Da Ning Co. Ltd. (Da Ning)	Second-tier subsidiary
Chi Wei Company Limited (Chi Wei)	Subsidiary
Cleanaway Investment Company Limited (Cleanaway Investment)	Subsidiary
Chase Environmental Co., Ltd. (Chase)	Affiliate enterprise
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	Affiliate enterprise
Chung Tai Resource Technology Corp. (Chung Tai)	Affiliate enterprise
Ho Tsang Co., Ltd. (Ho Tsang)	The spouse of the Company's Chairman is the chairman of the company
Chin Wei Environmental Consultant Co., Ltd. (Chin Wei)	The chairman of the Company's subsidiary is also the chairman of the company

(II) Significant transactions with related parties

1. Accounts receivable - related parties

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

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

Collateral is not provided for receivables from related parties in external circulation.

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

December 31, 2019

	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Overdue for more than 365 days	Total
Overdue credit loss rate	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 8,656	$ -	$ -	$ -	$ -	$ 8,656
Allowance for losses (lifetime expected credit losses)	(86)	-	-	-	-	(86)
Amortized cost	$ 8,570	$ -	$ -	$ -	$ -	$ 8,570

December 31, 2018

	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Overdue for more than 365 days	Total
Overdue credit loss rate	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$ 495	$ -	$ -	$ -	$ -	$ 495
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	$ 495	$ -	$ -	$ -	$ -	$ 495

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

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

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

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

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

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

December 31, 2019

	Not overdue	Overdue by 1 to 210 days	Overdue by 211 to 240 days	Overdue by 241 to 365 days	Overdue for more than 365 days	Total
Overdue credit loss rate	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	$526,066	$ -	$ -	$ -	$ -	$ 526,066
Allowance for losses (lifetime expected credit losses)	(2)	-	-	-	-	(2)
Amortized cost	$526,064	$ -	$ -	$ -	$ -	$ 526,064

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

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

3. Accounts payable - related parties

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

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

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

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

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

5. Operating revenue

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

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

6. Landfill expenses (recognized under operating costs)

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

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

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

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

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

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

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

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

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

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

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

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

10. Labor service expenses (recognized under operating costs)

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

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

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

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

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

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

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

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

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

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

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

	2018				
Related party	Highest balance in the current year	Ending balance	Interest rates per annum	Current interest expense	Interest payable at the end of period (recognized under other receivables - related parties)
Da Tsang	$ 300,000	$ 300,000	1%	$ 921	$ 255
Chi Wei	140,000	140,000	1%	430	119
		$ 440,000		$ 1,351	$ 374

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

14. Leasing agreement

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

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

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

15. Remuneration to key management

Remuneration to Directors and key management was as follows:

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

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

XXVI. Pledged Assets

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

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

XXVII. Significant Contingent Liabilities and Unrecognized Contract Commitments

Unrecognized contract commitments of the Company were as follows:

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

XXVIII. Additional Disclosures

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

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

3. Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures) (None)
4. Accumulated Purchase or Disposal of Individual Marketable Securities in Excess of NT$ 300 Million or 20% of the Paid-in Capital (Table 3)
5. Acquisition of Real Estate at Price in Excess of NT$ 300 Million or 20% of the Paid-in Capital (None)
6. Disposal of Real Estate at Price in Excess of NT$ 300 Million or 20% of the Paid-in Capital (None)
7. Purchases and Sales with Related Parties in Excess of NT$100 Million or 20% of the Paid-in Capital (Table 4)
8. Amount Receivable from Related Parties in Excess of NT$ 100 Million or 20% of the Paid-in Capital (Table 5)
9. Engaging in Derivatives Transactions (None)
10. Information on Investees (Locations, etc.) (Table 6)

(III) Information on Investments in Mainland China:

1. China investees' names, business items, amounts of paid-in capital, investment methods, capital transaction conditions, shareholding ratios, investment gains and losses, the ending investment book value, investment income repatriation and limits of investment in China (Table 7)
2. Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 7)
   (1) Purchase amount and percentage, and the ending balance and percentage of payables.
   (2) Sales amount and percentage, and the ending balance and percentage of receivables.
   (3) Property transaction amount and the resulting gain or loss.
   (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
   (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.
   (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.

