ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ECOVE Environment Corp.

Opinion

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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The most significant key audit matters in our audit of the consolidated financial statements of the current period are as follows:

Accuracy of service revenue

Description

Please refer to Note 4(28) for accounting policies on operating revenue, and Note 6(21) for details of operating revenue.

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts and self-undertook services. The cash amount of service revenue was NT$ 2,427,326 thousand for the year ended December 31, 2018, presenting 50% of operating revenue for the year ended December 31, 2018. Due to the fact that this type of revenue involving the accuracy of the reports used and manual calcuation, we consider the accuracy of service revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding of the procedures of waste treatment and tested relevant internal controls, including randomly checking the actual amount of disposals that are treated at the waste treatment plant monthly, the consistency of monthly statements that management used in calculating revenue, and the consistency between service fees per unit and contract.

B. Verified the accuracy of statements that management used in calculating revenue, including the amount of disposals treated and the service fees per unit, recalculating the accuracy of cash amount and ascertained whether it was in agreement with recorded revenue.

Other matter-Non-consolidated financial statements

We have audited and expressed an unqualified opinion on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2018 and 2017.

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Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them 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 determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Weng Shih Jung   Chang, Shu-Chiung

Weng, Shih-Jung   Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,543,162	17	$ 1,657,955	24
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	183,288	2	437,010	6
1120	Financial assets at fair value through other comprehensive income-current	6(3)	102,201	1	-	-
1125	Available-for-sale financial assets - current	12(4)	-	-	136,852	2
1150	Notes receivable, net		1,321	-	234	-
1170	Accounts receivable, net	6(4)	1,041,171	11	947,224	13
1180	Accounts receivable - related parties, net	7	1,717	-	8,122	-
1200	Other receivables		4,741	-	2,238	-
1210	Other receivables - related parties	7	24,646	-	61,847	1
130X	Inventories		63,854	1	45,351	1
1410	Prepayments	6(5)	266,503	3	212,829	3
1470	Other current assets	6(6) and 8	342,178	4	195,910	3
11XX	**Current Assets**		3,574,782	39	3,705,572	53
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	543	-	-	-
1543	Financial assets carried at cost - non-current	12(4)	-	-	543	-
1550	Investments accounted for under equity method	6(7)	405,718	4	666,510	9
1600	Property, plant and equipment, net	6(8) and 8	2,131,233	24	73,244	1
1780	Intangible assets	6(29)	136,153	2	-	-
1840	Deferred income tax assets	6(27)	22,295	-	19,073	-
1900	Other non-current assets	6(9) and 8	2,804,983	31	2,592,187	37
15XX	**Non-current assets**		5,500,925	61	3,351,557	47
1XXX	**Total assets**		$ 9,075,707	100	$ 7,057,129	100

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ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 52,000	1	$ -	-
2130	Contract liabilities-current	6(21)	140,580	2	-	-
2150	Notes payable		1,032	-	189	-
2170	Accounts payable	6(11)	535,797	6	619,687	9
2180	Accounts payable - related parties	7	23,411	-	28,082	-
2200	Other payables	6(12)	467,937	5	383,256	6
2220	Other payables - related parties	7	6,481	-	8,905	-
2230	Current income tax liabilities		130,245	1	73,464	1
2300	Other current liabilities	6(13)(14)	139,437	1	212,605	3
21XX	**Current Liabilities**		1,496,920	16	1,326,188	19
	Non-current liabilities					
2540	Long-term borrowings	6(14)	1,423,587	16	4,000	-
2570	Deferred income tax liabilities	6(27)	204,300	2	169,338	2
2600	Other non-current liabilities	6(15)	529,541	6	326,721	5
25XX	**Non-current liabilities**		2,157,428	24	500,059	7
2XXX	**Total Liabilities**		3,654,348	40	1,826,247	26
	Equity attributable to owners of parent					
	Share capital	6(18)				
3110	Common stock		671,051	8	668,106	9
	Capital surplus	6(19)				
3200	Capital surplus		2,193,473	24	2,161,029	31
	Retained earnings	6(20)				
3310	Legal reserve		603,629	7	527,495	7
3320	Special reserve		32,284	-	145	-
3350	Unappropriated retained earnings		1,380,044	15	1,359,148	19
	Other equity interest					
3400	Other equity interest		(2,243)	-	(32,284)	-
31XX	**Equity attributable to owners of the parent**		4,878,238	54	4,683,639	66
36XX	**Non-controlling interest**	4(3)	543,121	6	547,243	8
3XXX	**Total equity**		5,421,359	60	5,230,882	74
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 9,075,707	100	$ 7,057,129	100

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31 2018 AMOUNT	%	2017 AMOUNT	%
4000	**Operating revenue**	6(21) and 7	$ 4,847,096	100	$ 4,479,587	100
5000	**Operating costs**	6(25)(26) and 7	(3,539,458)	(73)	(3,220,330)	(72)
5900	**Gross profit**		1,307,638	27	1,259,257	28
	Operating expenses	6(25)(26) and 7				
6200	General and administrative expenses		(178,722)	(4)	(181,840)	(4)
6000	**Total operating expenses**		(178,722)	(4)	(181,840)	(4)
6900	**Operating profit**		1,128,916	23	1,077,417	24
	Non-operating income and expenses					
7010	Other income	6(22)	40,169	1	31,779	1
7020	Other gains and losses	6(23)	41,733	1	(10,113)	-
7050	Finance costs	6(24)	(7,483)	-	(3,841)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	31,435	-	21,101	-
7000	**Total non-operating income and expenses**		105,854	2	38,926	1
7900	**Profit before income tax**		1,234,770	25	1,116,343	25
7950	Income tax expense	6(27)	(254,298)	(5)	(156,919)	(4)
8200	**Profit for the year**		$ 980,472	20	$ 959,424	21
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(16)	($ 3,212)	-	($ 8,601)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income		(2,076)	-	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(31)	-	(43)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	1,379	-	1,835	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		233	-	(46,369)	(1)
8362	Unrealized loss on valuation of available-for-sale financial assets	12(4)	-	-	(430)	-
8300	**Total other comprehensive loss for the year**		($ 3,707)	-	($ 53,608)	(1)
8500	**Total comprehensive income for the year**		$ 976,765	20	$ 905,816	20
	Profit attributable to:					
8610	Owners of the parent		$ 806,912	17	$ 761,339	17
8620	Non-controlling interest		173,560	3	198,085	4
	Total		$ 980,472	20	$ 959,424	21
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 806,087	16	$ 721,084	16
8720	Non-controlling interest		170,678	4	184,732	4
	Total		$ 976,765	20	$ 905,816	20
	Earnings per share (in dollars):					
9750	**Total basic earnings per share**	6(28)	$	12.04	$	11.41
9850	**Total diluted earnings per share**	6(28)	$	12.04	$	11.39

