

Cleanaway Company Limited

Parent Company Only Financial Statements and
Independent Auditor's Report
2020 and 2019

(若與中文版有差異以中文版為主)

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

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Independent Auditors' Report

To Cleanaway Company Limited:

Audit opinions

We have audited the Parent Company Only Balance Sheets of Cleanaway Company Limited as of December 31, 2020 and 2019, 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) from January 1 to December 31, 2020 and 2019.

In our opinion, the Parent Company Only Financial Statements referred to above present fairly, in all material respects, the parent company only financial position of Cleanaway Company Limited as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). 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 have stayed independent from Cleanaway Company Limited as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of our audit opinions.

Key Audit Matters

Key audit matters refer to the matters that, in our professional judgment, were of most significance in our audit of the 2020 Parent Company Only Financial Statements of Cleanaway Company Limited. Such matters have been dealt with in processing the audit of the Parent Company Only Financial Statements as a whole, and in forming our audit opinion. As such, we do not express a separate opinion on these matters.

We have identified the key audit matters in the 2020 Parent Company Only Financial Statements of Cleanaway Company Limited as follows:

Recognition of solidification revenue

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

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

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

1. Understand and test the effectiveness of internal controls concerning the accuracy of timing for solidification revenue recognition. The control points of Cleanaway and its subsidiaries include the revenue recognition forms automatically generated by the system based on the completion of the solidification and inspections and the scheduled completion of entry into the landfill sites. The records are checked one by one manually to verify whether the trade receivables are consistent with the waste management summary table.
2. 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 a set of fairly presented Parent Company Only Financial Statements 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 misstatements, whether due to fraud or error.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the ability of Cleanaway Company Limited to continue as a going concern, disclosing associated matters and adopting the going concern basis of accounting, unless the management intends either to liquidate Cleanaway Company Limited, 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 preparation of the financial statements.

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

The purpose of our audit on the Parent Company Only Financial Statements is to obtain a reasonable assurance as to whether the Parent Company Only Financial Statements contain material misstatement due to fraud or error, and to provide an audit report. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with the Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. The misstated amounts are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Parent Company Only Financial Statements.

We exercise professional judgment and maintain professional skepticism throughout the audit in accordance with the Generally Accepted Auditing Standards (GAAS). We have also performed the following tasks:

1. Identified and evaluated the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; designed and carried out appropriate countermeasures for the evaluated risks; obtained sufficient and appropriate evidence to provide a basis for our audit opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
2. Obtained an understanding of 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 reasonableness of the accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence obtained, 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 reckon that material uncertainties exist in the events or conditions, we are obliged to include in our audit report a reminder that draws the attention of users of the Parent Company Only Financial Statements to relevant disclosures contained therein, or to modify our audit opinion when such disclosures are considered inappropriate. Our conclusion is based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause Cleanaway Company Limited to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the Parent Company Only Financial Statements (including relevant notes), and whether it adequately represents the underlying transactions and events.

6. Obtained 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 and the preparation of an audit opinion on Cleanaway Company Limited.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit

We also provide those charged with governance with a statement that we have complied with independence statement as stipulated in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and communicate with them on all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined the key audit matters of Cleanaway Company Limited's Parent Company Only Financial Statements for 2020. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu Limited

CPA Chin-chuan Shih

CPA Kuan-chung Lai

Securities and Futures Commission Approval No.
Tai-Cai-Zheng-Liu No. 0930128050

Securities and Futures Commission Approval No.
Tai-Cai-Zheng-Liu No. 0920123784

February 26, 2021

Cleanaway Company Limited
Parent Company Only Balance Sheets
December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents (Notes IV and VI)	\$ 510,801	8	\$ 152,395	2
1136	Financial assets at amortized cost - current (Notes IV, VII and XXVII)	115,770	2	18,678	-
1140	Contract assets - current (Notes IV, and XIX)	138,377	2	289,454	5
1170	Trade receivables (Notes IV, VIII and XIX)	158,244	3	249,270	4
1181	Trade receivables from related parties (Notes IV, XIX, and XXVI)	8,270	-	8,570	-
1210	Other receivables from related parties (Notes IV, XIX, and XXVI)	448,247	7	726,234	11
1330	Inventories (Note IV)	2,003	-	1,746	-
1479	Other current assets (Notes XII and XXVII)	13,645	-	23,356	1
1482	Costs to fulfill a contract (Notes IV and XIX)	345	-	3,930	-
11XX	Total Current Assets	<u>1,395,702</u>	<u>22</u>	<u>1,473,633</u>	<u>23</u>
Non-current assets					
1535	Financial assets at amortized cost - non-current (Notes IV, VII and XXVII)	-	-	70,535	1
1550	Investments accounted for using the equity method (Notes IV, V and IX)	3,265,187	50	3,229,604	49
1560	Contract assets - non-current (Notes IV and XIX)	-	-	20,789	-
1600	Property, plant and equipment (Notes IV, X and XXVII)	1,357,602	21	1,369,756	21
1755	Right-of-use assets (Notes IV and XI)	378,583	6	329,375	5
1840	Deferred tax assets (Notes IV and XXI)	4,323	-	4,922	-
1915	Prepayments for land and equipment (Notes XII)	1,383	-	2,180	-
1920	Refundable deposits (Notes IV and XII)	47,378	1	32,536	1
1990	Other non-current assets (Note XII)	21,953	-	14,600	-
15XX	Total non-current assets	<u>5,076,409</u>	<u>78</u>	<u>5,074,297</u>	<u>77</u>
1XXX	Total Assets	<u>\$ 6,472,111</u>	<u>100</u>	<u>\$ 6,547,930</u>	<u>100</u>
Liabilities and equity					
Current liabilities					
2170	Trade payables (Note XIV)	\$ 4,014	-	\$ 4,371	-
2180	Trade payables to related parties (Note XXVI)	41,404	1	50,301	1
2219	Other payables (Note XV)	234,753	4	235,868	4
2220	Other payables to related parties (Note XXVI)	9,192	-	63,535	1
2230	Current tax liabilities (Notes IV and XXI)	32,058	1	14,346	-
2280	Lease liabilities-current (Notes IV, XI and XXVI)	7,940	-	9,139	-
2320	Long-term borrowings due within one year (Notes XIII and XXVII)	-	-	15,000	-
2399	Other current liabilities (Notes IV, XV and XIX)	21,084	-	471	-
21XX	Total current liabilities	<u>350,445</u>	<u>6</u>	<u>393,031</u>	<u>6</u>
Non-current liabilities					
2541	Long-term borrowings from banks (Notes XII and XXVII)	-	-	185,000	3
2550	Cost provisions for restoration (Notes IV, V and XVI)	7,070	-	6,921	-
2580	Lease liabilities-non-current (Notes IV, XI and XXVI)	376,830	6	323,379	5
2640	Net defined benefit liabilities - non-current (Notes IV and XXVII)	12,284	-	11,635	-
2645	Deposits received (Note IV and XXVI)	10,000	-	-	-
25XX	Total non-current liabilities	<u>406,184</u>	<u>6</u>	<u>526,935</u>	<u>8</u>
2XXX	Total liabilities	<u>756,629</u>	<u>12</u>	<u>919,966</u>	<u>14</u>
Equity (Note XVIII)					
Share capital					
3110	Common shares	<u>1,088,880</u>	<u>17</u>	<u>1,088,880</u>	<u>17</u>
3200	Capital surplus	<u>1,701,911</u>	<u>26</u>	<u>1,701,911</u>	<u>26</u>
Retained earnings					
3310	Legal reserve	1,291,588	20	1,173,690	18
3320	Special reserve	2,771	-	1,915	-
3350	Unappropriated earnings	<u>1,633,095</u>	<u>25</u>	<u>1,664,339</u>	<u>25</u>
3300	Total retained earnings	<u>2,927,454</u>	<u>45</u>	<u>2,839,944</u>	<u>43</u>
Other equity					
3410	Exchange differences on translating the financial statements of foreign operations (Notes IV and IX)	(2,369)	-	(2,771)	-
3420	Unrealized gains or losses of financial assets at fair value through other comprehensive income (Notes IV and IX)	(394)	-	-	-
3400	Total other equity	<u>(2,763)</u>	<u>-</u>	<u>(2,771)</u>	<u>-</u>
3XXX	Total equity	<u>5,715,482</u>	<u>88</u>	<u>5,627,964</u>	<u>86</u>
Total liabilities and equity		<u>\$ 6,472,111</u>	<u>100</u>	<u>\$ 6,547,930</u>	<u>100</u>

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, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars,
Except Earnings Per Share

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes IV, XIX and XXVI)	\$ 1,082,227	100	\$ 1,026,128	100
5000	Operating costs (Notes IV, XVI, XVII, XX and XXVI)	<u>720,676</u>	<u>67</u>	<u>712,609</u>	<u>70</u>
5900	Gross profit	<u>361,551</u>	<u>33</u>	<u>313,519</u>	<u>30</u>
	Operating expenses (Notes XVII, XX and XXVI)				
6200	General and administrative expenses	102,561	9	87,495	8
6300	Research and development expenses	20,025	2	16,953	2
6450	Expected credit reversal gains (Notes IV, VIII and XXVI)	(<u>89</u>)	-	(<u>5</u>)	-
6000	Total operating expenses	<u>122,497</u>	<u>11</u>	<u>104,443</u>	<u>10</u>
6900	Net operating profit	<u>239,054</u>	<u>22</u>	<u>209,076</u>	<u>20</u>
	Non-operating income and expenses				
7070	Share of the profit of subsidiaries and affiliates accounted for using the equity method (Notes IV and IX)	987,942	91	1,020,851	100
7100	Interest income (Note XXVI)	5,172	1	2,055	-
7190	Other income	4,807	-	954	-
7210	Profit from disposal of property, plant and equipment (Note IV)	-	-	480	-
7228	Gains on lease termination	19	-	-	-
7510	Interest expense (Notes IV and XXVI)	(<u>4,575</u>)	-	(<u>8,751</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>993,365</u>	<u>92</u>	<u>1,015,589</u>	<u>99</u>

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Code		2020		2019	
		Amount	%	Amount	%
7900	Income before tax	\$ 1,232,419	114	\$ 1,224,665	119
7950	Income tax expense (Notes IV and XXI)	<u>55,200</u>	<u>5</u>	<u>45,677</u>	<u>4</u>
8200	Net profit/(loss) for the year	<u>1,177,219</u>	<u>109</u>	<u>1,178,988</u>	<u>115</u>
	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)	(1,070)	-	5,503	-
8326	Affiliate's unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(394)	-	-	-
8330	Share of other comprehensive income of subsidiaries and affiliates accounted for using the equity method - Items that will not be reclassified subsequently to profit or loss: (Notes IV and IX)	27	-	361	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes IV and XXI)	214	-	(1,100)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations (Notes IV and IX)	<u>402</u>	<u>-</u>	(<u>856</u>)	<u>-</u>
8300	Other comprehensive income/(loss) for the year, net of income tax	(<u>821</u>)	<u>-</u>	<u>3,908</u>	<u>-</u>
8500	Total comprehensive income/(loss) for the year	<u>\$ 1,176,398</u>	<u>109</u>	<u>\$ 1,182,896</u>	<u>115</u>
	Earnings per share (Note XXII)				
9710	Basic	<u>\$ 10.81</u>		<u>\$ 10.83</u>	
9810	Diluted	<u>\$ 10.78</u>		<u>\$ 10.80</u>	

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, 2020 and 2019

In Thousands of New Taiwan Dollars

Code		Common stock capital	Capital surplus	Retained earnings			Other equity		Total equity
				Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	
A1	Balance as of January 1, 2019	\$ 1,088,880	\$ 1,701,775	\$ 1,041,628	\$ 1,057	\$ 1,702,387	(\$ 1,915)	\$ -	\$ 5,533,812
	Earnings distribution of 2018								
B1	Provision of legal reserve	-	-	132,062	-	(132,062)	-	-	-
B3	Provision of special reserve	-	-	-	858	(858)	-	-	-
B5	Cash dividends	-	-	-	-	(1,088,880)	-	-	(1,088,880)
M7	Changes in percentage of ownership interests in subsidiaries (Note XXIII)	-	136	-	-	-	-	-	136
D1	Net profit in 2019	-	-	-	-	1,178,988	-	-	1,178,988
D3	Other comprehensive incomes in 2019, net after tax	-	-	-	-	4,764	(856)	-	3,908
Z1	Balance as of December 31, 2019	1,088,880	1,701,911	1,173,690	1,915	1,664,339	(2,771)	-	5,627,964
	Earnings distribution of 2019								
B1	Provision of legal reserve	-	-	117,898	-	(117,898)	-	-	-
B3	Provision of special reserve	-	-	-	856	(856)	-	-	-
B5	Cash dividends	-	-	-	-	(1,088,880)	-	-	(1,088,880)
D1	Net profit in 2020	-	-	-	-	1,177,219	-	-	1,177,219
D3	Other comprehensive incomes in 2020, net after tax	-	-	-	-	(829)	402	(394)	(821)
Z1	Balance as of December 31, 2020	<u>\$ 1,088,880</u>	<u>\$ 1,701,911</u>	<u>\$ 1,291,588</u>	<u>\$ 2,771</u>	<u>\$ 1,633,095</u>	<u>(\$ 2,369)</u>	<u>(\$ 394)</u>	<u>\$ 5,715,482</u>