Cleanaway Company Limited

Lending to Others

From January 1 to December 31, 2019

Table 1

Unit: NT$ 1,000
Unless Otherwise Specified

No.	Lending company	Borrower	Transaction item	Related party status	Highest balance in the current year	Ending balance	Actual drawdown	Interest rate range	Nature of loan	Amount arising from ordinary course of business	Reason for short-term financing	Allowance for bad debts recognized	Collateral Name	Collateral Value	Limit on loans granted to a single party (Note 1)	Total limit amount of loans (Note 1)	Notes
0	Cleanaway Company Limited	Da Tsang Company Limited	Other receivables - related parties	Yes	$ 300,000	$ 300,000	$ 200,000	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 2,251,185 (Note 2)	$ 2,251,185 (Note 2)	
1	Da Tsang Industrial Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	250,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	12,915 (RMB 3,000 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	433,856 (Note 3)	433,856 (Note 3)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables - related parties	Yes	6,458 (RMB 1,500 thousand)	6,458 (RMB 1,500 thousand)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Da Tsang Industrial Company Limited	Other receivables - related parties	Yes	20,000	20,000	20,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	55,000	55,000	55,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	86,904 (Note 4)	86,904 (Note 4)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	35,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Enterprise Company Limited	Other receivables - related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	
3	Chi Wei Company Limited	Cleanaway Company Limited	Other receivables - related parties	Yes	140,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	
3	Chi Wei Company Limited	Da Tsang Industrial Company Limited	Other receivables - related parties	Yes	60,000	60,000	38,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	278,464 (Note 5)	278,464 (Note 5)	

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No.	Lending company	Borrower	Transaction item	Related party status	Highest balance in the current year	Ending balance	Actual drawdown	Interest rate range	Nature of loan	Amount arising from ordinary course of business	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Limit on loans granted to a single party (Note 1)	Total limit amount of loans (Note 1)	Notes
													Name	Value			
3	Chi Wei Company Limited	Kang Lien Enterprise Company Limited	Other receivables - related parties	Yes	$ 50,000	$ 50,000	$ 44,000	1%	Short-term financing	Not applicable	Operating capital	$ -	-	$ -	$ 278,464 (Note 5)	$ 278,464 (Note 5)	
4	Cleanaway Investment Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables - related parties	Yes	12,915 (RMB 3,000 thousand)	12,915 (RMB 3,000 thousand)	12,915 (RMB 3,000 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	20,551 (Note 6)	20,551 (Note 6)	

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

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

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

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

Note 2. Cleanaway Company Limited is the parent company of Da Tsang Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of the Company's net worth. Net worth of the Company is calculated based on its latest audited or reviewed financial statements, i.e. net worth as of December 31, 2019. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of the Company's net worth.

Note 3. Cleanaway (Shanghai) Company Limited, Kang Lien Enterprise Company Limited and Cleanaway Zoucheng Co., Ltd. are affiliates of Da Tsang Industrial Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Da Tsang Industrial Company Limited's net worth. Net worth of Da Tsang Industrial Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2019. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Da Tsang Industrial Company Limited's net worth.

Note 4. Da Tsang Industrial Company Limited, Cleanaway (Shanghai) Company Limited, and Cleanaway Zoucheng Co., Ltd. are affiliates of Cleanaway Enterprise Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Cleanaway Enterprise Company Limited's net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2019. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Note 5. Cleanaway Enterprise Company Limited, Da Tsang Industrial Company Limited, and Kang Lien Enterprise Company Limited are the affiliates of Chi Wei Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Chi Wei Company Limited's net worth. Net worth of Cleanaway Enterprise Company Limited is calculated based on its latest audited financial statements. As the loan has expired, calculation is done using the net worth as of December 31, 2019. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Note 6. Cleanaway (Shanghai) Company Limited is an affiliate of Cleanaway Investment Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of the net worth of Cleanaway Investment Company Limited. The net worth of Cleanaway Investment Company Limited is calculated based on its latest audited financial statements. As the loan has expired, the net worth shown is as of December 31, 2019. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Enterprise Company Limited's net worth.

Note 7. In accordance with the regulations governing capital loans of the aforementioned companies who load funds, the ceiling of the capital loan shall be calculated based on the net value of the latest audited financial statements. The aforementioned loan ceiling for individual companies and the total loan ceiling for others announced by the companies that loaned funds in December 2019 were calculated on the basis of financial statements Q3 2019 rather than financial statements 2019 because the financial statements 2019 have not been audited by CPAs. The actual ceiling may have certain differences with the aforesaid amount.