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
				Retained earnings			Other equity interest					
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on valuation of available-for-sale financial assets	Total	Non-controlling interest	Total equity
For the year ended December 31, 2017												
Balance at January 1, 2017		$ 664,614	$ 2,126,850	$ 442,686	$ 145	$ 1,445,777	$ 34,600	$ -	($ 32,615)	$ 4,682,057	$ 582,717	$ 5,264,774
Profit for the year		-	-	-	-	761,339	-	-	-	761,339	198,085	959,424
Other comprehensive loss		-	-	-	-	(5,986)	(33,896)	-	(373)	(40,255)	(13,353)	(53,608)
Total comprehensive income		-	-	-	-	755,353	(33,896)	-	(373)	721,084	184,732	905,816
Appropriation of 2016 earnings	6(20)											
Legal reserve		-	-	84,809	-	(84,809)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(757,173)	-	-	-	(757,173)	(220,219)	(977,392)
Share-based payment transactions	6(19)	-	183	-	-	-	-	-	-	183	13	196
Employee stock options exercised	6(18)(19)	3,492	33,996	-	-	-	-	-	-	37,488	-	37,488
Balance at December 31, 2017		$ 668,106	$ 2,161,029	$ 527,495	$ 145	$ 1,359,148	$ 704	$ -	($ 32,988)	$ 4,683,639	$ 547,243	$ 5,230,882
For the year ended December 31, 2018												
Balance at January 1, 2018		$ 668,106	$ 2,161,029	$ 527,495	$ 145	$ 1,359,148	$ 704	$ -	($ 32,988)	$ 4,683,639	$ 547,243	$ 5,230,882
Effect of retrospective application and retrospective restatement	12(4)	-	-	-	-	1,799	-	(34,787)	32,988	-	-	-
Balance at 1 January, 2018 after adjustments		668,106	2,161,029	527,495	145	1,360,947	704	(34,787)	-	4,683,639	547,243	5,230,882
Profit for the year		-	-	-	-	806,912	-	-	-	806,912	173,560	980,472
Other comprehensive income(loss)		-	-	-	-	(1,782)	2,922	(1,965)	-	(825)	(2,882)	(3,707)
Total comprehensive income		-	-	-	-	805,130	2,922	(1,965)	-	806,087	170,678	976,765
Appropriation of 2017 earnings	6(20)											
Legal reserve		-	-	76,134	-	(76,134)	-	-	-	-	-	-
Special reserve		-	-	-	32,139	(32,139)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(647,313)	-	-	-	(647,313)	(183,364)	(830,677)
Share-based payment transactions	6(19)	-	5,055	-	-	-	-	-	-	5,055	308	5,363
Employee stock options exercised	6(18)(19)	2,945	27,389	-	-	-	-	-	-	30,334	-	30,334
Disposal of finanial assets measured at fair value through other comprehensive income		-	-	-	-	(30,447)	-	30,883	-	436	31	467
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	8,225	8,225
Balance at December 31, 2018		$ 671,051	$ 2,193,473	$ 603,629	$ 32,284	$ 1,380,044	$ 3,626	($ 5,869)	$ -	$ 4,878,238	$ 543,121	$ 5,421,359

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,234,770	$ 1,116,343
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(25)	73,778	17,820
Amortization	6(25)	14,462	13,082
Interest expense	6(24)	7,483	3,841
Interest income	6(22)	(16,390)	(16,170)
Dividend income	6(22)	(3,657)	(4,056)
Salary expense-employee stock options	6(17)(26)	4,885	-
Gain on valuation of financial assets	6(2)(23)	(1,564)	(1,127)
Gain on disposal of investment		(26,481)	(3,428)
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(31,435)	(21,101)
Gain on disposal of property, plant and equipment	6(23)	(4,387)	(1,917)
Impairment loss	12(4)	-	13
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		250,721	303,873
Notes receivable, net		(1,087)	(96)
Accounts receivable,net		(80,446)	(99,966)
Accounts receivable - related parties, net		6,405	76,409
Other receivables		3,432	7,803
Other receivables-related parties		30,195	(25,739)
Inventories		(18,503)	6,936
Prepaid expense		(23,847)	(156,124)
Other current assets		(30,940)	(10,000)
Increase in other non-current assets		254,209	230,027
Changes in operating liabilities			
Contract liabilities-current		140,580	-
Notes payable		843	189
Accounts payable		(89,136)	(81,254)
Accounts payable - related parties		(4,671)	478
Other payables		52,181	41,235
Other payables - related parties		(2,424)	6,704
Other current liabilities		(25,302)	(419)
Other non-current liabilities		2,380	(14,748)
Cash inflow generated from operations		1,716,054	1,388,608
Interest received		13,400	12,614
Dividends received		17,654	17,193
Interest paid		(8,436)	(4,048)
Income tax paid		(172,789)	(214,358)
Net cash flows from operating activities		1,565,883	1,200,009

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ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in available-for-sale financial assets-current		$ -	($ 37,883)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		48,206	-
Acquisition of financial assets measured at fair value through other comprehensive income		(16,258)	-
Increase in other receivables-related parties		7,000	233,000
Interest received		2,570	3,781
(Increase) decrease in other current assets		(115,328)	223,681
Proceeds from disposal of investee company		-	3,610
Increase in investments accounted for under equity method-non-subsidiaries	6(7)	(77,500)	(89,474)
Decrease in investments accounted for under equity method-non-subsidiaries		-	5,127
Acquisition of property, plant and equipment	6(8)	(135,302)	(37,066)
Proceeds from disposal of property, plant and equipment		4,569	2,048
Increase in refundable deposits		(589)	(1,444)
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(29)	(206,659)	-
Other non-current assets	6(31)	(154,398)	(355)
Net cash flows (used in) from investing activities		(643,689)	305,025
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short-term loans	6(32)	(91,000)	-
Proceeds from long-term loans	6(32)	87,000	-
Repayment of long-term loans	6(32)	(258,933)	(176,000)
Increase in deposits received (shown in other non-current liabilities)		22,189	38,881
Employee stock options exercised		30,334	37,488
Cash dividends paid		(830,677)	(977,392)
Increase in non-controlling interests		4,100	-
Net cash flows used in financing activities		(1,036,987)	(1,077,023)
Net (decrease) increase in cash and cash equivalents		(114,793)	428,011
Cash and cash equivalents at beginning of year		1,657,955	1,229,944
Cash and cash equivalents at end of year		$ 1,543,162	$ 1,657,955

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) ECOVE Environment Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 13, 1999, and consolidated investee-Chang Ting Corporation in December, 2005.

(2) The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in waste management. The Company's shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.

(3) CTCI Corporation, the Company's ultimate parent company, holds 57.31% equity interest in the Company as of December 31, 2018.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised by the Board of Directors on March 8, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. IFRS 9, 'Financial instruments'

(a) Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(c) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4).

In adopting the new standards endorsed by the FSC effective from 2018, the Group applied the new rules under IFRS 9 using the modified restrospective approach from January 1, 2018, with the practical expedients permitted under the statement. The significant effects of applying the new standard as of January 1, 2018 are summarised below:

In accordance with IFRS 9, the Group reclassifies available-for-sale financial assets and financial assets at cost in the amounts of $136,852 and $543, respectively, and makes an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose, by increasing financial assets at fair value through other comprehensive income in the amount of $137,395.