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, 2020 and 2019

In Thousands of New Taiwan Dollars

Code		2020	2019
	Cash flows from operating activities		
A10000	Income before tax	\$ 1,232,419	\$ 1,224,665
A20010	Adjustments for		
A20100	Depreciation expenses	43,388	40,465
A20900	Interest expenses	4,575	8,751
A21200	Interest income	(5,172)	(2,055)
A22400	Share of profits of subsidiaries and affiliates accounted for using the equity method	(987,942)	(1,020,851)
A22500	Gains from disposal of property, plant and equipment	-	(480)
A29900	Gains on lease termination	(19)	-
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	171,866	(87,381)
A31150	Trade receivables	91,026	52,465
A31160	Trade receivables from related parties	300	(8,075)
A31190	Other receivables from related parties	(22)	2,443
A31200	Inventories	(257)	(49)
A31240	Other current assets	9,711	5,560
A31280	Costs to fulfill a contract	3,585	29,773
A32150	Trade payables	(357)	(5,589)
A32160	Trade payables to related parties	(8,897)	(1,358)
A32180	Other payables	(930)	(44,286)
A32190	Other payables to related parties	704	7,529
A32200	Cost provisions for restoration	149	147
A32230	Other current liabilities	20,613	(1,948)
A32240	Net defined benefit liabilities	(421)	(352)
A33000	Cash generated from/(used in) operations	574,319	199,374
A33100	Interest received	5,254	1,885
A33300	Interest paid	(4,622)	(9,319)
A33500	Income tax paid	(36,675)	(86,129)
AAAA	Cash inflow from operating activities	<u>538,276</u>	<u>105,811</u>

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Code		2020	2019
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(\$ 26,557)	\$ -
B00050	Proceeds from sale of financial assets at amortized cost	-	168,856
B01800	Acquisition of investments accounted for using the equity method	-	(444,605)
B02400	Proceeds from capital reduction of investees accounted for using equity method	-	500,000
B02700	Acquisition of property, plant and equipment	(17,357)	(102,965)
B02800	Proceeds from disposal of property, plant and equipment	-	480
B03700	Increase in refundable deposits	(19,409)	(2,513)
B03800	Decreases in refundable deposits	4,567	3,089
B04300	Increase in other receivables from related parties	-	(200,000)
B04400	Decrease in other receivables from related parties	96,000	-
B06700	Increase in other non-current assets	(7,353)	(10,300)
B07100	Increase in prepayments for land and equipment	(1,783)	(19,213)
B07600	Dividends received	<u>1,134,321</u>	<u>1,518,734</u>
BBBB	Cash inflow from investing activities	<u>1,162,429</u>	<u>1,411,563</u>
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	-	350,000
C00200	Repayments of short-term borrowings	-	(500,000)
C01700	Repayments of long-term borrowings	(200,000)	-
C03000	Increase in deposits received	10,000	-
C03800	Decrease in other payables to related parties	(55,000)	(385,000)
C04020	Repayment of the principal amount of rentals	(8,419)	(8,888)
C04500	Distribution of cash dividends	(<u>1,088,880</u>)	(<u>1,088,880</u>)
CCCC	Net cash used in financing activities	(<u>1,342,299</u>)	(<u>1,632,768</u>)
EEEE	Increase (decrease) in cash and cash equivalents for the period	358,406	(115,394)
E00100	Cash and cash equivalents at the beginning of the year	<u>152,395</u>	<u>267,789</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 510,801</u>	<u>\$ 152,395</u>

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 the Parent Company Only Financial Statements
January 1 to December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

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

Cleanaway 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 validity period and extension of the permit is vested in the local government by the central government. Cleanaway has extended its permit for several times, and the latest validity date of its permit is July 1, 2024.

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

The Parent Company Only Financial Statements are presented in New Taiwan Dollars, Cleanaway's functional currency.

II. Date and Procedures of Authorization of Financial Statements

The Parent Company Only Financial Statements were approved by the Board of Directors on February 26, 2021.

III. Applicability of Newly Issued and Revised Standards and Interpretations

(I) The first-time adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations, and Standard Interpretations Committee (SIC) interpretations (collectively, "IFRSs" hereinafter) that are endorsed, issued, and effected by the Financial Supervisory Commission (hereinafter "FSC").

Adopting IFRSs that are endorsed, issued, and effected by the FSC will not cause major changes in the accounting policies of Cleanaway Company Limited.

(II) FSC-endorsed IFRSs applicable beginning from 2021

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB
Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - "Interest Rate Benchmark Reform - Phase 2"	Effective for the annual reporting periods beginning on and after January 1, 2021
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	Effective for the annual reporting periods beginning on and after June 1, 2020

As of the date the Parent Company Only Financial Statements were authorized for issue, Cleanaway assessed the effects of the revision of the aforementioned standards and interpretations on its financial position and financial performance and found no significant impact.

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

New/Revised/Amended Standards and Interpretations	Effective Date Published by IASB (Note 1)
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Updating a reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)

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

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts of which the obligations have not been fulfilled on or after January 1, 2022.

Note 6: The amendments shall be applied prospectively for the annual reporting period beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on or after January 1, 2023.

As of the date the Parent Company Only Financial Statements were authorized for issue, Cleanaway is continuously assessing the effects of the amendments to the standards and interpretations on its financial position and financial performance. Any relevant effect will be disclosed when the assessment is completed.

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

The Parent Company Only Financial Statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which is arrived at by taking the present value of defined benefit obligation minus the fair value of plan assets.

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

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.

Cleanaway 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 amounts of profit or loss, other comprehensive income, and equity stated on the Parent Company Only Financial Statements for the current year with the amounts attributable to owners of Cleanaway as stated on the Consolidated Financial Statements for the current year, Cleanaway accounted for the accounting

differences between the consolidated basis and the parent company only basis by adjusting "Investment accounted for using the equity method," "Share of profit or loss in subsidiaries and affiliates accounted for using the equity method," and "Share of other comprehensive income in subsidiaries and affiliates accounted for using the 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 of which the settlement cannot be unconditionally deferred till at least 12 months after the balance sheet date.

Cleanaway 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 Cleanaway's functional currency (i.e. foreign currencies) are converted into the 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 foreign subsidiaries or subsidiaries using a currency different from Cleanaway's) are translated into New Taiwan Dollars at the rate of exchange prevailing on the balance sheet date. The adjustments to reconcile profit or loss are translated at the average exchange rate of the period. The exchange differences arising are recognized in other comprehensive income.

(V) Inventory

Inventories refer to raw materials. The value of inventory shall be determined based on the cost or 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 the weighted-average method.

(VI) Investment in subsidiaries

Cleanaway has adopted the equity method to account for investments in subsidiaries. Subsidiaries are entities controlled by Cleanaway.

Under the equity method, the investment is initially treated at cost and adjusted thereafter for the post-acquisition changes in Cleanaway's share of profit or loss, share of other comprehensive income in subsidiaries, and changes in earnings distribution from subsidiaries. In addition, changes in other equity of the subsidiary attributable to Cleanaway shall be recognized in accordance with Cleanaway's shareholding percentage. When changes in the ownership interests of Cleanaway in subsidiaries do not cause Cleanaway to lose control, they are recognized as equity transactions. 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 Cleanaway'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 Cleanaway's net investment in the subsidiary), Cleanaway shall continue to recognize losses based on the shareholding percentage.

Any excess of the cost of acquisition over Cleanaway's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. Any excess of Cleanaway's share of the net fair value of the identifiable assets and liabilities of a subsidiary over the cost of acquisition is recognized immediately in profit or loss.

When Cleanaway 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 shall 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 Cleanaway and the subsidiary shall be eliminated in the Parent Company Only Financial Statements. Profit or loss generated in upstream transactions between Cleanaway and subsidiaries or transactions between subsidiaries shall only be recognized in the Parent Company Only Financial Statements when it is not related to Cleanaway's interest in the subsidiaries.

(VII) Investment in affiliate enterprises

Affiliate enterprises are companies on which Cleanaway has significant influence but they are not Cleanaway's subsidiaries.

Cleanaway 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 changes in Cleanaway's share of profit or loss, share of other comprehensive income in affiliates, and changes in earnings distribution from affiliates. In addition, equity changes in affiliates attributable to Cleanaway are recognized based on the shareholding ratio.

Any excess of the cost of acquisition over Cleanaway's share of the net fair value of the identifiable assets and liabilities of an affiliate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. Any excess of Cleanaway's share of the net fair value of the identifiable assets and liabilities of an affiliate over the cost of acquisition is recognized immediately in profit or loss.

When an affiliate enterprise issues new shares and Cleanaway does not subscribe to such shares based on its shareholding ratio and thus causes changes in Cleanaway's shareholding percentage and the net value of shares, such changes shall be adjusted to Capital surplus - 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 Cleanaway fails to subscribe to or acquire new shares based on its shareholding ratio and 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 on the accounting basis as would be required if the affiliate had directly disposed of the related assets or liabilities. If the aforementioned adjustment is required to be credited to capital surplus but the capital surplus derived from investment accounted for using equity method is not sufficient, the difference shall be temporarily credited to retained earnings.

When Cleanaway'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 using the equity method and long-term interests that, in substance, form part of Cleanaway's net investment in the affiliate enterprise), Cleanaway shall cease recognition of further losses. Cleanaway shall only recognize additional losses and liabilities within the scope of occurred legal obligations, constructive obligations, or payments made on behalf of the affiliate enterprise.

To assess impairment, Cleanaway 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 is recognized only to the extent of the subsequent increases in the recoverable amount of investment.

Cleanaway 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 disposal proceeds, and the carrying amount of the investment on the day the equity method ceases to apply shall be recognized in the profit or loss of the current period. In addition, Cleanaway treats the amounts in relation to the affiliate as recognized in other comprehensive income on the same accounting basis as would be required if such assets or liabilities had been directly disposed of by the affiliate. For investment in affiliate enterprises that turns them into joint ventures or investment in joint ventures that turns them into affiliate enterprises, Cleanaway shall continue to use the equity method and shall not reassess retained equity.

Profit or loss arising from up- and downstream transactions between Cleanaway and the affiliates or side-stream transactions between affiliates needs to be recognized in the Parent Company Only Financial Statements to the extent that such recognition shall not affect the interests of Cleanaway in the affiliate.

(VIII) Property, plant and equipment

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

PP&E under construction are recognized at cost less accumulated impairment loss. The cost shall include professional service expenses and the borrowing costs eligible for capitalization. Such assets shall be classified into appropriate PP&E categories upon completion and reaching the expected use status, and then be depreciated.

Each significant part of property, plant and equipment is separately depreciated over their useful lives on a straight-line basis. Cleanaway shall conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods or those two methods. The effects of changes in accounting estimates shall be applied prospectively.

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

(IX) Contract cost-related assets

If costs of waste disposal and clean-up and transport services or costs directly related to contractual terms with consumers will enhance future resources used to fulfill contractual obligations, the amounts within the recoverable scope shall be recognized as costs to fulfill a contract (mainly the solidification processing costs and labor costs of clean-up and transport services), and transferred to operating costs when the contractual obligations are fulfilled.

(X) Impairment of Property, plant, and equipment, Right-of-use assets, and Contract cost-related assets

On each balance sheet date, Cleanaway evaluates whether there is any indication that an impairment has occurred in its property, plant and equipment and right-of-use assets. If there is any sign of impairment, recoverable amount of the asset will be estimated. If it is not possible to determine the recoverable amount of an individual asset, Cleanaway must determine the recoverable amount for the asset's cash-generating unit. Corporate assets are allocated to each cash generating unit on a reasonable and consistent basis.

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

The impairment of the inventory, property, plant and equipment, and intangible assets recognized for 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 an impairment loss subsequently reverses, the carrying amount of the asset, a cash-generating unit, or a contract cost-related asset is increased to the revised estimate of recoverable amount, but the increased carrying amount does not exceed the carrying amount (net of amortization and depreciation) that would have been determined had no impairment loss been recognized for the asset, cash-generating unit, or contract cost-related asset in prior years. The reversal of impairment loss shall be recognized in profit or loss.

(XI) Financial instruments

Financial assets and liabilities will be recognized on the Parent Company Only Balance Sheets when Cleanaway becomes a party to the contract of a financial instrument.

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

1. Financial assets

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

(1) Measurement types

The categories of financial assets held by Cleanaway consist entirely of financial assets at amortized cost.

Cleanaway's investment in 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 contractual cash flow; and
- B. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets initially measured at amortized cost (including cash and cash equivalents, trade receivables measured at amortized cost, trade receivables from related parties, other receivables from related parties, bank time deposits with an original maturity date due in more than 3 months, and refundable deposits) shall be subsequently measured at the amortized cost of the total carrying amount minus any impairment loss by using the effective interest rate method. 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. For purchased or originated credit-impaired financial assets, interest income is calculated at the credit-adjusted effective interest rate times the financial assets at amortized cost.
- B. For financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Credit-impaired financial assets are those for which the issuer or borrower has experienced major financial difficulties or defaults, the borrower 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 highly liquid, readily convertible into a known amount of cash 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

On each balance sheet date, Cleanaway assesses the impairment loss of financial assets measured at amortized cost (including trade receivables) and contract assets based on expected credit losses.

Cleanaway recognizes an allowance equal to lifetime expected credit losses on trade receivables and contract assets. 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 shall be recognized at the amount equal to 12-month expected credit losses. If the risks have increased significantly, an allowance shall be recognized at the amount equal to lifetime expected credit losses.

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 over the life of the financial instrument.

For the purpose of internal credit risk management, Cleanaway judges the following circumstances a default on financial assets, without considering the collateral held:

- A. There are internal or external information showing that the borrower is no longer able to pay off the debt.
- B. A debt has been overdue for more than 120 days, unless there is reasonable and verifiable information showing that a delayed default basis is more appropriate.

The carrying amount of all financial assets is adjusted for impairment loss through the allowance account. However, the allowance for the investment in the debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income, without reducing its carrying amount.