Cleanaway Company Limited

Endorsement/Guarantee Provided for Others

From January 1 to December 31, 2019

Table 2

Unit: NT$ 1,000
Unless Otherwise Specified

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

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

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

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

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

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

Cleanaway Company Limited

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

From January 1 to December 31, 2019

Table 3

Unit: NT$ 1,000
Unless Otherwise Specified

Buying/selling company	Type and name of securities (Note 1)	Financial statement account	Transaction counterparty (Note 2)	Relationship (Note 2)	Beginning of period		Buying		Selling				Cash balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Disposal profit or loss	Number of shares	Amount
Cleanaway Company Limited	Common Stock of Chung Tai Resource Technology Corp.	Equity-accounted investments	Chung Tai Resource Technology Corp. (Note 3)	Affiliate enterprise	—	$ -	15,600,000	$ 374,400	—	$ -	$ -	$ -	15,600,000	$ 374,400

Note 1. Securities in the Table refer to stocks, bonds, certificates of beneficial interest, and securities derived from such items.
Note 2. The two fields are required for securities investments accounted for using equity method but exempted for others.
Note 3. Cleanaway invested in Chung Tai Resource Technology Corp. (Chung Tai) in February 2019. Cleanaway acquired 20.02% of total outstanding shares of Chung Tai, totaling 15,600 thousand shares with a total investment of NT$ 374,400 thousand.

Cleanaway Company Limited

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

From January 1 to December 31, 2019

Table 4

Unit: NT$ 1,000
Unless Otherwise Specified

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

Cleanaway Company Limited

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

December 31, 2019

Table 5

Unit: NT$ 1,000
Unless Otherwise Specified

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

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

Cleanaway Company Limited

Information on Investees (Locations, etc.)

From January 1 to December 31, 2019

Table 6

Unit: NT$ 1,000
Unless Otherwise Specified

Investor	Investee company name	Location	Main businesses	Initial investment		Holdings at the end of period			Investee company current profit or loss	Investment gain or loss recognized in the current period recognized in the current period	Notes
				End of the current period	End of previous year	Number of shares	Percentage	Carrying amount			
Cleanaway Company Limited	Da Tsang Industrial Company Limited	No. 308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	Waste disposal	$ 300,997	$ 800,977	27,000,000	100	$ 1,084,640	$ 450,963	$ 450,963	Subsidiary of Cleanaway Company Limited
"	Cleanaway Enterprise Company Limited	"	"	159,507	159,507	18,000,000	100	217,260	(15,355)	(15,355)	Subsidiary of Cleanaway Company Limited
"	Chi Wei Company Limited	"	"	410,000	410,000	41,000,000	100	696,161	569,496	569,496	Subsidiary of Cleanaway Company Limited
"	Kang Lien Enterprise Company Limited	"	Waste clean-up	58,222	58,222	6,020,000	100	64,588	(3,341)	(3,112)	Subsidiary of Cleanaway Company Limited
"	Cleanaway Investment Company Limited	"	General investment	80,000	80,000	8,000,000	100	51,379	2,821	2,821	Subsidiary of Cleanaway Company Limited
"	CCL Investment Holding Company Limited	Samoa	General investment	USD 3,500 thousand (Equivalent to NT$ 106,214 thousand)	US$ 3,000 thousand (equivalent to NT$ 91,009 thousand)	-	64	20,694	(8,433)	(5,110)	Subsidiary of Cleanaway Company Limited
"	Cleanaway SUEZ Environmental Resources Limited	No. 25-1, Huadong Road, Daliao District, Kaohsiung City	Waste disposal	650,000	650,000	21,750,000	29	655,904	40,328	11,706	Affiliate enterprise of Cleanaway Company Limited
	Cleanaway Energy Company Limited	2F, No. 328, Huanke Road, Datan Village, Guanyin District, Taoyuan City	Waste disposal	55,000	-	5,500,000	55	51,459	(4,353)	(3,677)	Subsidiary of Cleanaway Company Limited
	Chung Tai Resource Technology Corp	No.328, Datan Star, Guanyin District, Taoyuan City	Waste disposal	374,400	-	15,600,000	20.02	387,519	110,372	13,119	Affiliate enterprise of Cleanaway Company Limited
Da Tsang Industrial Company Limited	Da Ning Co. Ltd.	No. 308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	Waste disposal	450,000	450,000	15,000,000	100	543,032	169,400	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
"	CCL Investment Holding Company Limited	Samoa	General investment	RMB 6,000 thousand (equivalent to NT$ 30,102 thousand)	RMB 6,000 thousand (equivalent to NT$ 30,102 thousand)	-	16	5,491	(8,433)	(Note 1)	Subsidiary of Cleanaway Company Limited
Cleanaway Investment Company Limited	CCL Investment Holding Company Limited	Samoa	General investment	US$ 1,124 thousand (equivalent to NT$ 33,034 thousand)	US$ 1,124 thousand (equivalent to NT$ 33,034 thousand)	-	20	6,406	(8,433)	(Note 1)	Subsidiary of Cleanaway Company Limited
"	Chase Environmental Co., Ltd.	1F, No. 326, Huanke Road, Datan Village, Guanyin District, Taoyuan City	Waste clean-up	15,000	15,000	15,000,000	25	17,330	10,891	(Note 1)	Affiliate enterprise of Cleanaway Company Limited