B. Presentation of contract assets and contract liabilities

In line with IFRS 15 requirements, the Group changes the presentation of certain accounts in the balance sheet as follows:

Under IFRS 15, assets in relation to contracts and liabilities in relation to contracts are recognised as contract assets and contract liabilities, but were previously presented as long-term accounts receivable and receipts in advance in the balance sheet. As of January 1, 2018, the balance would amount to $2,414,923 and $36,605, respectively.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

In adopting IFRS 16 'Lease', the Group has elected not to restate prior period financial statements and classified the effects on the lease contract of lessee to January 1, 2019 in accordance with IFRS 16.

In the first quarter of 2018, the Group reported to the Board of Directors that IFRS 16 has no material impact to the Group.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS3,'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), and related financial reporting interpretations. Please refer to Note 12(4) for details of significant accounting policies.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%) December 31, 2018	Ownership percentage (%) December 31, 2017	Note
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	
ECOVE Environment Service Corp.			0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	93.15	93.15	
ECOVE Waste Management Corp.			0.001	0.01	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	98.00	98.00	
ECOVE Environment Service Corp.			2.00	2.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	60.00	60.00	
ECOVE Waste Management Corp.			40.00	40.00	
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	Note 1
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	-	Note 2
ECOVE Environment Service Corp.			0.01	-	
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	49.99	Note 3
ECOVE Environment Service Corp.			-	0.01	

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2018	December 31, 2017	
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	Note 3
ECOVE Solar Energy Corporation	ECOVE Central Corporation Ltd.	Energy sector	100.00	100.00	Note 3
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	Note 3
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	Note 3
G.D. International, LLC.	Lumberton Solar W2-090, LLC.	Energy sector	100.00	100.00	Note 3

Note 1: Included in the consolidated financial statements due to the Company's control of subsidiary's finance, operation and personnel.

Note 2: In May 2018, the Group acquired ECOVE Solvent Recycling Corporation by cash, which became a subsidiary whose 90% equity was directly and indirectly held by the Group, and the subsidiary was consolidated into financial statements from the date of acquisition.

Note 3: On September 20, 2018, the Group acquired 50% of the shares of ECOVE Solar Energy Corporation by cash. The acquired company became a wholly-owned subsidiary and was consolidated from the date on which control was obtained.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2018 and 2017, the non-controlling interest amounted to $543,121 and $547,243, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2018		December 31, 2017	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	$ 334,656	25.00%	$ 335,978	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	135,150	70.00%	148,558	70.00%

Summarized financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.	
	December 31, 2018	December 31, 2017
Current assets	$ 175,062	$ 173,463
Non-current assets	1,337,570	1,463,676
Current liabilities	(102,176)	(225,856)
Non-current liabilities	(71,831)	(67,372)
Total net assets	$ 1,338,625	$ 1,343,911

	SINOGAL-Waste Services Co., Ltd.	
	December 31, 2018	December 31, 2017
Current assets	$ 403,137	$ 408,081
Non-current assets	5,683	9,969
Current liabilities	(155,808)	(151,175)
Non-current liabilities	(59,941)	(54,650)
Total net assets	$ 193,071	$ 212,225

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	For the years ended December 31,	
	2018	2017
Revenue	$ 347,786	$ 348,186
Profit before income tax	175,309	181,563
Income tax expense	(46,254)	(31,036)
Profit for the year	129,055	150,527
Other comprehensie loss, net of tax	(48)	(1,107)
Total comprehensive income for the year	$ 129,007	$ 149,420
Comprehensive income attributable to non-controlling interest	$ 32,252	$ 37,355
Dividends paid to non-controlling interest	$ 33,592	$ 35,063

	SINOGAL-Waste Services Co., Ltd.	
	For the years ended December 31,	
	2018	2017
Revenue	$ 649,134	$ 708,712
Profit before income tax	167,716	171,864
Income tax (expense) benefit	(692)	21,686
Profit for the year	167,024	193,550
Other comprehensive loss, net of tax	(1,186)	(16,329)
Total comprehensive income for the year	$ 165,838	$ 177,221
Comprehensive income attributable to non-controlling interest	$ 116,087	$ 124,055
Dividends paid to non-controlling interest	$ 127,558	$ 154,993

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	For the years ended December 31,	
	2018	2017
Net cash provided by operating activities	$ 279,321	$ 271,944
Net cash provided by investing activities	4,326	66,943
Net cash used in financing activities	(310,368)	(316,254)
(Decrease) increase in cash and cash equivalents	(26,721)	22,633
Cash and cash equivalents, beginning of year	28,303	5,670
Cash and cash equivalents, end of year	$ 1,582	$ 28,303

	SINOGAL-Waste Services Co., Ltd.	
	For the years ended December 31,	
	2018	2017
Net cash provided by operating activities	$ 212,053	$ 197,859
Net cash provided by (used in) investing activities	29,902	(67,533)
Net cash used in financing activities	(193,169)	(215,274)
Increase (decrease) in cash and cash equivalents	48,786	(84,948)
Cash and cash equivalents, beginning of year	3,175	88,123
Cash and cash equivalents, end of year	$ 51,961	$ 3,175

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial assets at fair value with any gain or loss recognised in profit or loss.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Investment accounted for using equity method – joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	6 ~ 26 years
Machinery and equipment	3 ~ 20 years
Transportation equipment	3 ~ 7 years
Others	3 ~ 5 years

(16) Intangible assets

Goodwill arises in a business combination accounted for by applying the acquisition method.

(17) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(18) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Provisions for other liabilities

Provisions-decommissioning are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

B. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

C. Employees' compensation directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as a change in estimate.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. If a change in tax rate is enacted or substantively enacted, the Group recognises the effect of the change immediately when the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

A. Service concession arrangements

(a) The Group contracted with the government (grantor) a service concession arrangement whereby the Group shall provide construction of the government's infrastructure assets for public services and operate those assets during the term of the arrangement, and when the term of the operating period expires, the underlying infrastructure assets will be transferred to the government without consideration. The Group allocates the fair value of the consideration received or receivable in respect of the service concession arrangement between construction services and operating services provided based on their relative fair values, and recognises such allocated amounts as revenue in accordance with IFRS 15, 'Revenue from contracts with customers'.

(b) Costs incurred on provision of construction services or upgrading services under a service concession arrangement are accounted for in accordance with IFRS 15, 'Revenue from contracts with customers'.

(c) The consideration received or receivable from the grantor in respect of the service concession arrangement is recognised at its fair value. Such considerations are recognised as a financial asset or an intangible asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. The Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services, and recognises an intangible asset to the extent that it receives a right (a licence) to charge users of the public service.

(d) The Group contracted with the government (grantor) a service concession arrangement that is about Refuse Incineration Plant by build- operate- transfer (BOT) mode. Revenue is recognized based on the contract. The Group evaluates the significant financing component of the contract and adjusts the price on the commencement of the contract and recognises revenue and account receivable to the amount that it has a right to bill each month.

B. Service revenue

The Group provides waste treatment, electricity sales, and waste collection service that are charged for the service per unit at a fixed rate. The Group recognises revenue and account receivable to the amount that it has a right to bill each month.

C. Other revenue

The Group provides repairs and maintenance, and consulting service that are charged for the service per unit at a fixed rate. The Group recognises revenue and accounts receivable based on the amount that it has a right to bill each month.

(29) Government grant

The government grant is reasonably convinced that the company will comply with the conditions attached to the government grant and will recognise the grant at fair value. If the nature of the government grant is to compensate the expenses incurred by the Group, the government grant is recognised as current profit and loss on a systematic basis during the period in which the related expenses are incurred.