(3) Derecognition of financial assets

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

When derecognizing a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2. Equity instruments

Equity instruments issued by Cleanaway shall be recognized at the amount equal to the consideration received less the direct flotation costs.

3. Financial liabilities

(1) Subsequent assessment

Financial liabilities are measured at amortized cost by applying 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. Cleanaway shall estimate the total restoration cost according to previous experience and recognize it as cost provisions.

(XIII) Revenue recognition

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

1. Revenue from waste disposal

Revenue from 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. Cleanaway 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, Cleanaway uses the percentage of actual contract cost incurred over total contract cost to assess the completion progress of the contracts. Cleanaway gradually recognizes contract assets in the duration of the cleanup project and transfers them to trade 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 Cleanaway completes all contractual obligations and it shall be listed as a contract asset before Cleanaway completes the performance obligations of the contract.

(XIV) Leases

Where Cleanaway is the lessee

Cleanaway assesses whether a contract is (or contains) a lease on the execution 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.

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

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

Lease liabilities are originally measured at the present value of lease payments (including fixed payments and fluctuant lease payments depending on the index or rate). If the interest rate implicit in a lease is easy to determine, the lease payment is discounted through that interest rate. 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, Cleanaway will re-measure the lease liabilities and adjust the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. Lease liabilities are expressed separately on the Parent Company Only Balance Sheets.

(XV) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

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 asset shall not exceed the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan

(XVI) Income Taxes

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

1. Current income tax

Cleanaway determines the current income (loss) in accordance with the laws and regulations established by the income tax jurisdiction, and calculates the income tax payable (recoverable) based on it.

The additional tax levied on undistributed earnings that is calculated as required by the Income Tax Act is recognized in the year in which such tax is resolved by the Shareholders' Meeting.

Adjustments of income tax payable of previous years are recognized in the income tax of the 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 tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets are recognized when it is probable that taxable profit will be available against which the deductible temporary difference could be utilized.

The taxable temporary differences in relation to an investment in subsidiaries are recognized as deferred tax liabilities, except for the case when the reversal timing of such temporary differences is controlled by Cleanaway and it is probable that such temporary differences are not expected to be reversed in the foreseeable future. For deductible temporary differences, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred 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 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 tax liabilities and assets reflects the tax consequences generated by Cleanaway's 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 Cleanaway 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.

(I) Judgment of significant influence on affiliates

Cleanaway judges that it does not control but only has significant influence on a significant investee based on the fact that Cleanaway holds less than fifty percent (50%) of its shares but is its single largest shareholder.

As mentioned in Note 9, Cleanaway holds 20.02% of the voting rights of Chung Tai Resource Technology Corp. (Chung Tai) and is its single largest shareholder. It is judged that Cleanaway has no control on Chung Tai, given that Cleanaway controls less than half of seats of the board of directors of Chung Tai and lacks the substantive ability to dominate its essential activities. Management of Cleanaway believes it true that Cleanaway only has significant influence on Chung Tai and thus presents it as an affiliate.

(II) Estimates of cost provisions for restoration

Cleanaway recognizes cost provisions for restorations based on previous experience. The measurement and recognition are described in Note 4(12) and Cleanaway regularly reviews the reasonableness of those estimates. However, the maintenance time and characteristics of solidification plants (sites) may require additional provisions in the future due to changes in the environmental laws and regulations and plant environment. Please refer to Note 16 for the carrying amount of cost provisions for restorations.

VI. Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 70	\$ 73
Checking accounts and demand deposits	101,931	152,322
Cash equivalents		
Bank time deposit with original maturity date within 3 months	258,800	-
Bonds with repurchase agreement	<u>150,000</u>	<u>-</u>
	<u>\$ 510,801</u>	<u>\$ 152,395</u>

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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank time deposit with original maturity date within 3 months	0.37%~0.39%	-
Bonds with repurchase agreement	0.27%	-

VII. Management of Credit Risks of Investments in Debt Instruments

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank time deposit with original maturity date over 3 months	<u>\$ 115,770</u>	<u>\$ 89,213</u>
Current	\$ 115,770	\$ 18,678
Non-current	<u>-</u>	<u>70,535</u>
	<u>\$ 115,770</u>	<u>\$ 89,213</u>

The allowance for losses for financial assets measured at amortized cost as of December 31, 2020 and 2019 were both NT\$0. The amortized cost and the carrying amount are consistent. The debt instrument investment policy adopted by Cleanaway serves only to sign debt instruments with low credit risks with reputable financial institutions in the form of certificate of deposits. Cleanaway 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 Cleanaway have normal credit ratings and exhibit no signs of irregularities or defaults. As the financial institutions that conduct business transactions with Cleanaway have low credit risks and have sufficient capacity to repay contractual cash flows, they are subject to the 12-month

expected credit loss method and the expected credit loss rate was 0%. Their credit ratings in both 2020 and 2019 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank time deposit with original maturity date over 3 months	0.38% ~ 0.795%	0.30% ~ 1.045%

Refer to Note 27 for information on pledged debt investments.

VIII. Trade receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Trade receivables	\$ 159,118	\$ 250,228
Minus: Allowance for losses	(<u>874</u>)	(<u>958</u>)
	<u>\$ 158,244</u>	<u>\$ 249,270</u>

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

Cleanaway adopted simplified methods in IFRS 9 to recognize the allowance for losses for trade receivable based on the lifetime expected credit losses. 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 Cleanaway can be classified into government institutions and general companies and their credit risks are explained as follows:

- (I) In principle, government institutions do not have credit quality issues. If difficulties in collection arise, assessment would be performed separately.
- (II) With regard to the credit quality of trade 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, Cleanaway 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 Cleanaway's experience of credit impairment, the types of losses incurred 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 trade receivables.

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

Cleanaway's allowances for losses for trade receivable based on the provision matrix are as follows:

December 31, 2020

	Government institutions	General companies				Total
		Not past due	1~210 days overdue	211~240 days overdue	241~365 days overdue	
Overdue credit loss rate	0%	0% - 1%	1% - 2%	10%	20%	100%
Total carrying amount	\$ 71,715	\$ 87,403	\$ -	\$ -	\$ -	\$ 159,118
Allowance for losses (lifetime expected credit losses)	-	(874)	-	-	-	(874)
Amortized cost	<u>\$ 71,715</u>	<u>\$ 86,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,244</u>

December 31, 2019

	Government institutions	General companies				Total
		Not past due	1~210 days overdue	211~240 days overdue	241~365 days overdue	
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	<u>\$ 154,413</u>	<u>\$ 94,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,270</u>

Information regarding changes in the allowance for losses of trade receivables is as follows:

	2020	2019
Balance, beginning of year	\$ 958	\$ 1,051
Less: Reversed impairment loss in the current period	(84)	(93)
Balance, end of year	<u>\$ 874</u>	<u>\$ 958</u>

IX. Investments accounted for using the equity method

	December 31, 2020	December 31, 2019
Investment in subsidiaries	\$ 2,214,565	\$ 2,186,181
Investment in affiliates	<u>1,050,622</u>	<u>1,043,423</u>
	<u>\$ 3,265,187</u>	<u>\$ 3,229,604</u>

(I) Investment in subsidiaries

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unlisted companies		
Da Tsang Industrial Company Limited	\$ 1,039,712	\$ 1,084,640
Chi Wei Company Limited	757,100	696,161
Cleanaway Enterprise Company Limited	229,081	217,260
Kang Lien Enterprise Company Limited	70,139	64,588
Cleanaway Investment Company Limited	54,549	51,379
Cleanaway Energy Company Limited	47,277	51,459
CCL Investment Holding Company Limited	<u>16,707</u>	<u>20,694</u>
	<u>\$ 2,214,565</u>	<u>\$ 2,186,181</u>

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 Company Limited.
2. Cleanaway incorporated Cleanaway Energy Company Limited on January 16, 2019, with 100% shareholding. Cleanaway Energy subsequently issued a total of 8,000 thousand new shares in April 2019, of which Cleanaway subscribed to 3,500 thousand shares. Because Cleanaway didn't fully subscribe to the new shares issued, the shareholding ratio was reduced to 55% from 100% but it still has the substantive control over Cleanaway Energy. The change in net equity value of NT\$136 thousand is adjusted to increase the capital surplus.
3. Cleanaway increased its investment in CCL Investment Holding Company Limited by USD500 thousand (equivalent to NT\$15,205 thousand) in 2019.
4. To optimize fund utilization, on February 20, 2019, the board of directors of Da Tsang Industrial Company Limited resolved to effect a capital reduction with cash payments and returned the share subscription proceeds to Cleanaway. The reduction amount was NT\$500,000 thousand, representing 50,000 thousand shares and a capital reduction ratio of 65%. The record date of such a capital reduction was set on February 20, 2019. The paid-in capital after the capital reduction was 27,000 thousand shares. Such capital modification was registered on March 21, 2019.

5. (1) Cleanaway's share of (profit) and loss in subsidiaries recognized using the equity method in 2020 and 2019 is as follows:

	2020	2019
Chi Wei Company Limited	\$ 585,464	\$ 569,496
Da Tsang Industrial Company Limited	358,226	450,963
Cleanaway Enterprise Company Limited	11,821	(15,355)
Kang Lien Enterprise Company Limited	10,381	(3,112)
Cleanaway Investment Company Limited	3,087	2,821
Cleanaway Energy Company Limited	(4,182)	(3,677)
CCL Investment Holding Company Limited	(<u>4,255</u>)	(<u>5,110</u>)
	<u>\$ 960,542</u>	<u>\$ 996,026</u>

- (2) Cleanaway's share of other comprehensive income in subsidiaries recognized using the equity method in 2020 and 2019 is as follows:

	2020	2019
Kang Lien Enterprise Company Limited	(<u>\$ 29</u>)	<u>\$ 361</u>

The share of profits and loss and share of other comprehensive income in subsidiaries recognized using the equity method in 2020 and 2019 is based on subsidiaries' financial statements for the same periods that have been audited by an independent auditor.

6. The cash dividends received from subsidiaries in 2020 and 2019 are as follows:

	2020	2019
Chi Wei Company Limited	\$ 524,525	\$ 988,442
Da Tsang Industrial Company Limited	403,225	1,030,592
Kang Lien Enterprise Company Limited	<u>4,801</u>	<u>10,048</u>
	<u>\$ 932,551</u>	<u>\$ 2,029,082</u>

7. As of December 31, 2020 and 2019, Cleanaway recognized a cumulative exchange differences on translating the financial statements of foreign operations for the following subsidiaries:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cleanaway Investment Company Limited	(\$ 218)	(\$ 301)
Da Tsang Industrial Company Limited	(1,133)	(1,204)
CCL Investment Holding Company Limited	(<u>998</u>)	(<u>1,266</u>)
	(<u>\$ 2,349</u>)	(<u>\$ 2,771</u>)

(II) Investment in affiliates

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Investment in affiliates		
Cleanaway SUEZ Environmental Resources Limited (Cleanaway SUEZ)	\$ 667,009	\$ 655,904
Chung Tai Resource Technology Corp. (Chung Tai)	<u>383,613</u>	<u>387,519</u>
	<u>\$ 1,050,622</u>	<u>\$ 1,043,423</u>

<u>Company Name</u>	<u>Main Businesses</u>	<u>Main place of business</u>	<u>Shareholding and voting rights ratio</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cleanaway SUEZ	Waste management	Kaohsiung	29%	29%
Chung Tai	Waste management	Taoyuan	20.02%	20.02%

Cleanaway SUEZ

Cleanaway, SUEZ NWS (Taiwan) Environmental Services Limited (formerly, Taiwan Sheng Ta International Waste Processing Co., Ltd.), and RSEA Engineering Corporation were authorized by the competent authority to jointly establish 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. Cleanaway 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. Cleanaway 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 173,663	\$ 115,121
Non-current assets	1,140,179	1,012,695
Current liabilities	(274,478)	(172,330)
Non-current liabilities	(230,713)	(185,127)
Equity	<u>\$ 808,651</u>	<u>\$ 770,359</u>
Cleanaway shareholding ratio	29%	29%
Equity attributable to Cleanaway	\$ 234,509	\$ 223,404
Goodwill	<u>432,500</u>	<u>432,500</u>
Investment carrying amount	<u>\$ 667,009</u>	<u>\$ 655,904</u>
	<u>2020</u>	<u>2019</u>
Operating revenue	<u>\$ 369,477</u>	<u>\$ 314,668</u>
Net profit of this period	\$ 38,293	\$ 40,328
Other comprehensive income/(loss)	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 38,293</u>	<u>\$ 40,328</u>

Chung Tai

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

The financial information of Chung Tai Resource Technology Corp. (Chung Tai) is summarized as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 302,085	\$ 331,227
Non-current assets	2,566,363	1,832,561
Current liabilities	(297,592)	(196,018)
Non-current liabilities	(1,178,388)	(590,449)
Equity	<u>\$ 1,392,468</u>	<u>\$ 1,377,321</u>
Cleanaway shareholding ratio	20.02%	20.02%
Equity attributable to Cleanaway	\$ 278,772	\$ 275,740
Goodwill	50,849	51,244
Concession	<u>53,992</u>	<u>60,535</u>
Investment carrying amount	<u>\$ 383,613</u>	<u>\$ 387,519</u>

	2020	2019
Operating revenue	<u>\$ 455,936</u>	<u>\$ 592,418</u>
Net profit of this period	\$ 115,760	\$ 110,372
Other comprehensive income/(loss)	(<u>1,201</u>)	<u>-</u>
Total comprehensive income	<u>\$ 114,559</u>	<u>\$ 110,372</u>

Cleanaway's shareholding ratio in Chung Tai is 20.02%, enabling Cleanaway to be its single largest shareholder and to have a significant influence on it. However, given that Cleanaway controls less than half of seats of the board of directors of Chung Tai and does not have the substantive ability to dominate its essential activities, Cleanaway judges itself as having no control on Chung Tai, and thus presents Chung Tai as an affiliate accounted for using the equity method.