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Investor	Investee company name	Location	Main businesses	Initial investment		Holdings at the end of period			Investee company current profit or loss	Share of profit/loss of investee	Notes
				End of the current period	End of previous year	Number of shares	Percentage	Carrying amount			
CCL Investment Holding Company Limited	Cleanaway Shanghai Management Holding Company Limited	Samoa	General investment	US$ 1,124 thousand (equivalent to NT$ 33,034 thousand)	US$ 1,124 thousand (equivalent to NT$ 33,034 thousand)	-	100	($ 27,275)	($ 7)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
"	Cleanaway Zoucheng Holding Company Limited	Samoa	General investment	USD 3,500 thousand (Equivalent to NT$ 106,214 thousand)	US$ 3,000 thousand (equivalent to NT$ 91,009 thousand)	-	100	30,040	(9,249)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
"	Cleanaway Zhejiang Holding Company Limited	Samoa	General investment		-	-	100	1,278	(1)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited

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

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

Cleanaway Company Limited

Information on Investments in Mainland China

From January 1 to December 31, 2019

Table 7

Unit: NT$ 1,000
Unless Otherwise Specified

Name of investee in China	Main businesses	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Wire-in or wire-out amount investment amount		Accumulated investment amount remitted from Taiwan at the end of the period	Investee company current profit or loss	Shareholding ratio of the company's investment, directly or indirectly	Investment gains (losses) recognized in the current period	Carrying amount at the end of the period	Ending balance of accumulated inward remittance of earnings	Notes
					Outflow	Inflow							
Cleanaway (Shanghai) Company Limited	Enterprise management consultation	$ 33,034 (RMB 7,000 thousand)	Note 1	$ 33,034 (RMB 7,000 thousand)	$ -	$ -	$ 33,034 (RMB 7,000 thousand)	($ 7)	100%	($ 7)	($ 27,279)	$ -	
Cleanaway Zoucheng Co., Ltd.	Waste management	91,009 (USD 3,000 thousand)	Note 2	91,009 (USD 3,000 thousand)	15,205 (USD 500 thousand)	-	106,214 (USD 3,500 thousand)	(9)	100%	(9)	28,052	-	

Note 1. The subsidiary, Cleanaway Investment Company Limited, invests in the Mainland China company through company established in a third region (Cleanaway Shanghai Management Holding Company Limited).
Note 2. The investment in the Mainland China company is done trough company established in a third region (Cleanaway Zoucheng Holding Company Limited).
Note 3. It is recognized based on the audited financial statements of the parent company in Taiwan.

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
Cleanaway Investment Company Limited: NT$33,034 thousand (RMB 7,000 thousand)	Cleanaway Investment Company Limited: US$1,124 thousand (equivalent to NT$33,714 thousand)	The cap was set at 60 percent of Cleanaway Investment Company Limited's net worth. Pursuant to the regulations, the cap was calculated as follows: NT$51,379 thousand * 60% = NT$30,827 thousand.
Cleanaway Company Limited: NT$106,214 thousand (US$3,500 thousand)	Cleanaway Company Limited: US$8,000 thousand (equivalent to NT$240,000 thousand)	The cap was set at 60 percent of Cleanaway Company Limited's net worth. Pursuant to the regulations, the cap was calculated as follows: NT$5,627,964 thousand * 60% = NT$3,376,778 thousand.