(30) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Judgements and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Group has no critical accounting judgements, estimates and assumption uncertainty.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 10,343	$ 10,032
Checking accounts and demand deposits	422,288	378,457
Time deposits	1,110,531	1,269,466
Total	$ 1,543,162	$ 1,657,955

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The details of cash and cash equivalents pledged to others are provided in the Note 8.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2018
Currents items	
Financial assets mandatorily measured at fair value through profit or loss	
Beneficiary certificates	$ 182,925
Valuation adjustment	363
Total	$ 183,288

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the year ended December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss	
Beneficiary certificates	$ 1,564

B. Information relating to credit risk is provided in Note 12(2).

C. The information on financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2018
Current items:	
Equity instruments	
Listed stocks	106,367
Valuation adjustment	(4,166)
Total	$ 102,201
Non-current items:	
Equity instruments	
Unlisted stocks	$ 2,342
Valuation adjustment	(1,799)
Total	$ 543

A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31, 2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	($ 2,143)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	($ 31,653)
Debt instruments at fair value through other comprehensive income	
Exchange gains recognised in profit or loss	($ 3,697)
Fair value change recognised in other comprehensive income	$ 67
Accumulated other comprehensive income reclassified to profit or loss Reclassified due to derecognition	($ 467)
Interest income recognised in profit or loss	$ 825

B. Information relating to credit risk is provided in Note 12(2).

C. The information on available-for-sale financial assets and financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(4) Accounts receivable

	December 31, 2018	December 31, 2017
Accounts receivable	$ 762,525	$ 679,504
Long-term accounts receivable - due in one year	278,646	267,720
	$ 1,041,171	$ 947,224

A. The ageing analysis of accounts receivable as follows:

	December 31, 2018	December 31, 2017
Current	$ 278,646	$ 835,453
Up to 120 days	654,851	53,405
121 to 180 days	49,119	29,667
Over 181 days	58,555	28,699
	$ 1,041,171	$ 947,224

B. The above ageing analysis was based on invoice date.

C. For details on the long-term accounts receivable – due in one year, please refer to Note 6(9).

D. Information relating to credit risk of account receivable is provided in Note 12(2).

(5) Prepayments

	December 31, 2018	December 31, 2017
Prepayments for material purchases	$ 199,314	$ 163,753
Prepaid rents	3,277	2,711
Prepaid insurance premiums	20,953	7,094
Others	42,959	39,271
	$ 266,503	$ 212,829

(6) Other current assets

	December 31, 2018	December 31, 2017
Restricted bank deposits	$ 40,940	$ 10,000
Other financial assets (Note)	301,238	185,910
	$ 342,178	$ 195,910

Note: The above assets consists of time deposits with maturity over three months.

(7) Investments accounted for under the equity method

	2018	2017
At January 1	$ 666,510	$ 594,024
Addition of investments accounted for under the equity method	77,500	89,474
Disposal of investments accounted for under equity method	-	(5,309)
Investments accounted for under equity method transferred into a subsidiary	(358,790)	-
Share of profit or loss of investments accounted for using the equity method	31,435	21,101
Earnings distribution of investments accounted for using equity method	(13,997)	(13,137)
Changes in capital surplus	476	196
Changes in other equity items	2,584	(19,839)
At December 31	$ 405,718	$ 666,510

	December 31, 2018	December 31, 2017
Associates:		
CTCI Chemicals Corp.	$ 64,214	$ 61,943
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	292,168	293,441
Ever Ecove Corporation	49,336	-
Joint ventures:		
ECOVE Solar Energy Corporation (formerly known as G.D. Development Corp.)	-	311,126
	$ 405,718	$ 666,510

A. Associates

(a) The basic information of the associates that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio December 31, 2018	Shareholding ratio December 31, 2017	Nature of relationship	Method of measurement
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Is.	20.00%	20.00%	Strategic investment	Equity method

(b) The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman) December 31, 2018	Boretech Resource Recovery Engineering Co., Ltd. (Cayman) December 31, 2017
Current assets	$ 300,925	$ 334,230
Non-current assets	788,200	747,923
Current liabilities	(10,906)	(2,673)
Total net assets	$ 1,078,219	$ 1,079,480
Share in associate's net assets	$ 215,643	$ 215,896
Land-use right	1,020	2,040
Goodwill	75,505	75,505
Carrying amount of the associate	$ 292,168	$ 293,441

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman) For the years ended December 31, 2018	Boretech Resource Recovery Engineering Co., Ltd. (Cayman) For the years ended December 31, 2017
Revenue	$ -	$ -
Gain (loss) for the year from continuing operations	2,188	(13,126)
Other comprehensive loss, net of tax	(1,826)	(35,701)
Total comprehensive (loss) income	$ 362	($ 48,827)

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2018 and 2017, the carrying amount of the Group's individually immaterial associates amounted to $113,550 and $61,943, respectively.

	For the years ended December 31,	
	2018	2017
Gain for the year from continuing operations	$ 15,159	$ 15,600
Other comprehensive loss	(31)	(43)
Total comprehensive income	$ 15,128	$ 15,557

B. Joint venture

(a) The basic information of the joint venture that is material to the Group is as follows:

		Shareholding ratio			
Company name	Principal place of business	December 31, 2018	December 31, 2017	Nature of relationship	Method of measurement
ECOVE Solar Energy Corporation	Taiwan	100%	50%	Joint venture	Equity method

(b) The summarized financial information of the joint venture that is material to the Group is as follows:

Balance sheet

	ECOVE Solar Energy Corporation	
	December 31, 2017	
Cash and cash equivalents	$	101,988
Other current assets		11,483
Current assets		113,471
Non-current assets		1,031,074
Total assets	$	1,144,545
Current financial liabilities	$	197,049
Other current liabilities		51,160
Current liabilities		248,209
Non-current liabilities		274,084
Total liabilities	$	522,293
Total net assets	$	622,252
Share in joint venture's net assets	$	311,126
Carrying amount of the joint venture	$	311,126

Statement of comprehensive income

	ECOVE Solar Energy Corporation For the years ended December 31, 2018
Revenue	$ 59,167
Depreciation and amortisation	(24,060)
Interest income	1,153
Interest expense	(4,694)
Profit before income tax	27,601
Income tax expense	(2,762)
Profit for the year	24,839
Other comprehensive loss, net of tax	(25,111)
Total comprehensive loss	($ 272)

C. Explanation of the Group's holding ECOVE Solar Energy Corporation

(a) The Group and Gintech Energy Corp. established the joint venture - ECOVE Solar Energy Corporation, the main activity of which is energy technology services. The Group held 50% equity of ECOVE Solar Energy Corporation.

(b) The Board of Directors had resolved to invest in ECOVE Solar Energy Corporation, in March 2018 and December 2016. The Group invested in ECOVE Solar Energy Corporation, amounting to $27,500 and $89,474 in March 2018 and February 2017, respectively.

(c) On September 20, 2018, the Group acquired 50% of the shares of ECOVE Solar Energy Corporation by cash. The acquired company became a wholly-owned subsidiary and was consolidated from the date on which control was obtained. Please refer to Note 6(29) for more information.