Cleanaway's share of profit or loss and share of other comprehensive income in affiliate enterprises recognized using the equity method in 2020 and 2019 amounted to NT\$27,400 thousand and NT\$(338) thousand, and NT\$24,825 thousand and NT\$0 thousand, respectively. The amounts are recognized based on the affiliate enterprises' audited financial statements for the same periods.

The cash dividends received by Cleanaway from the affiliates were NT\$19,843 thousand and NT\$0 thousand for 2020 and 2019, respectively. As of December 31, 2020 and 2019, Cleanaway recognized an accumulated exchange differences on translating the financial statements of foreign operations in the amount of NT\$(20) thousand and NT\$0 thousand for affiliates, respectively.

X. Property, plants and equipment

	Land	Houses and buildings	Machinery and equipment	Laboratory equipment	Transportation facilities	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
<u>Costs</u>									
Balance as of January 1, 2020	\$ 862,576	\$ 527,798	\$ 46,757	\$ 24,576	\$ 27,323	\$ 48,291	\$ 39,412	\$ 1,744	\$ 1,578,477
Additions	-	8,877	807	-	552	1,731	1,387	3,818	17,172
Reductions	-	-	(2,084)	-	-	-	-	-	(2,084)
Amount transferred from prepayments for land and equipment	-	2,980	2,582	-	-	2,500	80	(5,562)	2,580
Balance as of December 31, 2020	<u>\$ 862,576</u>	<u>\$ 539,655</u>	<u>\$ 48,062</u>	<u>\$ 24,576</u>	<u>\$ 27,875</u>	<u>\$ 52,522</u>	<u>\$ 40,879</u>	<u>\$ -</u>	<u>\$ 1,596,145</u>
<u>Accumulated Depreciation</u>									
Balance as of January 1, 2020	\$ -	\$ 113,158	\$ 37,573	\$ 9,911	\$ 25,659	\$ 10,392	\$ 12,028	\$ -	\$ 208,721
Depreciation expenses	-	15,701	2,074	5,535	465	5,400	2,731	-	31,906
Reductions	-	-	(2,084)	-	-	-	-	-	(2,084)
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 128,859</u>	<u>\$ 37,563</u>	<u>\$ 15,446</u>	<u>\$ 26,124</u>	<u>\$ 15,792</u>	<u>\$ 14,759</u>	<u>\$ -</u>	<u>\$ 238,543</u>
Balance as of December 31, 2020, net	<u>\$ 862,576</u>	<u>\$ 410,796</u>	<u>\$ 10,499</u>	<u>\$ 9,130</u>	<u>\$ 1,751</u>	<u>\$ 36,730</u>	<u>\$ 26,120</u>	<u>\$ -</u>	<u>\$ 1,357,602</u>
<u>Costs</u>									
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
Reductions	-	-	(140)	(683)	(4,465)	-	-	-	(5,288)
Amount transferred from prepayments for land and equipment	-	89,848	-	2,860	-	6,871	-	(82,046)	17,533
Balance as of December 31, 2019	<u>\$ 862,576</u>	<u>\$ 527,798</u>	<u>\$ 46,757</u>	<u>\$ 24,576</u>	<u>\$ 27,323</u>	<u>\$ 48,291</u>	<u>\$ 39,412</u>	<u>\$ 1,744</u>	<u>\$ 1,578,477</u>
<u>Accumulated Depreciation</u>									
Balance as of January 1, 2019	\$ -	\$ 98,877	\$ 35,966	\$ 5,440	\$ 29,658	\$ 6,178	\$ 9,456	\$ -	\$ 185,575
Depreciation expenses	-	14,281	1,747	5,154	466	4,214	2,572	-	28,434
Reductions	-	-	(140)	(683)	(4,465)	-	-	-	(5,288)
Balance as of December 31, 2019	<u>\$ -</u>	<u>\$ 113,158</u>	<u>\$ 37,573</u>	<u>\$ 9,911</u>	<u>\$ 25,659</u>	<u>\$ 10,392</u>	<u>\$ 12,028</u>	<u>\$ -</u>	<u>\$ 208,721</u>
Balance as of December 31, 2019, net	<u>\$ 862,576</u>	<u>\$ 414,640</u>	<u>\$ 9,184</u>	<u>\$ 14,665</u>	<u>\$ 1,664</u>	<u>\$ 37,899</u>	<u>\$ 27,384</u>	<u>\$ 1,744</u>	<u>\$ 1,369,756</u>

(I) As there was no indication of impairment, Cleanaway did not conduct impairment assessment for the years ended December 31, 2020 and 2019.

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

Houses and buildings	
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 facilities	
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 facility	11 years
Generators	15 years
Lease improvement and others	3 to 9.75 years

(III) For the amount of property, plant, and equipment designated by Cleanaway as collateral against its secured borrowings, please refer to Note 27.

XI. Lease Agreements

(I) Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of right-of-use assets		
Land	\$ 360,873	\$ 305,547
Building	9,922	10,879
Transportation facilities	<u>7,788</u>	<u>12,949</u>
	<u>\$ 378,583</u>	<u>\$ 329,375</u>

	<u>2020</u>	<u>2019</u>
Increase in right-of-use assets	<u>\$ 64,098</u>	<u>\$ 538</u>
Depreciation expense of right-of-use assets		
Land	\$ 6,501	\$ 6,501
Building	1,243	1,243
Transportation facilities	<u>3,738</u>	<u>4,287</u>
	<u>\$ 11,482</u>	<u>\$ 12,031</u>

Other than the above increase in right-of-use assets and recognition of depreciation expenses, Cleanaway's right-of-use assets did not undergo significant sublease or impairment for the years ended December 31, 2020 and 2019.

(II) Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of lease liabilities		
Current	<u>\$ 7,940</u>	<u>\$ 9,139</u>
Non-current	<u>\$ 376,830</u>	<u>\$ 323,379</u>

The discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	1.25%	1.25%
Building	1.25%	1.25%
Transportation facilities	0.8% - 3.5%	0.8%

(III) Important lease activities and terms

Considering the gradual increase in business scale and employee number, Cleanaway 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 28 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 renewed if both parties can reach consensus at the end of lease term. If Cleanaway decides against renewing the agreement, the building would be transferred to Ho Tsang Co., Ltd. without any compensation. If Ho Tsang Co., Ltd. terminates the lease agreement before the end of lease term for 55 years, it shall compensate Cleanaway with the net book value of the building.

(IV) Other lease information

	<u>2020</u>	<u>2019</u>
Short-term lease expense	\$ <u>860</u>	\$ <u>2,394</u>
Total cash (outflow) amount of lease	(\$ <u>13,350</u>)	(\$ <u>15,426</u>)

Cleanaway chooses to apply the recognition exemption to lease of buildings and transportation equipment that qualify for a short-term lease, and does not recognize the relevant right-of-use assets and lease liabilities for such a lease.

XII. Other assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Refundable deposits	\$ 47,378	\$ 32,536
Prepaid equipment	1,383	2,180
Tax overpaid retained	-	2,733
Restricted bank deposits (Note 27)	-	3
Others	<u>35,598</u>	<u>35,220</u>
	<u>\$ 84,359</u>	<u>\$ 72,672</u>
Current	\$ 13,645	\$ 23,356
Non-current	<u>70,714</u>	<u>49,316</u>
	<u>\$ 84,359</u>	<u>\$ 72,672</u>

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

(II) The changes in the prepayments for equipment are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,180	\$ 500
Additions	1,783	19,213
Reclassified to property, plant and equipment	(<u>2,580</u>)	(<u>17,533</u>)
Balance, end of year	<u>\$ 1,383</u>	<u>\$ 2,180</u>

XIII. Borrowings

Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans</u>		
Bank loans	\$ -	\$ 200,000
Less: Portion due within one year	-	(<u>15,000</u>)
Long-term bank borrowings	<u>\$ -</u>	<u>\$ 185,000</u>

Cleanaway and CTBC Bank signed a loan contract with land owned by Cleanaway as collateral (refer to Note 27 for more information). The loan maturity date is September 14, 2023 and the loan amount totaled NT\$200,000 thousand. The annual interest rate is the Taipei Interbank Offered Rate plus 0.59%.

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

XIV. Trade payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Trade payables	<u>\$ 4,014</u>	<u>\$ 4,371</u>

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

XV. Other liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other payables		
Accrued employee compensation/bonus	\$ 93,776	\$ 98,430
Accrued excavation cost	75,925	67,870
Accrued remuneration to directors and supervisors	34,000	35,000
Business tax payable	6,597	-
Salaries and wages payable	5,547	5,237
Accrued maintenance cost	4,404	6,933
Leave benefit payable	2,259	2,913
Service payable	1,700	2,741
Accrued waste clean-up and transport expense	1,160	4,284
Accrued entertainment expenses	305	629
Payables on equipment	-	185
Other accrued expenses	<u>9,080</u>	<u>11,646</u>
	<u>\$ 234,753</u>	<u>\$ 235,868</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other current liabilities		
Contract liabilities (Note 19)	\$ 20,305	\$ -
Withheld taxes, etc.	<u>779</u>	<u>471</u>
	<u>\$ 21,084</u>	<u>\$ 471</u>

XVI. Cost provisions for restorations

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 6,921	\$ 6,774
Add: Cost provisions for restoration	<u>149</u>	<u>147</u>
Balance, end of year	<u>\$ 7,070</u>	<u>\$ 6,921</u>

The cost provisions for restoration for the periods were as follows:

	<u>2020</u>	<u>2019</u>
Cost for restoration (recognized under operating costs)	<u>\$ 149</u>	<u>\$ 147</u>

XVII. Post-Employment Benefits

(I) Defined Contribution Plan

The pension system based on the Labor Pension Act, which is applicable to Cleanaway's domestic entities, is a defined contribution plan managed by government. Entities are required to make monthly contribution equal to 6% of each employee's monthly salary to the employees' individual pension accounts at the Bureau of Labor Insurance.

(II) Defined Benefit Plans

Cleanaway's pension system under the "Labor Standards Law" is a defined benefit pension plan managed by the government. Pension is based on the employee's years of service rendered and the average wages over the six months prior to retirement. Cleanaway contributes monthly an amount equal to 2% of the employees' monthly salaries to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee. Before the end of year, if the balance at the retirement fund is not sufficient to cover all employees retiring next year, a lump-sum deposit should be made before the end of March in the following year to cover the shortfall. 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 22,181	\$ 21,751
Fair value of plan assets	(<u>9,897</u>)	(<u>10,116</u>)
Net defined benefit liabilities	<u>\$ 12,284</u>	<u>\$ 11,635</u>

Changes in net defined benefit liabilities were as follows:

	Defined benefits present value of obligations	Fair value of plan assets	Net defined benefit Liabilities
January 1, 2019	\$ 26,665	(\$ 9,175)	\$ 17,490
Interest expense (income)	<u>241</u>	(<u>83</u>)	<u>158</u>
Recognized in profit or loss	<u>241</u>	(<u>83</u>)	<u>158</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(348)	(348)
Actuarial losses - Changes in financial assumptions	399	-	399
Actuarial gains- Adjustments based on history	(<u>5,554</u>)	<u>-</u>	(<u>5,554</u>)
Recognized in other comprehensive income	(<u>5,155</u>)	(<u>348</u>)	(<u>5,503</u>)
Employer contribution	<u>-</u>	(<u>510</u>)	(<u>510</u>)
December 31, 2019	21,751	(10,116)	11,635
Interest expense (income)	<u>152</u>	(<u>71</u>)	<u>81</u>
Recognized in profit or loss	<u>152</u>	(<u>71</u>)	<u>81</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(339)	(339)
Actuarial losses - Changes in financial assumptions	748	-	748
Actuarial loss- Adjustments based on history	<u>661</u>	<u>-</u>	<u>661</u>
Recognized in other comprehensive income	<u>1,409</u>	(<u>339</u>)	<u>1,070</u>
Benefits payment	(1,131)	1,131	-
Employer contribution	<u>-</u>	(<u>502</u>)	(<u>502</u>)
December 31, 2020	<u>\$ 22,181</u>	(<u>\$ 9,897</u>)	<u>\$ 12,284</u>

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

	2020	2019
Operating cost	\$ 41	\$ 79
Operating expenses	<u>40</u>	<u>79</u>
	<u>\$ 81</u>	<u>\$ 158</u>

Due to the pension plan under the Labor Standards Law, Cleanaway is exposed to the following risks:

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor invests the labor pension fund in equity and debt securities, and bank deposits in domestic (foreign) banks, either on its own or through entrust companies. However, the rate of return on the plan assets of Cleanaway shall not be less than the average interest rate on a two-year time deposit published by the local banks.
2. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.
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 obligation of Cleanaway was carried out by qualified actuaries. Material assumptions on the measurement date are stated as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.30%	0.70%
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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate		
Increase by 0.25%	(\$ <u>472</u>)	(\$ <u>498</u>)
Decrease by 0.25%	\$ <u>486</u>	\$ <u>515</u>
Expected growth rate of salaries		
Increase by 0.25%	\$ <u>417</u>	\$ <u>448</u>
Decrease by 0.25%	(\$ <u>408</u>)	(\$ <u>437</u>)

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.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expected appropriation amount		
within 1 year	\$ <u>500</u>	\$ <u>501</u>
Average maturity period of defined benefit obligations	9 years	10 years

XVIII. Equity

(I) Share capital

Common shares

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>108,888</u>	<u>108,888</u>
Issued share capital	<u>\$ 1,088,880</u>	<u>\$ 1,088,880</u>

For the purpose of operation, on June 6, 2019, the Shareholders' Meeting resolved to revise the capital amount as stated on the Articles of Incorporation, from NT\$1,500,000 thousand to NT\$2,000,000 thousand.