Note 4. Significant transactions with investees in Mainland China, either directly or indirectly through the third region (including purchase/sales, property transaction and provision and acceptance of services): None.
Note 5. Provision of endorsement, guarantee or collaterals to investees in Mainland China, either directly or indirectly through the third region: None.
Note 6. Financing provided to investees in Mainland China, either directly or indirectly through the third region: Please refer to Table 1. The total interest for the period amounted to NT$0 thousand.

TABLE OF CONTENTS FOR SCHEDULES OF IMPORTANT ACCOUNTS

Cleanaway Company Limited

Statement of Notes and Accounts Receivable

December 31, 2019

Statement 1 Unit: NT$ 1,000

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

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

Cleanaway Company Limited

Statement of Inventories

December 31, 2019

Statement 2

Unit: NT$ 1,000

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

Cleanaway Company Limited

Statement of Changes in Investments Accounted for Using Equity Method

From January 1 to December 31, 2019

Statement 3

Unit: NT$ 1,000

Name	Balance, beginning of year		Addition during the Year		Reduction during the Year		Balance, end of year			Market value/net equity		Evaluation basis	Endorsements and guarantees provided
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Shareholding %	Amount	Unit price per share (NT$)	Total price		
Da Tsang Industrial Company Limited (Note 1)	77,000,000	$ 2,162,228	-	$ 453,172	(50,000,000)	($ 1,530,760)	27,000,000	100	$ 1,084,640	40.17	$ 1,084,640	Equity method	None
Chi Wei Company Limited (Note 2)	41,000,000	1,115,107	-	569,496	-	(988,442)	41,000,000	100	696,161	16.98	696,161	Equity method	None
Cleanaway Enterprise Company Limited (Note 3)	18,000,000	232,615	-	-	-	(15,355)	18,000,000	100	217,260	12.07	217,260	Equity method	None
Kang Lien Enterprise Company Limited (Note 4)	6,020,000	77,387	-	361	-	(13,160)	6,020,000	100	64,588	10.73	64,588	Equity method	None
Cleanaway Investment Company Limited (Note 5)	8,000,000	46,177	-	5,398	-	(196)	8,000,000	100	51,379	6.42	51,379	Equity method	None
CCL Investment Holding Company Limited (Note 6)	-	15,877	-	15,205	-	(10,388)	-	100	20,694	0.92	20,694	Equity method	None
Cleanaway SUEZ Environmental Resources Limited (Note 7)	21,750,000	644,198	-	11,706	-	-	21,750,000	29	655,904	30.16	655,904	Equity method	None
Cleanaway Energy Co., Ltd. (Note 8)	-	-	5,500,000	55,136	-	(3,677)	5,500,000	55	51,459	9.36	51,459	Equity method	None
Chung Tai Resource Technology Corp. (Note 9)	-	-	15,600,000	387,519	-	-	15,600,000	20.02	387,519	24.84	387,519	Equity method	None
		$ 4,293,589		$ 1,497,993		($ 2,561,978)	142,870,000		$ 3,229,604		$ 3,229,604		

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

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

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

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

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

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

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

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

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

Cleanaway Company Limited

Statement of Changes in Right-of-Use Assets

2019

Statement 4

Unit: NT$ 1,000

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

Cleanaway Company Limited

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

2019

Statement 5

Unit: NT$ 1,000

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

Cleanaway Company Limited

Statement of Accounts Payable

December 31, 2019

Statement 6 Unit: NT$ 1,000

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

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

Cleanaway Company Limited

Statement of Lease Liabilities

December 31, 2019

Statement 7 Unit: NT$ 1,000

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

Cleanaway Company Limited

Statement of Operating Cost

2019

Statement 8 Unit: NT$ 1,000

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

Cleanaway Company Limited

Statement of Operating Expenses

2019

Statement 9 Unit: NT$ 1,000

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

Cleanaway Company Limited

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

2019 and 2018

Statement 10

Unit: NT$ 1,000

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

Notes:

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

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

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

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