D. In August 2018, the Group acquired 5% of the shares of EVER ECOVE Corporation for $50,000 in accordance with the resolution of the Board of Directors adopted in their meeting on July 30, 2018. The Group's ownership in EVER ECOVE Corporation is less than 20%, but one of the director also entiles the directorship of EVER ECORE Corporation, therefore this investment is accounted for using the equity method.

E. The liquidation of GranSino Environmental Technology Co., Ltd. has been completed in September, 2017. GranSino Environmental Technology Co., Ltd. returned shares amounting to $5,127, and the Group recognised loss on disposal of investments in the amount of $182.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Transportation	Unfinished construction	Others	Total
At January 1, 2018							
Cost	$ -	$ -	$ 87,542	$ 106,933	$ -	$ 7,505	$ 201,980
Accumulated depreciation	-	-	(52,406)	(73,254)	-	(3,076)	(128,736)
	$ -	$ -	$ 35,136	$ 33,679	$ -	$ 4,429	$ 73,244
Year ended ended December 31, 2018							
Opening net book amount	$ -	$ -	$ 35,136	$ 33,679	$ -	$ 4,429	$ 73,244
Acquired from business acquisition	172,038	516	1,429,080	129	-	288	1,602,051
Additions	-	-	7,460	11,960	108,997	6,885	135,302
Transfer	-	-	396,010	-	-	-	396,010
Disposals	-	-	(182)	-	-	-	(182)
Depreciation charge	-	(111)	(62,268)	(8,474)	-	(2,925)	(73,778)
Net exchange differences	(155)	-	(1,267)	2	-	6	(1,414)
Closing net book amount	$ 171,883	$ 405	$ 1,803,969	$ 37,296	$ 108,997	$ 8,683	$ 2,131,233
At December 31, 2018							
Cost	$ 171,883	$ 516	$ 1,916,471	$ 103,234	$ 108,997	$ 14,560	$ 2,315,661
Accumulated depreciation	-	(111)	(112,502)	(65,938)	-	(5,877)	(184,428)
	$ 171,883	$ 405	$ 1,803,969	$ 37,296	$ 108,997	$ 8,683	$ 2,131,233

	Machinery	Transportation	Others	Total
At January 1, 2017				
Cost	$ 82,439	$ 99,240	$ 6,115	$ 187,794
Accumulated depreciation	(48,534)	(81,891)	(2,936)	(133,361)
	$ 33,905	$ 17,349	$ 3,179	$ 54,433
Year ended ended December 31, 2017				
Opening net book amount	$ 33,905	$ 17,349	$ 3,179	$ 54,433
Additions	12,439	22,003	2,624	37,066
Disposals	(131)	-	-	(131)
Depreciation charge	(10,838)	(5,626)	(1,356)	(17,820)
Net exchange differences	(239)	(47)	(18)	(304)
Closing net book amount	$ 35,136	$ 33,679	$ 4,429	$ 73,244
At December 31, 2017				
Cost	$ 87,542	$ 106,933	$ 7,505	$ 201,980
Accumulated depreciation	(52,406)	(73,254)	(3,076)	(128,736)
	$ 35,136	$ 33,679	$ 4,429	$ 73,244

A. Information about the property plant and equipment that were pledged to others as collateral is provided in Note 8.

B. The details of capitalisation for property, plant and equipment as well as prepayments for business facilities are as follows:

	For the years ended December 31,	
	2018	2017
Amount capitalised	$ 2,738	$ -
Range of the interest rates for capitalisation	1.088%~1.7%	

(9) Other non-current assets

	December 31, 2018	December 31, 2017
Contract assets	$ 2,414,923	$ 2,682,643
Less:Current portion	(278,646)	(267,720)
	2,136,277	2,414,923
Long-term prepaid rents	37,321	43,297
Accrued recovery cost	16,525	24,091
Refundable deposits	20,465	12,916
Air pollution fee	54,267	54,267
Prepayments for business facilities	514,821	40,500
Others	25,307	2,193
	$ 2,804,983	$ 2,592,187

A. The Group entered into contracts with certain governments (grantors) for service concession arrangements. Contract asset from the grantor in respect of the service concession arrangement is recognized at its fair value. Such considerations are recognized as a financial asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. Assets that are expected to be realized within twelve months from the balance sheet date are classified as "accounts receivable" (please refer to Note 6(4)); assets that are expected to be realized over twelve months from the balance sheet date are classified as "long-term accounts receivable". The other terms of the agreement are as follows:

   (a) The subsidiary, ECOVE Wujih Energy Corp., obtained the operation for the construction of Wujih Refuse Incineration Plant by build - operate - transfer (BOT) mode since April, 2000. In September, 2000, the "Waste incineration, Taichung City commission contract" between ECOVE Wujih Energy Corp. and Taichung City Government had been signed. The operating period is for 20 years starting from September 6, 2004. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended, but not to exceed 50 years. In order to work the "Waste Incineration Taichung City Commission Contract", ECOVE Wujih Energy Corp. obtained the land-use right of Wujih Refuse Incineration Plant. Therefore, duration of the land-use right has continued for 20 years since the plant began operating.

   (b) The subsidiary, ECOVE Miaoli Energy Corp., obtained the operation for the construction of Miaoli County Refuse Incineration Plant by build - operate - transfer (BOT) mode since August, 2002. In September, 2002, the "Waste Incineration Commission Contract" between ECOVE Miaoli Energy Corp. and Miaoli County Government had been signed. The operating period is for 20 years starting February 29, 2008. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended. In order to work the "Waste Incineration Miaoli County Commission Contract", ECOVE Miaoli Energy Corp. obtained the land-use right of Miaoli Refuse Incineration Plant. Therefore, duration of the land-use right is from September 13, 2002 to March 12, 2026.

   (c) ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. needs to deal with the guarantee tonnage of waste from government according to the contract during construction or operation.

   (d) Per Service cost is calculated and adjusted based on the "Waste Incineration Commission Contract", "Index of Average Regular Earnings of Employees–Manufacturing" and "Consumer Price Index".

B. Long-term prepaid rents are due to ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. obtaining the land-use right according to the "BOT". As of December 31, 2018 and 2017, ECOVE Wujih Energy Corp. needs to pay long-term prepaid rent amounting to $20,791 and $24,461, respectively. As of December 31, 2018 and 2017, ECOVE Miaoli Energy Corp. needs to pay long-term prepaid rent amounting to $16,530 and $18,836, respectively.

C. Accrued recovery cost are due to the contracts for the operation and maintenance service of refuse incineration plant between the subsidiaries, ECOVE Environment Service Corp. and SINOGAL - Waste Services Co., Ltd., and the grantors, requiring recovery of refuse incineration plant, related machinery and equipment when the contract expires. The Group has estimated the related recovery cost when the service contracts expire and amortizes it over the contract lives.