Common shares are issued with par value of NT\$10 per share and each common share is entitled to one unit of voting right and dividends.

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

(II) Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Share premiums	\$ 1,701,775	\$ 1,701,775
<u>May be used to offset a deficit only</u>		
Changes in ownership interests in subsidiaries (2)	<u>136</u>	<u>136</u>
	<u>\$ 1,701,911</u>	<u>\$ 1,701,911</u>

1. This type of capital surplus may be used to offset deficits, or, when there is no deficit, to issue cash dividends or increase share capital, provided, however, that the increase in share capital is restricted to a certain ratio of paid-in capital every year.
2. Such capital surplus are effects of equity transaction recognized due to expected changes in ownership interests in a subsidiary before Cleanaway actually acquires or disposes of the shares of a subsidiary; such capital surplus can also mean the adjustment of capital surplus of a Cleanaway subsidiary accounted for using the equity method.

(III) Retained earnings and dividend policy

According to the regulations on earnings distribution in the Articles of Incorporation of Cleanaway, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid first, and losses incurred in previous years shall be compensated. 10% of the remainder surplus shall be then allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds Cleanaway's total paid-in capital, such allocation may be exempted. The remainder may be set aside or reversed as special surplus reserve in accordance with laws and regulations. If there are remaining earnings, the Board of Directors shall draft an earnings distribution proposal regarding the remainder of the earnings as well as accumulated undistributed earnings for approval at the shareholders' meeting, at which the allocation of shareholders' bonuses shall be decided. Please refer to Note 20(3) Employee Compensation and Remuneration for Directors and Supervisors for distribution policies as stipulated on Cleanaway's Articles of Incorporation.

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

The legal reserve shall be supplemented until the balance equals the Cleanaway's total paid-in capital. The legal reserve may be used to make up for losses. When the Cleanaway has no loss, the legal reserve that exceeds the total paid-in capital by up to 25% may be appropriated in cash in addition to being transferred to capital stock. Cleanaway appropriates and reverses special reserve in accordance with the regulations in Jin-Guan-Zheng-Fa's Letter No. 1010012865 from the FSC and Q&A on the Applicability of the Appropriation of Special Reserve after the Adoption of the International Financial Reporting Standards (IFRSs).

Cleanaway held regular shareholders' meetings on June 12, 2020 and June 6, 2019, and resolved to appropriate earnings for 2019 and 2018, stated as follows:

	2019	2018
Legal reserve	<u>\$ 117,898</u>	<u>\$ 132,062</u>
Special reserve (Note)	<u>\$ 856</u>	<u>\$ 858</u>
Cash dividends	<u>\$ 1,088,880</u>	<u>\$ 1,088,880</u>
Cash dividend for each share (NT\$)	\$ 10.00	\$ 10.00

Note: In accordance with the Jin-Guan-Zheng-Fa Letter No. 1010012865, Cleanaway appropriates amounts equivalent to the special reserve from the net deduction to other equities (i.e., exchange differences on translating the financial statements of foreign operations) in the final accounts of the year. If the deduction to other equities is subsequently reversed, a part of the appropriated earnings may be reversed.

The 2020 appropriation of earnings proposed by the Board of Directors' meeting on February 26, 2021 were as follows:

	<u>2020</u>
Legal reserve	\$ <u>117,722</u>
Special reserve	(\$ <u>8</u>)
Cash dividends	\$ <u>1,088,880</u>
Cash dividend for each share (NT\$)	\$ 10.00

The above-mentioned cash dividends have been appropriated as per the resolution of the board of directors; the rest appropriation of earnings is yet to be resolved at the regular shareholders meeting to be held in 2021.

XIX. Income

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers		
Revenue from waste disposal	\$ 839,960	\$ 732,014
Revenue from contaminated and illegal dump sites cleanup	239,281	290,674
Other income	<u>2,986</u>	<u>3,440</u>
	<u>\$ 1,082,227</u>	<u>\$ 1,026,128</u>

Please refer to explanation in Note 4(13) for the timing at which material contractual performance obligations are satisfied. 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.

The various contractual obligations shall be fulfilled and revenue be recognized based on the type of services as stipulated on their licenses and their separate selling price.

(I) Contract balance

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Trade receivable (Note VIII)	\$ 159,118	\$ 250,228
Trade receivables from related parties (Note XXVI)	8,353	8,656
Other receivables from related parties (Chase) (Note XXVI)	<u>-</u>	<u>192</u>
	<u>\$ 167,471</u>	<u>\$ 259,076</u>

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	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Contract assets - current		
Contaminated and illegal dump site cleanup	\$ 129,343	\$ 262,012
Waste management	<u>9,034</u>	<u>27,442</u>
	<u>\$ 138,377</u>	<u>\$ 289,454</u>
Contract assets - non-current		
Contaminated and illegal dump site cleanup	\$ -	\$ 15,998
Waste management	<u>-</u>	<u>4,791</u>
	<u>\$ -</u>	<u>\$ 20,789</u>
Contract liabilities		
Waste management	<u>\$ 20,305</u>	<u>\$ -</u>

Changes in contract assets and liabilities are mainly derived from the difference between the timing of the completion of performance obligations of contaminated and illegal dump site cleanup contracts and waste disposal contracts, and the timing at which customers make payments.

(II) Contract cost-related assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Costs to fulfill a contract		
Prepaid excavation costs	\$ -	\$ 3,700
Waste clean-up and transport cost	<u>345</u>	<u>230</u>
	<u>\$ 345</u>	<u>\$ 3,930</u>

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 in line with revenue recognition after services are completed in the following month.

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

As of December 31, 2020, the transaction price allocated to contract performance obligations that have not been completed totaled NT\$231,136 thousand. Cleanaway shall recognize income based on the progress of contaminated and illegal dump sites cleanup projects. The contracts for contaminated and illegal dump sites cleanup projects will be completed from 2021 to 2023.

XX. Net profit

Net profit for the period consists of the following items:

(I) Depreciation

	<u>2020</u>	<u>2019</u>
Property, plant and equipment	\$ 31,906	\$ 28,434
Right-of-use assets	<u>11,482</u>	<u>12,031</u>
	<u>\$ 43,388</u>	<u>\$ 40,465</u>
Depreciation summarized by functions		
Operating cost	\$ 12,214	\$ 12,000
Operating expenses	<u>31,174</u>	<u>28,465</u>
	<u>\$ 43,388</u>	<u>\$ 40,465</u>

(II) Employee benefit expenses

	<u>2020</u>	<u>2019</u>
Benefits after retirement (Note 17)		
Defined contribution plan	\$ 3,104	\$ 3,128
Defined benefit plans	<u>81</u>	<u>158</u>
	3,185	3,286
Salary expenses	118,448	134,656
Employee insurance premiums	6,605	6,965
Other employee benefits	<u>3,297</u>	<u>3,114</u>
Total employee benefit expenses	<u>\$ 131,535</u>	<u>\$ 148,021</u>
Summarized by functions		
Operating cost	\$ 32,567	\$ 39,676
Operating expenses	<u>98,968</u>	<u>108,345</u>
	<u>\$ 131,535</u>	<u>\$ 148,021</u>

(III) Employee Compensation and Remuneration for Directors and Supervisors

Cleanaway appropriates the income before income tax to employees' compensation and remuneration for Directors and Supervisors for the current year based on the Articles of Incorporation. It appropriates no less than 1% as compensation for employees and no more than 5% as remuneration for Directors and Supervisors. Employee compensation and remuneration for Directors and Supervisors for 2020 and 2019 were resolved by the Board of Directors meeting on February 26, 2021 and March 20, 2020, respectively, as follows:

Estimated ratio

	2020	2019
Employee compensation	2.96%	3.00%
Remuneration for Directors and Supervisors	2.61%	2.70%

Amount

	2020		2019	
	Cash	Stock	Cash	Stock
Employee compensation	\$ 38,621	\$ -	\$ 38,954	\$ -
Remuneration for Directors and Supervisors	34,000	-	35,000	-

If there is a change in the amounts after the annual Parent Company Only Financial Statements are authorized for issue, the differences should be recorded as a change in the accounting estimate in the following year.

The actual employee' compensation and remuneration for directors and supervisors in 2019 and 2018 were consistent with the amounts recognized in the Parent Company Only Financial Statements for the years ended December 31, 2019 and 2018.

Information about Cleanaway's employee compensation and remuneration for Directors and Supervisors as approved by the Board of Directors is available at the Taiwan Stock Exchange Market Observation Post System website.

XXI. Income tax

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

	2020	2019
Current income tax		
Accrued in the current year	\$ 55,172	\$ 46,124
Surtax on unappropriated retained earnings	-	142
Adjustments for prior years	(785)	-
	<u>54,387</u>	<u>46,266</u>
Deferred income tax		
Accrued in the current year	185	(589)
Adjustments for prior years	<u>628</u>	-
	<u>813</u>	(589)
Income tax expenses recognized in profit or loss	<u>\$ 55,200</u>	<u>\$ 45,677</u>

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

	<u>2020</u>	<u>2019</u>
Income before tax	<u>\$ 1,232,419</u>	<u>\$ 1,224,665</u>
Income tax calculated by applying the statutory rate to pretax profit	\$ 246,484	\$ 244,933
Unrealized portion of share of profits (losses) of associates accounted for using equity method	(197,589)	(204,170)
Non-deductible expenses	6,462	4,772
Surtax on unappropriated retained earnings	-	142
Adjustments for income tax of prior periods	(785)	-
Adjustments for deferred income tax expense of prior periods	<u>628</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 55,200</u>	<u>\$ 45,677</u>

In July 2019 the President put into effect the modified Statute for Industrial Innovation, stipulating that from 2018 onwards, any undistributed earnings, if taken for building or purchasing specific assets, can be listed as a deduction to the calculation of undistributed earnings. Cleanaway arrived at the surtax on unappropriated earnings simply by deducting the accrued capital expenditure.

(II) Income tax expenses recognized in other comprehensive income

	<u>2020</u>	<u>2019</u>
<u>Deferred tax benefits (expenses)</u>		
Recognized in other comprehensive income		
- Remeasurement of defined benefit plans	<u>\$ 214</u>	<u>(\$ 1,100)</u>

(III) Current tax liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Income tax payable	<u>\$ 32,058</u>	<u>\$ 14,346</u>

(IV) Deferred tax assets

Changes in deferred tax assets were as follows:

2020

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences				
Defined benefits				
retirement plans	\$ 2,328	(\$ 85)	\$ 214	\$ 2,457
Cost provisions for restoration	1,384	30	-	1,414
Right-of-use assets	628	(628)	-	-
Leave benefit payable	<u>582</u>	(<u>130</u>)	<u>-</u>	<u>452</u>
	<u>\$ 4,922</u>	(<u>\$ 813</u>)	<u>\$ 214</u>	<u>\$ 4,323</u>

2019

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

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

	December 31, 2020	December 31, 2019
Investment in subsidiaries	<u>\$ 58,731</u>	<u>\$ 54,476</u>

(VI) The enterprise business income tax returns of Cleanaway through 2018 have been approved by the tax authorities.

XXII. Basic earnings per share

Earnings and the number of weighted average shares used for calculation of EPS are stated as follows:

Net profit/(loss) for the year

	<u>2020</u>	<u>2019</u>
Net profit used for the calculation of basic EPS	<u>\$ 1,177,219</u>	<u>\$ 1,178,988</u>
Net profit used for the calculation of diluted EPS	<u>\$ 1,177,219</u>	<u>\$ 1,178,988</u>

Number of shares (in thousands)

	<u>2020</u>	<u>2019</u>
Weighted average number of common shares used for the calculation of basic EPS	108,888	108,888
Effect of dilutive potential common shares:		
Employee compensation	<u>307</u>	<u>310</u>
Weighted average number of common shares used for the calculation of diluted EPS	<u>109,195</u>	<u>109,198</u>

If Cleanaway is allowed to settle employees' compensation by cash or stock, when calculating the diluted earnings per share, Cleanaway shall assume that the entire amount of employees' compensation is settled by stock, and shall accounted for the weighted average number of common shares outstanding when the potential common shares are dilutive. The dilutive effect of such potential common shares shall continue to be considered when calculating the diluted EPS before resolving the number of shares to be distributed as employee compensation in the following year.

XXIII. Partial acquisition of investment in a subsidiary - does not affect control

In April 2019, Cleanaway failed to proportionally subscribe to the issuance of ordinary shares of Cleanaway Energy, a subsidiary, resulting in the decline of shareholding, from 100% to 55%.

Since the said transaction did not affect Cleanaway's control on the subsidiary, Cleanaway accounted for the transaction as an equity transaction. Please refer to Note 23 Equity transactions with non-controlling interest in Cleanaway's Consolidated Financial Statements for 2020.

XXIV. Capital risk management

The purpose of capital management policy of Cleanaway 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, Cleanaway regularly review the capital structure and adjust it by paying dividends or issuing new shares after taking into account the overall economy, current interest rates and adequacy of cash from operating activities. The Company is not subject to any externally imposed capital requirements.

XXV. Financial instruments

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

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

Cleanaway's management believes that the carrying amounts of financial assets (cash and cash equivalents, financial asset at amortized cost, contract assets, trade receivables, trade receivables from related parties, other receivables from related parties and refundable deposits) and financial liabilities (trade payable, trade payable from related parties, other payables, other payables from related parties, long-term bank borrowings (due within one year), and guarantee deposits received) not measured at fair value approximate their fair values.

(II) Financial risk management objectives and policy

Cleanaway's main financial instruments include cash and cash equivalents, financial assets at amortized cost, contract assets, trade receivables, trade receivables from related parties, other receivables from related parties, guarantee deposits paid (received), trade payables, trade payables from related parties, other payables, other payables from related parties, and long-term bank loans (due within one year). Cleanaway's finance management department provides services to various business units, coordinating their operation to enter the domestic and international financial markets. By analyzing the internal risk exposure report according to the degree and breadth of risks, it supervises and manages the financial risks related to the operation of Cleanaway. Such risks include market risk, credit risk and liquidity risk.

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

1. Market risks

(1) Foreign exchange risk

There is no significant foreign exchange risk as Cleanaway mainly operates in Taiwan and the functional currency is New Taiwan Dollars. Cleanaway 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

By taking out loans at both the fixed rate and floating rate at the same time, Cleanaway is exposing to interest rate risks. Loans with fixed interest rates exposes the Cleanaway to fair-value interest rate risks. However, parts of the risks are offset by term deposit certificates with fixed interest rates. Loans with floating interest rates exposes Cleanaway to cash flow interest rate risks. However, parts of the risks are offset by cash and cash equivalents held at floating interest rates. The carrying amounts of Cleanaway's financial assets and financial liabilities with exposure to interest rates on the balance sheet date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fair value interest rate risk		
- Financial assets	\$ 163,148	\$ 121,749
- Financial liabilities:	-	-
Interest rate risks with cash flow		
- Financial assets	510,731	152,325
- Financial liabilities:	-	200,000

Sensitivity Analysis

The sensitivity analysis below is based Cleanaway'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. In addition, assessment is made within the reasonable range of possible changes in interest rates. If the interest rate increases or decreases by 1%, held all other variables constant, Cleanaway's income before income tax for 2020 and 2019 will increase or decrease by NT\$5,107 thousand and NT\$477 thousand, respectively.

2. Credit risk

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

Receivables from individual customers that exceed 10% of account receivable of Cleanaway were mostly generated from government projects. Excluding the aforesaid government projects, Cleanaway had no receivables from other customers that exceed 10% of trade receivable of Cleanaway. In principle, government institutions do not have credit quality issues and thus have no significant credit risk.

3. Liquidity risk

Cleanaway supports its business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash and cash equivalents. In response to Cleanaway's new investment plans starting from July 2018, Cleanaway'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 Cleanaway may be required to make repayments and the undiscounted cash flows of financial liabilities (including principal and estimated future interest). Therefore, Cleanaway may be requested to immediately return bank loans in the earliest period specified in the table below without considering the probability of bank's immediate execution of such rights. Maturity analysis of other nonderivative financial liabilities shall be prepared in accordance with the agreed repayment date.

December 31, 2020

	Within 1 year	1 - 2 years	2 - 5 years
Non-interest-bearing liabilities	\$ 156,489	\$ -	\$ -
Lease liabilities	7,940	8,051	16,243
	\$ 164,429	\$ 8,051	\$ 16,243

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

	Within 1 year	1~5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 years or above
Lease liabilities	\$ 7,940	\$ 24,294	\$ 25,828	\$ 26,617	\$ 31,600	\$268,491

December 31, 2019

	Within 1 year	1 - 2 years	2 - 5 years
Non-interest-bearing liabilities	\$ 212,495	\$ -	\$ -
Lease liabilities	9,139	9,294	19,580
Floating interest rate instruments	17,493	32,186	157,860
	\$ 239,127	\$ 41,480	\$ 177,440

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

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

(2) Financing Limit

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured banks loans credit limit		
— Amount used	\$ -	\$ -
— Amount unused	<u>1,200,000</u>	<u>-</u>
	<u>\$ 1,200,000</u>	<u>\$ -</u>
Secured bank loan credit limit		
— Amount used	\$ -	\$ 200,000
— Amount unused	<u>450,000</u>	<u>195,000</u>
	<u>\$ 450,000</u>	<u>\$ 395,000</u>

(3) Performance limit

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured bank performance guarantee limit		
— Amount used	\$ 154,494	\$ 174,165
— Amount unused	<u>65,506</u>	<u>45,835</u>
	<u>\$ 220,000</u>	<u>\$ 220,000</u>
Secured bank performance guarantee limit		
— Amount used	\$ 79,792	\$ 85,509
— Amount unused	<u>370,208</u>	<u>264,491</u>
	<u>\$ 450,000</u>	<u>\$ 350,000</u>

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

XXVI. Significant Related Party Transactions

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

(I) The names and relationships of the related parties

<u>Related Party</u>	<u>Relations with the company</u>
Da Tsang Industrial Company Limited (Da Tsang)	Subsidiary
Kang Lien Enterprise Company Limited (Kang Lien)	Subsidiary
Cleanaway Enterprise Company Limited (Cleanaway Enterprise)	Subsidiary
Da Ning Co. Ltd. (Da Ning)	Sub-subsubsidiary
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
Han Tsang Enterprise Company Limited (Han Tsang)	The spouse of the Cleanaway's chairman is the chairman of the company
Chin Wei Environmental Consultant Co., Ltd. (Chin Wei)	The chairman of a Cleanaway subsidiary is the chairman of the company

(II) Significant transactions with related parties

1. Trade receivables - related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Chung Tai	\$ 4,995	\$ 8,656
Cleanaway SUEZ	<u>3,358</u>	<u>-</u>
	8,353	8,656
Minus: Allowance for losses	(<u>83</u>)	(<u>86</u>)
	<u>\$ 8,270</u>	<u>\$ 8,570</u>

These are the outstanding trade receivable derived from Cleanaway's offer of waste disposal services. The credit periods for services rendered to related parties are 30 ~ 120 days.

Collateral is not provided for receivables from related parties in external circulation. Cleanaway measures account receivables - allowances for losses from related parties based on the provisional matrix, and the specific information is as follows:

December 31, 2020

		1~210 days	211~240 days	241~365 days	More than 365	
	Not past due	overdue	overdue	overdue	days overdue	Total
Overdue credit loss rate	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	\$ 8,353	\$ -	\$ -	\$ -	\$ -	\$ 8,353
Allowance for losses (lifetime expected credit losses)	(83)	-	-	-	-	(83)
Amortized cost	<u>\$ 8,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,270</u>

December 31, 2019

		1~210 days	211~240 days	241~365 days	More than 365	
	Not past due	overdue	overdue	overdue	days overdue	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	<u>\$ 8,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,570</u>

Changes in allowance for trade receivables from related parties are as follows:

	2020	2019
Balance, beginning of year	\$ 86	\$ -
(Minus) plus: provision (reversal) of impairment loss	(3)	86
Balance, end of year	<u>\$ 83</u>	<u>\$ 86</u>

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

	December 31, 2020	December 31, 2019
Da Tsang	\$ 170,150	\$ 283,558
Chi Wei	162,159	236,546
Kang Lien	6,033	1,313
Da Ning	5,817	4,457
Chase	<u>-</u>	<u>192</u>
	344,159	526,066
Minus: Allowance for losses	<u>-</u>	(2)
	<u>\$ 344,159</u>	<u>\$ 526,064</u>

Because Cleanaway 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's unrecovered amount of Selling and administrative expenses allocated to affiliated companies at the end of the reporting period. Other receivables - The unrecovered amounts of Cash dividends receivable and Selling and administrative expenses allocated to affiliated companies of Da Tsang, Kang Lien, and Chi Wei at the end of the reporting period.

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

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

December 31, 2020

	Not past due	1~210 days	211~240 days	241~365 days	More than 365	Total
		overdue	overdue	overdue	days overdue	
Overdue credit loss rate	0% - 1%	1% - 2%	10%	20%	100%	
Total carrying amount	\$ 344,159	\$ -	\$ -	\$ -	\$ -	\$ 344,159
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	<u>\$ 344,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,159</u>

December 31, 2019

	Not past due	1~210 days	211~240 days	241~365 days	More than 365	Total
		overdue	overdue	overdue	days overdue	
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	<u>\$ 526,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526,064</u>

Information of changes in allowance for other receivables from related parties is as below:

	2020	2019
Balance, beginning of year	\$ 2	\$ -
(Minus) plus: provision (reversal) of impairment loss	(2)	2
Balance, end of year	<u>\$ -</u>	<u>\$ 2</u>

3. Trade payables to related parties

	December 31, 2020	December 31, 2019
Chi Wei	\$ 37,495	\$ 42,250
Chase	2,963	2,091
Kang Lien	946	1,773
Da Ning	-	4,187
	<u>\$ 41,404</u>	<u>\$ 50,301</u>

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 from related parties (excluding borrowings from related parties)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Chin Wei	\$ 7,875	\$ 7,875
Cleanaway Investment	<u>1,317</u>	<u>613</u>
	<u>\$ 9,192</u>	<u>\$ 8,488</u>

Other trade payable— corporate management consultation service fees payable by the related party.

5. Operating revenue

	<u>2020</u>	<u>2019</u>
Chung Tai	\$ 37,215	\$ 41,219
Cleanaway SUEZ	27,951	23,857
Chase	<u>-</u>	<u>2,023</u>
	<u>\$ 65,166</u>	<u>\$ 67,099</u>

The fee is the amount paid by Cleanaway 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)

	<u>2020</u>	<u>2019</u>
Chi Wei	\$ 258,802	\$ 250,091
Da Ning	<u>60,827</u>	<u>87,340</u>
	<u>\$ 319,629</u>	<u>\$ 337,431</u>

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

Landfill expense incurred from Da Ning for the burial of industrial waste generated from Cleanaway's project to clean up contaminated and illegal dump sites. Such transactions are all processed by the aforementioned related parties, and, therefore, there is no comparative price from third parties.

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

	<u>2020</u>	<u>2019</u>
Kang Lien	\$ 9,948	\$ 2,968
Chi Wei	8,627	4,213
Da Ning	<u>-</u>	<u>3,004</u>
	<u>\$ 18,575</u>	<u>\$ 10,185</u>

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 dump sites (recognized under operating costs)

	<u>2020</u>	<u>2019</u>
Cleanaway SUEZ	\$ 750	\$ -
Kang Lien	650	3,520
Chase	<u>-</u>	<u>129</u>
	<u>\$ 1,400</u>	<u>\$ 3,649</u>

The fee is the cost paid by Cleanaway for entrusting related parties to remedy contaminated and illegal dump sites, which cost is inferred from the price for non-related parties.

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

	<u>2020</u>	<u>2019</u>
Chase	<u>\$ 26,565</u>	<u>\$ 19,694</u>

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

10. Incineration expenses (recognized under operating costs)

	<u>2020</u>	<u>2019</u>
Cleanaway SUEZ	<u>\$ 302</u>	<u>\$ -</u>

This is the payable to Cleanaway SUEZ for its service of incineration of wastes generated from Cleanaway's project to remedy the contaminated and illegal dump sites, which payable amount is inferred from the price for non-related parties.

11. Management consulting fee (recognized under operating expenses)

	<u>2020</u>	<u>2019</u>
Chin Wei	\$ 30,000	\$ 30,000
Cleanaway Investment	<u>6,589</u>	<u>8,221</u>
	<u>\$ 36,589</u>	<u>\$ 38,221</u>

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

12. Administrative and selling expenses allocated among affiliated companies
(recognized under operating expenses deduction)

	2020	2019
Chi Wei	\$ 58,283	\$ 54,740
Da Ning	51,249	49,422
Da Tsang	28,761	27,822
Kang Lien	16,073	15,433
Chase	<u>-</u>	<u>3,893</u>
	<u>\$ 154,366</u>	<u>\$ 151,310</u>

Such transactions are shared office expenses between Cleanaway and affiliated companies.

13. Loans to related parties (presented under "Other receivables from related parties")

2020					
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	\$ 360,000	\$ 60,000	1%	\$ 1,865	\$ 51
Kang Lien	50,000	<u>44,000</u>	1%	<u>336</u>	<u>37</u>
		<u>\$ 104,000</u>		<u>\$ 2,201</u>	<u>\$ 88</u>

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	<u>\$ 200,000</u>	<u>\$ 200,000</u>	1%	<u>\$ 181</u>	<u>\$ 170</u>

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

14. Borrowings from related parties (presented under "Other payables from related parties")

2020					
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")
Cleanaway Enterprise	<u>\$ 55,000</u>	<u>\$ -</u>	1%	<u>\$ 69</u>	<u>\$ -</u>

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	<u>55,000</u>	1%	<u>228</u>	<u>47</u>
		<u>\$ 55,000</u>		<u>\$ 1,205</u>	<u>\$ 47</u>

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

15. Leasing agreement

Related Party	Accounting subject	December 31, 2020	December 31, 2019
Ho Tsang	Lease liabilities - current	<u>\$ 3,319</u>	<u>\$ 3,577</u>
Ho Tsang	Lease liabilities - non-current	<u>\$ 363,557</u>	<u>\$ 304,994</u>
Related Party	Accounting subject	2020	2019
Ho Tsang	Interest expenses	<u>\$ 3,834</u>	<u>\$ 3,878</u>

Regarding leasing transactions with Ho Tsang, please refer to Note 11(3) Important Lease Activities and Terms.

16. Guarantee deposits received

	2020	2019
Chase	<u>\$ 10,000</u>	<u>\$ -</u>

Cleanaway obtains the waste disposal business through Chase's intermediary platform, and Chase has collected payments from customers on behalf of Cleanaway.

As such, this is the proceeds from Chase for Cleanaway's performance of obligation.