D. For details of the refundable deposits, please refer to Note 8.

E. Information on air pollution fee is provided in Note 9(5).

(10) Short-term borrowing

Type of borrowings		December 31, 2018	Interest rate range	Collateral
Bank borrowings				
Mega Bank	$	48,000	1.10%	-
Mega Bank		4,000	1.10%	-
	$	52,000		

(11) Accounts payable

		December 31, 2018		December 31, 2017
Materials payable	$	21,902	$	54,641
Sub-contract costs payable		85,073		57,627
Incinerator equipment costs payable		31,861		40,936
Maintenance costs payable		281,003		338,051
Others		115,958		128,432
	$	535,797	$	619,687

(12) Other payables

		December 31, 2018		December 31, 2017
Accrued payroll	$	292,559	$	272,125
Other payables		175,378		111,131
	$	467,937	$	383,256

(13) Other current liabilities

		December 31, 2018		December 31, 2017
Other current liabilities				
Long-term liabilities-current portion	$	128,267	$	176,000
Receipts in advance		-		36,605
Others		11,170		-
	$	139,437	$	212,605

(14) Long-term borrowing

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	Financing amount	Actual spending	December 31, 2018
Subsidiary - ECOVE Miaoli Energy Corporation Mega International Commercial Bank secured loans (Notes 1)	From November 2010 to April 2019, interest is calculated and paid monthly	1.3915%	Machinery and accessory equipment or construction site facilities	$ 523,200	$ 523,200	$ 4,000
Subsidiary -ECOVE Solvent Recycling Corporation Chang Hwa Bank secured loans (Note 2)	From September 2014 to September 2021, interest is calculated and paid monthly	2.47%	Land and buildings	29,500	29,500	25,645
Subsidiary -ECOVE Solar Energy Corporation The Shanghai Commercial&Savings Bank Secured borrowings	From June 2018 to June 2033, interest is calculated and paid monthly	1.7%	ECOVE Solar Energy Corporation issued a promissory note in the amount of $302,760 thousand and the Company acted as guarantor	310,000	310,000	302,755
Subsidiary -ECOVE Solar Energy Corporation KGI Bank Secured borrowings	From May 2015 to May 2021, interest is calculated and paid monthly	1.5%	ECOVE Solar Energy Corporation issued a promissory note in the amount of $152,690 thousand and the Company acted as guarantor	220,000	214,151	151,191
Subsidiary -ECOVE Solar Energy Corporation Chang Hwa Bank Secured borrowings	From June 2016 to August 2030, interest is calculated and paid monthly	2.10%	Guaranteed by the Company	155,000	154,744	141,124
Subsidiary -ECOVE Solar Power Corporation First Commercial Bank Secured borrowings	From January 2014 to December 2029, interest is calculated and paid monthly	1.7%	ECOVE Solar Energy Corporation issued a promissory note in the amount of $81,760 thousand and acted as guarantor	108,000	107,735	77,794
Subsidiary -ECOVE Solar Power Corporation Sino Pac Bank Secured borrowings	From August 2014 to August 2030, interest is calculated and paid monthly	1.6%	ECOVE Solar Energy Corporation issued a promissory note in the amount of $124,830 thousand and acted as guarantor	149,800	129,457	118,360

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	Financing amount	Actual spending	December 31, 2018
Subsidiary -ECOVE Solar Power Corporation Sino Pac Bank Secured borrowings	From August 2018 to August 2023, interest is calculated and paid monthly	1.6%	ECOVE Solar Energy Corporation issued a promissory note in the amount of $280,000 thousand and acted as guarantor	$ 280,000	$ 227,000	$ 226,996
Subsidiary -ECOVE Solar Power Corporation Hua Nan Commercial Bank Secured borrowings	From June 2015 to June 2030, interest is calculated and paid monthly	1.7%	ECOVE Solar Energy Corporation issued a promissory note in the amount of $25,650 thousand and acted as guarantor	38,430	26,456	24,423
Subsidiary -ECOVE Solar Power Corporation Far Eastern International Bank Secured borrowings	From September 2015 to September 2020, principal is paid quarterly and interest is paid monthly	2.0%	ECOVE Solar Energy Corporation issued a promissory note in the amount of $27,000 thousand and acted as guarantor	27,000	11,500	4,480
Subsidiary -ECOVE Solar Power Corporation KGI Bank Secured borrowings	From November 2017 to November 2032, interest is calculated and paid monthly	2.0%	ECOVE Solar Energy Corporation issued a promissory note in the amount of $85,000 thousand and acted as guarantor	100,000	85,000	81,113
Subsidiary - ECOVE Central Corporation Ltd. Sino Pac Bank Secured borrowings	From December 2018 to December 2023, interest is calculated and paid monthly	1.60%	The Company issued a promissory note in the amount of $16,000 thousand and ECOVE Solar Energy Corporation acted as guarantor	16,000	16,000	16,000
Subsidiary - ECOVE South Corporation Ltd. Sino Pac Bank Secured borrowings	From December 2018 to December 2023, interest is calculated and paid monthly	1.60%	The Company issued a promissory note in the amount of $14,000 thousand and ECOVE Solar Energy Corporation acted as guarantor	14,000	14,000	14,000
Subsidiary-LUMBERTON SOLAR Sino Pac Bank Secured borrowings	From September 2017 to August 2023, interest is calculated and paid monthly	4.9%	ECOVE Solar Energy Corporation issued a promissory note in the amount of USD $14,640 thousand and acted as guarantor	449,931	449,931	363,973
Less: Current portion						(128,267)
						$ 1,423,587

Type of borrowings	Borrowing period and repayment term	Interest rate range	Financing amount	Actual spending	December 31, 2017
Subsidiary - ECOVE Miaoli Energy Corporation					
Mega International Commercial Bank secured loans (Notes 1)	From November, 2010 to April, 2019, interest is calculated and paid monthly	1.3874%	$ 523,200	$ 523,200	$ 180,000
Less: Current portion					(176,000)
					$ 4,000

Note 1. ECOVE Miaoli Energy Corp. committed to maintain the following financial ratios and criteria during the period of the contract:

i) Current ratio is above 100%,

ii) Debt ratio (Total Liabilities/Net Value) is under 190%,

iii) Time interest earned is above 150%.

Note 2. ECOVE Solvent Recycling Corporation committed that if the construction has finished, ECOVE Solvent Recycling Corporation will complete the registration of ownership on the construction and pledge with the building lot in first priority to Chang Hwa Bank.

(15) Other non-current liabilities

	December 31, 2018	December 31, 2017
Net defined benefit liability	$ 40,412	$ 36,059
Accrued recovery costs	92,532	92,034
Guaranteed deposits received	190,295	166,555
Deferred revenue	169,471	-
Others	36,831	32,073
	$ 529,541	$ 326,721

A. For details of the accrued recovery costs, please refer to Note 6(9) C.

B. The deferred revenue represents cash grants received from the state government of New Jersey for the construction and operation of the Lumberton solar power plant. The construction period for the solar power plant was 15 years.