(III) Remuneration to key management

Remuneration to Directors and key management in 2020 and 2019 were as follows:

	2020	2019
Remuneration to Directors	\$ 32,400	\$ 32,400
Short-term employee benefits		
Salaries	14,760	14,760
Bonus and compensation	19,000	19,000
Benefits after retirement		
Defined benefits	161	161
Defined contribution	648	612
Transportation expenses	240	290
	<u>\$ 67,209</u>	<u>\$ 67,223</u>

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

XXVII. Pledged Assets

Assets provided by Cleanaway as collateral to the bank against its secured loans and construction performance guarantee were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Pledged time deposit certificates (recognized under financial assets measured at amortized cost)		
- Current	\$ -	\$ 17,808
- Non-current	-	70,535
Restricted bank deposits (Reserve account, Recognized under other current assets)		
- Current	-	3
Land	722,806	722,806

XXVIII. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Unrecognized contract commitments of Cleanaway were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Acquisition of property, plant and equipment (for construction of offices for operations)	\$ _____ -	\$ _____ 900

XXIX. Others

Management of Cleanaway has determined, after assessment, that global pandemic of COVID-19 has not had significant impact on Cleanaway's asset impairment, financing, and ability to continue as a going concern.

XXX. Additional Disclosures

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

1. Lending to others (Table 1)
2. Endorsements/guarantees provided for others (Table 2)
3. Marketable securities held at the end of the period (excluding equity 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 (None)
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 3)
8. Amount receivable from related parties in excess of NT\$100 million or 20% of the paid-in capital (Table 4)

9. Derivative financial instrument transactions (None)
 10. Information on investees (Table 5)
- (III) Information on investments in mainland China:
1. China investees' names, business items, amounts of paid-in capital, investment methods, capital transaction conditions, shareholding ratios, investment gains and losses, the ending investment book value, investment income repatriation and limits of investment in China (Table 6)
 2. Significant transactions with China investees, engaged directly or indirectly through a third region, and their prices, terms of payment and unrealized gains and losses: (Table 6)
 - (1) Purchase amount and percentage, and the ending balance and percentage of payables.
 - (2) Sales amount and percentage, and the ending balance and percentage of receivables.
 - (3) Property transaction amount and the resulting gain or loss.
 - (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
 - (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.
 - (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.
- (IV) Information on major shareholders (names of shareholders with a holding ratio of 5% or more and the amount and proportion of shares held.) (Table 7)

Cleanaway Company Limited
Lending to Others
2020

Table 1

Unit: NT\$1,000, Unless Otherwise Specified

No.	Lending company	Borrower	Transaction Item	Related Party Status	Maximum Balance	Ending Balance	Actual Drawdown	Interest Rate Range	Nature of loan	Amount of Business Transaction	Reason for Short-term Financing	Listed allowances for losses	Collateral		Limit on loans granted to a single party (Note 1)	Total limit amount of loans (Note 1)	Notes
													Name	Value			
0	Cleanaway Company Limited	Da Tsang	Other receivables from related parties	Yes	\$ 60,000	\$ 60,000	\$ 60,000	1%	Short-term financing	Not applicable	Operating capital	\$ -	-	\$ -	\$ 2,286,192 (Note 2)	\$ 2,286,192 (Note 2)	
0	Cleanaway Company Limited	Kang Lien Enterprise Company Limited	Other receivables from related parties	Yes	50,000	50,000	44,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	2,286,192 (Note 2)	2,286,192 (Note 2)	
0	Cleanaway Company Limited	Da Tsang Industrial Company Limited	Other receivables from related parties	Yes	300,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	2,286,192 (Note 2)	2,286,192 (Note 2)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables from related parties	Yes	6,569 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	415,884 (Note 3)	415,884 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables from related parties	Yes	6,569 (RMB 1,500 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	415,884 (Note 3)	415,884 (Note 3)	
1	Da Tsang Industrial Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables from related parties	Yes	6,566 (RMB 1,500 thousand)	6,566 (RMB 1,500 thousand)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	415,884 (Note 3)	415,884 (Note 3)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables from related parties	Yes	6,569 (RMB 1,500 thousand)	6,566 (RMB 1,500 thousand)	6,566 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	91,632 (Note 4)	91,632 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Zoucheng Co., Ltd.	Other receivables from related parties	Yes	6,569 (RMB 1,500 thousand)	6,566 (RMB 1,500 thousand)	6,566 (RMB 1,500 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	91,632 (Note 4)	91,632 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway Company Limited	Other receivables from related parties	Yes	55,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	91,632 (Note 4)	91,632 (Note 4)	
2	Cleanaway Enterprise Company Limited	Da Tsang Industrial Company Limited	Other receivables from related parties	Yes	20,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	91,632 (Note 4)	91,632 (Note 4)	
2	Cleanaway Enterprise Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables from related parties	Yes	13,137 (RMB 3,000 thousand)	13,131 (RMB 3,000 thousand)	13,131 (RMB 3,000 thousand)	-	Short-term financing	Not applicable	Operating capital	-	-	-	91,632 (Note 4)	91,632 (Note 4)	

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No.	Lending company	Borrower	Transaction Item	Related Party Status	Maximum Balance	Ending Balance	Actual Drawdown	Interest Rate Range	Nature of loan	Amount of Business Transaction	Reason for Short-term Financing	Listed allowances for losses	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	Da Tsang Industrial Company Limited	Other receivables from related parties	Yes	\$ 60,000	\$ -	\$ -	1%	Short-term financing	Not applicable	Operating capital	\$ -	-	\$ -	\$ 302,840 (Note 5)	\$ 302,840 (Note 5)	
3	Chi Wei Company Limited	Da Tsang Industrial Company Limited	Other receivables from related parties	Yes	150,000	150,000	150,000	1%	Short-term financing	Not applicable	Operating capital	-	-	-	302,840 (Note 5)	302,840 (Note 5)	
3	Chi Wei Company Limited	Kang Lien Enterprise Company Limited	Other receivables from related parties	Yes	50,000	-	-	1%	Short-term financing	Not applicable	Operating capital	-	-	-	302,840 (Note 5)	302,840 (Note 5)	
4	Cleanaway Investment Company Limited	Cleanaway (Shanghai) Company Limited	Other receivables from related parties	Yes	13,137 (RMB 3,000 thousand)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	21,819 (Note 6)	21,819 (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, "Cleanaway"):

- (1) The parties to whom Cleanaway may lend its funds to are companies or firms having business relationship with Cleanaway, or ones requiring short-term financing.
- (2) Total lending amount of Cleanaway shall not exceed 80 percent of the Cleanaway's net worth. The accumulated lending amount to firms or companies having business relationship with Cleanaway shall not exceed 80 percent of the Cleanaway's net worth. The accumulated lending amount to firms or companies requiring short-term financing shall not exceed 40 percent of Cleanaway's net worth.
- (3) The lending amount to a single firm or company is limited to 40 percent of Cleanaway's net worth. For firms or companies having business relationship with Cleanaway, 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 Cleanaway's net worth. For companies where Cleanaway or the parent company held, either directly or indirectly, 50% or more of shares, the lending amount shall not exceed 40 percent of Cleanaway's net worth. In addition, the lending between Cleanaway 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 and Kang Lien Enterprise. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of the Cleanaway's net worth. Net worth of Cleanaway is calculated based on its latest audited or reviewed financial statements, i.e. net worth as of December 31, 2020. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway's net worth.

Note 3: Cleanaway Zoucheng Co., Ltd. is an affiliate of Da Tsang Industrial Company Limited. Their ultimate parent company is Cleanaway Company Limited. As the nature of financing is firms or companies requiring short-term financing, the lending amount to a single entity cannot exceed 40 percent of Da Tsang Industrial Company Limited's net worth. Net worth of Da Tsang Industrial Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2020. 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 is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2020. 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: 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 Chi Wei Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2020. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of the Chi Wei'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. Net worth of Cleanaway Investment Company Limited is calculated based on its latest audited financial statements, i.e. the net worth as of December 31, 2020. The total lending amount to firms and companies requiring short-term financing shall not exceed 40 percent of Cleanaway Investment Company Limited's net worth.

Note 7: In accordance with the regulations governing capital loan of the aforementioned companies who load funds, the limit of the capital loan shall be calculated based on the net value of the latest audited financial statements. The aforementioned loan ceiling for individual companies and the total loan ceiling for others announced by the companies that loaned funds in December 2020 were calculated on the basis of financial statements Q3 2020 rather than financial statements 2020 because the financial statements 2020 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
2020

Table 2

Unit: NT\$1,000, Unless Otherwise Specified

No. (Note 1)	Endorsement/Guarantee Provider Name	Subject of Endorsements/Guarantees		Limit of Endorsements/guarantees for a Single Entity (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	\$ 2,857,741	\$ 120,000	\$ 93,000	\$ 93,000	\$ -	2.10	\$ 2,857,741	Y	N	N	
0	Cleanaway Company Limited	Cleanaway Enterprise Company Limited	2	2,857,741	160,000	-	-	-	2.80	2,857,741	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 Cleanaway.
- (2) Companies in which Cleanaway 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 or reviewed 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 or reviewed by CPAs.

Note 5: According to the provisions governing Cleanaway'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 Cleanaway in December 2020, the caps of endorsement/guarantee for a single enterprise and for others in total both are NT\$ 2,696,331 thousand. However, because the 2020 annual financial statements have not been audited by CPAs, the calculation based on the financial statements for Q3 2020, so the actual cap may have certain differences with the aforesaid amount.

Cleanaway Company Limited

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

2020

Table 3

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 to Total Purchase (sell)	Credit period	Unit Price	Credit period	Balance	Ratio to Total Notes and Trade Receivable (payable)	
Cleanaway Company Limited	Chi Wei Company Limited	Subsidiary	Landfill and clean-up and transport expense	\$ 267,429	37%	subject to the contract	-	-	(\$ 37,495)	(83%)	-
Chi Wei Company Limited	Cleanaway Company Limited	Parent company	Landfill and clean-up and transport revenue	(267,429)	(25%)	subject to the contract	-	-	37,495	26%	-

Cleanaway Company Limited
Amount Receivable from Related Parties in Excess of NT\$ 100 Million or 20% of the Paid-in Capital
December 31, 2020

Table 4

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	\$ 230,201 (Note 1)	(Note 3)	\$ -	—	\$ -	\$ -
Cleanaway Company Limited	Chi Wei Company Limited	Subsidiary	162,159 (Note 2)	(Note 3)	-	—	-	-

Note 1: Comprised NT\$60,051 thousand of capital loans, NT\$3,171 thousand of amortized administrative expenses receivable and NT\$166,979 thousand of cash dividends receivable.

Note 2: Comprised NT\$5,281 thousand of amortized administrative expenses receivable and NT\$156,878 thousand of cash dividends receivable.

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.
2020

Table 5

Unit: NT\$1,000, Unless Otherwise Specified

Investor	Investee company name	Location	Main businesses	Initial Investment		Holdings at the End of Period			Net Income (Loss) of Investee	Share of profit/loss of investee	Notes
				End of the Current Period	End of Previous Year	Number of Shares	Ratio	Carrying Amount of Investment,			
Cleanaway Company Limited	Da Tsang Industrial Company Limited	No.308, Zhongshan S. Rd., Gangshan Dist., Kaohsiung City	Waste disposal	\$ 300,977	\$ 300,977	27,000,000	100	\$ 1,039,712	\$ 358,226	\$ 358,226	Subsidiary of Cleanaway Company Limited
"	Cleanaway Enterprise Company Limited	"	"	159,507	159,507	18,000,000	100	229,081	11,821	11,821	Subsidiary of Cleanaway Company Limited
"	Chi Wei Company Limited	"	"	410,000	410,000	41,000,000	100	757,100	585,464	585,464	Subsidiary of Cleanaway Company Limited
"	Kang Lien Enterprise Company Limited	"	Waste clean-up	58,222	58,222	6,020,000	100	70,139	10,472	10,381	Subsidiary of Cleanaway Company Limited
"	Cleanaway Investment Company Limited	"	General investment	80,000	80,000	8,000,000	100	54,549	3,087	3,087	Subsidiary of Cleanaway Company Limited
"	CCL Investment Holding Company Limited	Samoa	General investment	USD3,500 thousand (Equivalent of NT\$ 106,214 thousand)	USD3,500 thousand (Equivalent of NT\$ 106,214 thousand)	-	64	16,707	(6,703)	(4,255)	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	667,009	38,293	11,105	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	55,000	5,500,000	55	47,277	(7,602)	(4,182)	Subsidiary of Cleanaway Company Limited
"	Chung Tai Resource Technology Corp	No. 328, Huanke Road, Datan Village, Guanyin District, Taoyuan City	Waste disposal	374,400	374,400	15,600,000	20.02	383,613	115,760	16,295	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	553,353	130,890	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
"	CCL Investment Holding Company Limited	Samoa	General investment	RMB6,000 thousand (Equivalent of NT\$ 30,102 thousand)	RMB6,000 thousand (Equivalent of NT\$ 30,102 thousand)	-	16	4,433	(6,703)	(Note 1)	Subsidiary of Cleanaway Company Limited
Cleanaway Investment Company Limited	CCL Investment Holding Company Limited	Samoa	General investment	USD1,124 thousand (Equivalent of NT\$ 33,034 thousand)	USD1,124 thousand (Equivalent of NT\$ 33,034 thousand)	-	20	5,171	(6,703)	(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	1,500,000	25	19,086	13,025	(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			Net Income (Loss) of Investee	Share of profit/loss of investee	Notes
				End of the Current Period	End of Previous Year	Number of Shares	Ratio	Carrying Amount of Investment.			
CCL Investment Holding Company Limited	Cleanaway Shanghai Management Holding Company Limited	Samoa	General investment	USD1,124 thousand (Equivalent of NT\$ 33,034 thousand)	USD1,124 thousand (Equivalent of NT\$ 33,034 thousand)	-	100	(\$ 27,731)	\$ -	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
"	Cleanaway Zoucheng Holding Company Limited	Samoa	General investment	USD3,500 thousand (Equivalent of NT\$ 106,214 thousand)	USD3,500 thousand (Equivalent of NT\$ 106,214 thousand)	-	100	23,157	(7,253)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited
"	Cleanaway Zhejiang Holding Company Limited	Samoa	General investment	-	-	-	100	1,298	(1)	(Note 1)	Second-tier subsidiary of Cleanaway Company Limited