(16) Pensions

A. Defined benefit pension plan

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standard Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 251,769	$ 240,044
Fair value of plan assets	(211,357)	(203,985)
Net defined benefit liability	$ 40,412	$ 36,059

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2018			
At January 1	$ 240,044	($ 203,985)	$ 36,059
Current service cost	6,025	-	6,025
Interest expense (income)	2,606	(2,243)	363
	248,675	(206,228)	42,447
Remeasurements:			
Return on plan asset	-	(6,332)	(6,332)
Change in financial assumptions	2,873	-	2,873
Experience adjustments	6,671	-	6,671
	9,544	(6,332)	3,212
Pension fund contribution	-	(5,247)	(5,247)
Paid pension	(6,450)	6,450	-
At December 31	$ 251,769	($ 211,357)	$ 40,412

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2017			
At January 1	$ 241,839	($ 213,591)	$ 28,248
Current service cost	6,519	-	6,519
Interest expense (income)	3,605	(3,196)	409
	251,963	(216,787)	35,176
Remeasurements:			
Change in financial assumptions	10,354	-	10,354
Experience adjustments	(2,627)	874	(1,753)
	7,727	874	8,601
Pension fund contribution	-	(5,957)	(5,957)
Paid pension	(19,646)	17,885	(1,761)
At December 31	$ 240,044	($ 203,985)	$ 36,059

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2018	2017
Discount rate	0.80%～1.00%	0.90%～1.10%
Future salary increases	2.50%～3.00%	2.50%～3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 6,714)	$ 6,973	$ 6,196	($ 6,009)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2017				
Effect on present value of defined benefit obligation	($ 6,638)	$ 6,904	$ 6,162	($ 5,968)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amounts to $9,613.

B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017 were $26,901 and $24,781, respectively.

(c) SINOGAL-Waste Services Co., Ltd. has a funded defined contribution plan, covering all regular employees. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local government are based on employees' monthly salaries and wages. The pension costs under the defined contribution pension plan for the years ended December 31, 2018 and 2017, were $7,938 and $7,956, respectively.

(17) Share-based payment

A. For the years ended December 31, 2018 and 2017, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Fourth plan of employee stock options	2011.6.17	1,200 units	6 years	Service of 2 years
Fifth plan of employee stock options	2012.6.28	1,200 units	6 years	Service of 2 years
Sixth plan of employee stock options	2018.7.09	1,500 units	6 years	Service of 2 years

B. The above employee stock options are as follows:

(a) Details of the fourth plan of employee stock options outstanding as of December 31, 2018 and 2017, are as follows:

	For the years ended December 31,			
	2018		2017	
Stock options	No. of units (in thousands)	Weighted-average exercise price (in dollars)	No. of units (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of period	-	-	215.25	NT$ 106.30
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	-	-
Options exercised	-	-	(212.25)	NT$ 106.30
Options revoked	-	-	(3)	NT$ 106.30
Options outstanding at end of period	-	-	-	-
Options exercisable at end of period	-	-	-	-

(b) Details of the fifth plan of employee stock options outstanding as of December 31, 2018 and 2017, are as follows:

	For the years ended December 31,					
	2018			2017		
Stock options	No. of units (in thousands)	Weighted-average exercise price (in dollars)		No. of units (in thousands)	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of period	298.25	NT$	103.00	435.25	NT$	110.00
Options granted	-		-	-		-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-		-	-		-
Options waived	(3.75)		-	-		-
Options exercised	(294.50)	NT$	103.00	(137.00)	NT$	108.95
Options revoked	-		-	-		-
Options outstanding at end of period	-		-	298.25	NT$	103.00
Options exercisable at end of period	-		-	298.25	NT$	103.00

(c) Details of the sixth plan of employee stock options outstanding as of December 31, 2018, are as follows:

	For the year ended December 31, 2018		
Stock options	No. of units (in thousands)	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of period	-		-
Options granted	1,500	NT$	173.5
Options waived	(52)		-
Options exercised	-		-
Options revoked	-		-
Options outstanding at end of period	1,448	NT$	173.5
Options exercisable at end of period	-		-

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2018 and 2017 was NT$172.63 and NT$171.9 (in dollars), respectively.

D. As of December 31, 2018 and 2017, the range of exercise prices of stock options outstanding was NT$173.5 and NT$103~NT$106.3 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2018	December 31, 2017
Fourth plan of employee stock options	-	-
Fifth plan of employee stock options	-	0.50 years
Sixth plan of employee stock options	5.5 years	-

E. The fair value of stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Market value (Note)	Exercise price	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit (in dollars)
Fourth plan of employee stock options	2011.6.17	NT$146.0	NT$106.3	38.65%	4.50 years	0%	1.05%	NT$ 48.82
Fifth plan of employee stock options	2012.6.28	NT$145.0	NT$103.0	33.63%	4.60 years	0%	1.00%	NT$ 42.79
Sixth plan of employee stock options	2018.7.9	NT$173.5	NT$173.5	11.38%~ 12.71	4~5 years	0%	0.66%~ 0.71%	NT$ 17.88

F. Expenses incurred on share-based payment transactions are shown below:

	For the years ended December 31,	
	2018	2017
Equity-settled	$ 4,885	$ -

(18) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2018	2017
At January 1	66,810,648	66,461,398
Employee stock options exercised	294,500	349,250
At December 31	67,105,148	66,810,648

B. As of December 31, 2018, the Company's authorized capital was $800,000, consisting of 80,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was $671,051 with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected.

C. As of December 31, 2018 and 2017, the associate of the Group held 276 thousand shares.

(19) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Changes in capital surplus are as follows:

	Share premium	Employee stock options	Others	Total
At January 1, 2018	$ 1,971,969	$ 188,747	$ 313	$ 2,161,029
Share-based payment transaction	-	5,055	-	5,055
Employee stock options expired	188,877	(188,564)	(313)	-
Employee stock options exercised	27,389	-	-	27,389
At December 31, 2018	$ 2,188,235	$ 5,238	$ -	$ 2,193,473
At January 1, 2017	$ 1,936,651	$ 189,886	$ 313	$ 2,126,850
Share-based payment transaction	-	183	-	183
Employee stock options exercised	35,318	(1,322)	-	33,996
At December 31, 2017	$ 1,971,969	$ 188,747	$ 313	$ 2,161,029

C. Please refer to Note 6(17) for detailed information about capital surplus from employee stock options.

(20) Retained earnings

	2018	2017
At January 1	$ 1,359,148	$ 1,445,777
Effect of retrospective restatement	1,799	-
At January 1(after restatement)	1,360,947	1,445,777
Legal reserve appropriated	(76,134)	(84,809)
Special reserve appropriated	(32,139)	-
Profit for the year	806,912	761,339
Distribution of retained earnings	(647,313)	(757,173)
Impact of change in tax rate recognised in other comprehensive income	697	-
Remeasurement on post employment benefit obligations, net of tax	(2,479)	(5,986)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(30,447)	-
At December 31	$ 1,380,044	$ 1,359,148

A. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' remuneration, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.

B. The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

   The allocable profit for the current year, which is the balance after the profit distribution and covering losses aforementioned in the preceding paragraph, together with the undistributed retained earnings accrued from prior years shall be referred to as accumulated distributable earnings, which shall be distributed as dividends to shareholders according to shareholders' resolutions.

   In order to meet the requirements of business expansion and industry growth, fulfilling future operating needs and stabilizing financial structure is the priority of the Company's dividend policy. Thus, the distribution of the accumulated distributable earnings corresponds with the shareholders' resolutions. And, the amount of shareholders' bonus shall not be less than 20% of accumulated distributable earnings of the Company, and in particular cash dividend shall not be less than 5%.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Order No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The Company recognised dividends of $647,313 (NT$9.68 per share) and $757,173 (NT$11.37 per share) in 2018 and 2017, respectively. In addition, outstanding stocks will be influenced by employees' share rights. Thus, the Board of Directors gave the right to adjust the rate of distributed dividends from NT$9.68 per share to NT$9.64624522 per share.