Note 1: For "Share of Profits/Losses," only the Cleanaway'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
2020

Table 6

Unit: NT\$1,000, Unless Otherwise Specified

Name of Investee in China	Main businesses	Paid-in Capital	Investment Method	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Wire-in or wire-out amount investment amount		Cumulative Investment Amount Remitted from Taiwan - End of the Period	Net Income (Loss) of Investee	Shareholding Ratio of the Cleanaway'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)	\$ -	100%	\$ -	(\$ 27,735)	\$ -	
Cleanaway Zoucheng Co., Ltd.	Waste management	106,214 (USD 3,500 thousand)	Note 2	106,214 (USD 3,500 thousand)	-	-	106,214 (USD 3,500 thousand)	(7,246)	100%	(7,246)	21,143	-	

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 through 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 (RMB7,000 thousand)	Cleanaway Investment Company Limited: USD1,124 thousand (Equivalent of NT\$33,714 thousand)	The cap was set at 60% of Cleanaway Investment Company Limited's net worth. Pursuant to the regulations, the cap was calculated as follows: NT\$54,549 thousand × 60% = NT\$32,729 thousand
Cleanaway Company Limited: NT\$106,214 thousand (USD 3,500 thousand)	Cleanaway Company Limited: USD8,000 thousand (Equivalent of NT\$240,000 thousand)	The cap was set at 60% of Cleanaway Company Limited's net worth. Pursuant to the regulations, the cap was calculated as follows: NT\$5,715,482 thousand × 60% = NT\$3,429,289 thousand

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

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

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

Cleanaway Company Limited
Information on Major Shareholders
December 31, 2020

Table 7

Name of major shareholder	Shares	
	Number of shares held (shares)	Shareholding ratio
Ching-hsiang Yang	12,112,350	11.12%
Fubon Life Insurance Co., Ltd.	6,532,000	5.99%
JOCRIS LIMITED	5,832,522	5.35%
Kang Lien Enterprise Co., Ltd.	5,526,223	5.07%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Parent Company Only Financial Statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

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Cleanaway Company Limited

Schedule of Contract Assets

December 31, 2020

Schedule 1

In Thousands of New Taiwan Dollars

Name	Description	Amount
A company	Contaminated and illegal dump sites cleanup projects	\$ 94,463
B company	Contaminated and illegal dump sites cleanup projects, and waste processing, clean-up and transport services.	26,950
C company	Contaminated and illegal dump sites cleanup projects	11,858
Others (Note)	Contaminated and illegal dump sites cleanup projects, and waste processing, clean-up and transport services.	<u>5,106</u>
		<u>\$ 138,377</u>

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

Cleanaway Company Limited
Schedule of Trade Receivables
December 31, 2020

Schedule 2

In Thousands of New Taiwan Dollars

Name	Description	Amount
Trade receivables:		
Company a	Revenue from waste disposal	\$ 70,798
Company b	"	17,414
Company c	"	9,114
Others (Note)	"	<u>61,792</u>
		159,118
Minus: Allowance for losses		(<u>874</u>)
		<u>\$ 158,244</u>

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

Cleanaway Company Limited
Schedule of Changes in Investments Accounted for Using Equity Method
2020

Schedule 3

In Thousands of New Taiwan Dollars

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)	27,000,000	\$ 1,084,640	-	\$ 358,297	-	(\$ 403,225)	27,000,000	100	\$ 1,039,712	38.51	\$ 1,039,712	Equity method	None
Chi Wei Company Limited (Note 2)	41,000,000	696,161	-	585,464	-	(524,525)	41,000,000	100	757,100	18.47	757,100	Equity method	None
Cleanaway Enterprise Company Limited (Note 3)	18,000,000	217,260	-	11,821	-	-	18,000,000	100	229,081	12.73	229,081	Equity method	None
Kang Lien Enterprise Company Limited (Note 4)	6,020,000	64,588	-	10,381	-	(4,830)	6,020,000	100	70,139	11.65	70,139	Equity method	None
Cleanaway Investment Company Limited (Note 5)	8,000,000	51,379	-	3,170	-	-	8,000,000	100	54,549	6.82	54,549	Equity method	None
CCL Investment Holding Company Limited (Note 6)	-	20,694	-	268	-	(4,255)	-	100	16,707	0.74	16,707	Equity method	None
Cleanaway SUEZ Environmental Resources Limited (Note 7)	21,750,000	655,904	-	11,105	-	-	21,750,000	29	667,009	30.68	667,009	Equity method	None
Cleanaway Energy Co., Ltd. (Note 8)	5,500,000	51,459	-	-	-	(4,182)	5,500,000	55	47,277	8.60	47,277	Equity method	None
Chung Tai Resource Technology Corp. (Chung Tai) (Note 9)	15,600,000	<u>387,519</u>	-	<u>16,351</u>	-	(<u>20,257</u>)	15,600,000	20.02	<u>383,613</u>	24.59	<u>383,613</u>	Equity method	None
		<u>\$ 3,229,604</u>		<u>\$ 996,857</u>		<u>(\$ 961,274)</u>			<u>\$ 3,265,187</u>		<u>\$ 3,265,187</u>		

Note 1: The increase in the current period was due to share of profit in subsidiaries accounted for using the equity method in the amount of NT\$358,226 thousand and exchange gains on translating the financial statements of foreign operations in the amount of NT\$71 thousand; The decrease in the current period was due to distribution of cash dividends in the amount of NT\$403,225 thousand.

Note 2: The increase in the current period was due to share of profit in subsidiaries accounted for using the equity method in the amount of NT\$585,464 thousand. The decrease in the current period was due to distribution of cash dividends in the amount of NT\$524,525 thousand.

Note 3: The increase in the current period was due to share of profit in subsidiaries accounted for using the equity method in the amount of NT\$11,821 thousand.

Note 4: The increase in the current period was due to share of profit in subsidiaries accounted for using the equity method in the amount of NT\$10,381 thousand; The decrease in the current period was due to distribution of cash dividends in the amount of NT\$4,801 thousand and share of other comprehensive loss in subsidiaries accounted for using the equity method in the amount of NT\$29 thousand.

Note 5: The increase in the current period was due to share of profit in subsidiaries accounted for using the equity method in the amount of NT\$3,087 thousand and exchange gains on translating the financial statements of foreign operations in the amount of NT\$83 thousand.

Note 6: The increase in the current period was due to exchange gains on translating the financial statements of foreign operations in the amount of NT\$268 thousand. The decrease in the current period was due to share of loss in subsidiaries accounted for using the equity method in the amount of NT\$4,255 thousand.

Note 7: The increase in the current period was due to share of profits in affiliates accounted for using the equity method in the amount of NT\$11,105 thousand.

Note 8: The decrease in the current period was due to share of loss in subsidiaries accounted for using the equity method in the amount of NT\$4,182 thousand.

Note 9: The increase in the current period was due to share of profits in affiliates accounted for using the equity method in the amount of NT\$16,295 thousand and share of other comprehensive profits in affiliates accounted for using the equity method in the amount of NT\$56 thousand. The decrease in the current period was due to distribution of cash dividends in the amount of NT\$19,843 thousand, exchange losses on translating the financial statements of foreign operations in the amount of NT\$20 thousand, and share of loss in affiliates accounted for using the equity method in the amount of NT\$394 thousand.

Cleanaway Company Limited
Schedule of Changes in Right-of-Use Assets

2020

Schedule 4

In Thousands of New Taiwan Dollars

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance	Notes
Land	\$ 312,048	\$ 61,827	\$ -	\$ 373,875	
Transportation facilities	17,236	1,985	(5,673)	13,548	
Building	<u>12,122</u>	<u>286</u>	<u>-</u>	<u>12,408</u>	
	<u>\$ 341,406</u>	<u>\$ 64,098</u>	<u>(\$ 5,673)</u>	<u>\$ 399,831</u>	

Cleanaway Company Limited
Schedule of Accumulated Depreciation Changes of Right-of-Use Assets
2020

Schedule 5

In Thousands of New Taiwan Dollars

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending Balance	Notes
Land	\$ 6,501	\$ 6,501	\$ -	\$ 13,002	
Transportation facilities	4,287	3,738	(2,265)	5,760	
Building	<u>1,243</u>	<u>1,243</u>	<u>-</u>	<u>2,486</u>	
	<u>\$ 12,031</u>	<u>\$ 11,482</u>	<u>(\$ 2,265)</u>	<u>\$ 21,248</u>	

Cleanaway Company Limited

Schedule of Lease Liabilities

December 31, 2020

Schedule 6

In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Description</u>	<u>Lease Period</u>	<u>Discount rate</u>	<u>Ending Balance</u>	<u>Notes</u>
Land		50 years	1.25%	\$ 366,876	
Building		10 years	1.25%	10,041	
Transportation facilities		3 to 5 years	0.8% - 3.5%	<u>7,853</u>	
				<u>\$ 384,770</u>	

Cleanaway Company Limited
Schedule of Operating Cost
2020

Schedule 7

In Thousands of New Taiwan Dollars

Item	Amount
Landfill expense	\$ 319,629
Cost of contaminated and illegal dump site cleanup	224,136
Solidification cost	146,942
Clean-up and transport cost	29,667
Incineration cost	<u>302</u>
	<u>\$ 720,676</u>

Cleanaway Company Limited

Schedule of General Administrative Expenses and Research and Development Expenses

2020

Schedule 8

In Thousands of New Taiwan Dollars

Item	General and administrative expenses	Research and development expenses	Total
Salaries	\$ 84,169	\$ 7,264	\$ 91,433
Rents	1,741	-	1,741
Stationary	836	-	836
Travel expense	2,588	-	2,588
Postage	1,102	-	1,102
Repairs and maintenance	11,568	1,840	13,408
Utilities	1,491	-	1,491
Insurance expense	4,060	-	4,060
Entertainment expense	36,857	-	36,857
Donations	5,667	-	5,667
Depreciation	24,334	6,840	31,174
Meals expense	972	342	1,314
Employee benefits	740	-	740
Pension	1,548	-	1,548
Professional service fees	41,150	-	41,150
Miscellaneous purchases	613	1,667	2,280
Other expenses	37,491	2,072	39,563
Selling and administrative expenses allocated to affiliated companies	(154,366)	-	(154,366)
	<u>\$ 102,561</u>	<u>\$ 20,025</u>	<u>\$ 122,586</u>

Cleanaway Company Limited

Summary Table of Employee Benefit, Depreciation, Depletion and Amortization Expenses for the Current Year
2020 and 2019

Schedule 9 In Thousands of New Taiwan Dollars

Type	Function	2020			2019		
		Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee welfare expenses							
Salary expenses		\$ 27,016	\$ 58,792	\$ 85,808	\$ 34,101	\$ 67,865	\$ 101,966
Employee insurance premiums		2,833	3,772	6,605	2,901	4,064	6,965
Pension expenses		1,637	1,548	3,185	1,714	1,572	3,286
Remuneration of Directors		-	32,640	32,640	-	32,690	32,690
Other employee benefit expenses		1,081	2,216	3,297	960	2,154	3,114
		<u>\$ 32,567</u>	<u>\$ 98,968</u>	<u>\$ 131,535</u>	<u>\$ 39,676</u>	<u>\$ 108,345</u>	<u>\$ 148,021</u>
Depreciation expenses		<u>\$ 12,214</u>	<u>\$ 31,174</u>	<u>\$ 43,388</u>	<u>\$ 12,000</u>	<u>\$ 28,465</u>	<u>\$ 40,465</u>

Notes:

- As of December 31, 2020 and 2019, the numbers of employees of Cleanaway were 90 and 85, respectively, of whom 7 and 7 Directors who do not serve con-currently as an employee, respectively.
- (1) The average employee benefit expense for the year was NT\$1,192 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 con-currently as an employee)).
The average employee benefit expense for the previous year was NT\$1,479 thousand (Total employee benefit expense for the previous year - total remuneration for Directors in the previous year / (Number of employees in the previous year - Number of Directors who do not serve con-currently as an employee in the previous year)).
- (2) The average employee salary expense for the year was NT\$1,034 thousand (Total salary expense for the year / (Number of employees for the year - Number of Directors who do not serve con-currently as an employee)).
The average employee salary expense for the previous year was NT\$1,307 thousand (Total salary expense for the previous year / (Number of employees in the previous year - Number of Directors who do not serve con-currently as an employee in the previous year)).
- (3) Change in average employee salary expense (20.89%) ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).
- (4) Remuneration for Supervisors was NT\$2,750 thousand for the current year, and NT\$ 2,780 thousand for the previous year.
- (5) The remuneration for Directors, Supervisors, and Managers were based on each individual's extent of participation in Cleanaway's operation, the value of their contribution, Cleanaway's de facto operating performance, and the relevance and reasonableness of future risks; the remuneration also made reference to the industry standards, and was proposed by the Remuneration Committee and resolved by the Board of Directors. Cleanaway's compensation to employees were determined by the authorized executives based on Cleanaway's salary-approval regulations, an employee's education and experience, the nature and type of a job, market standards, and Cleanaway's internal balance.