F. The appropriation of 2017 and 2016 earnings had been resolved at the stockholders' meeting on May 31, 2018 and June 26, 2017, respectively.

Details are summarized below:

	2017	2016
Legal reserve	$ 76,134	$ 84,809
Special reserve	32,139	-
Cash dividends	647,313	757,173
Total	$ 755,586	$ 841,982

G. The appropriation of 2018 earnings had been proposed by Board of Directors during their meeting on March 8, 2019. Details are summarised below:

	2018	
	Amount	Dividends per share (in NT dollars)
Legal reserve	$ 80,691	$ -
Special reserve	(30,041)	-
Cash dividends	726,078	10.82
Total	$ 776,728	10.82

The appropriation of 2018 earnings has not been resolved at the stockholders' meeting as of March 8, 2019.

H. For information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6 (26).

I. For information relating to effect of retrospective restatement, please refer to Note 12 (4).

J. The Company recognises the effect of the change in tax rate immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity (including non-controlling interest) amounting to $729.

(21) Operating revenue

	For the years ended December 31,	
	2018	2017
Revenue from contracts with customers		
Operating revenue		
Waste Treatment	$ 1,969,174	$ 1,705,201
Electricity	1,105,578	1,101,068
Waste Collection	78,749	144,543
Others	1,116,590	941,814
Others-service concession revenue	4,270,091	3,892,626
Operating revenue		
BOT operating revenue	458,152	457,652
BOT finance revenue	118,853	129,309
	577,005	586,961
	$ 4,847,096	$ 4,479,587

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over a period of time in the following major product lines and geographical regions:

For the year ended December 31, 2018	Domestic	China	Macau	United States	Total
Total segment revenue	$ 5,443,412	$ 160,358	$ 878,793	$ 14,083	$6,496,646
Inter-segment revenue	(1,526,207)	(55,274)	(68,069)	-	(1,649,550)
Revenue from external customer contracts	$ 3,917,205	$ 105,084	$ 810,724	$ 14,083	$4,847,096
Timing of revenue recognition					
Over a period of time	$ 3,917,205	$ 105,084	$ 810,724	$ 14,083	$4,847,096

For the year ended December 31, 2017	Domestic	China	Macau	Total
Total segment revenue	$ 5,012,145	$ 114,034	$ 859,649	$5,985,828
Inter-segment revenue	(1,423,413)	(57,789)	(25,039)	(1,506,241)
Revenue from external customer contracts	$ 3,588,732	$ 56,245	$ 834,610	$4,479,587
Timing of revenue recognition				
Over a period of time	$ 3,588,732	$ 56,245	$ 834,610	$4,479,587

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2018
Contract assets:	
Contract assets relating to service concession arrangement	$ 2,414,923
Contract liabilities:	
Contract liabilities – Advance sales receipts	$ 140,580

(a) Significant changes in contract asset and contract liabilities

For details on contract asset, please refer to Note 6(9). Contract liabilities relating to service contract increased significantly, because new contracts increased during the year.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	
Receipt in advance	$ 36,605

(22) Other income

	For the years ended December 31, 2018	2017
Interest income:		
Interest income from bank deposits	$ 13,842	$ 12,589
Other interest income	2,548	3,581
Total interest income	16,390	16,170
Dividend revenue	3,657	4,056
Other income, others	20,122	11,553
	$ 40,169	$ 31,779

(23) Other gains and losses

	For the years ended December 31, 2018	2017
Gains on disposals of property, plant and equipment	$ 4,387	$ 1,917
Foreign exchange gain (losses)	9,312	(16,561)
Gains on financial assets at fair value through profit or loss	1,564	1,127
Gain on disposals of investments	26,481	3,428
Miscellaneous disbursements	(11)	(24)
	$ 41,733	($ 10,113)

(24) Finance cost

	For the years ended December 31, 2018	2017
Interest expense	$ 7,483	$ 3,841

(25) Expenses by nature

	For the years ended December 31,	
	2018	2017
Employee benefit expense	$ 1,065,692	$ 1,000,133
Depreciation charges on property, plant and equipment	73,778	17,820
Amortisation	14,462	13,082
Incinerator equipment costs	323,629	283,938
Material	675,895	695,204
Sub-contract costs	1,016,100	826,312
Insurances	38,353	29,692
Other expenses	510,271	535,989
	$ 3,718,180	$ 3,402,170

(26) Employee benefit expense

	For the years ended December 31,	
	2018	2017
Salaries	$ 916,519	$ 864,374
Employee stock options	4,885	-
Labor and health insurance fees	54,849	52,290
Pension costs	41,227	39,665
Other personnel expenses	48,212	43,804
	$ 1,065,692	$ 1,000,133

A. As of December 31, 2018 and 2017, the Group had 988 and 912 employees, respectively.

B. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' compensation, and distribute no more than 2% of the income before tax as Directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' compensation could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the Directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.

C. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at \$343 and \$359, respectively; directors' and supervisors' remuneration was accrued at \$5,200 and \$5,200, respectively. The aforementioned amounts were recognised in salary and other expenses.

   The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year as of the end of December 31, 2018. The employees' compensation and directors' and supervisors' remuneration has not been resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2017 amounting to $359 and $5,200, respectively, as resolved by the meeting of Board of Directors were in agreement with those amounts recognised in the 2017 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2018	2017
Current tax:		
Current tax on profits for the period	$ 223,578	$ 182,620
Prior year income tax overestimation	(1,381)	(24,081)
Total current tax	222,197	158,539
Deferred tax:		
Origination and reversal of temporary differences	4,395	(1,234)
Impact of change in tax rate	27,467	-
Effect of exchange rate changes	239	(386)
Income tax expense	$ 254,298	$ 156,919

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2018	2017
Remeasurement of defined benefit obligations	$ 650	$ 1,835
Impact of change in tax rate	729	-
	$ 1,379	$ 1,835

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31, 2018	For the years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 233,374	$ 185,234
Expenses disallowed by tax regulation	(5,162)	(4,234)
Prior year income tax overestimation	(1,381)	(24,081)
Effect from change of tax rate	27,467	-
Income tax expense	$ 254,298	$ 156,919

Note: The basis for computing the applicable tax rate is the rate applicable in Taiwan.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credit are as follows:

	2018				
	January 1	Acquisition through business combination	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:					
- Temporary differences:					
Unused absences costs	$ 3,152	$ -	$ 1,473	$ -	$ 4,625
Unrealised pension costs	4,802	-	82	1,379	6,263
Unrealised maintenance costs	8,304	-	2,234	-	10,538
Unrealised exchange loss	2,815	134	(3,596)	-	(647)
Unrealised gains on disposal of fixed assets	-	1,382	134	-	1,516
Subtotal	$ 19,073	$ 1,516	$ 327	$ 1,379	$ 22,295
-Deferred tax liabilities:					
Unrealised foreign investment gain	($ 12,965)	($ 2,773)	($ 7,171)	$ -	($ 22,909)
Unrealised concession arrangements gain	(156,373)	-	(25,018)	-	(181,391)
Subtotal	($ 169,338)	($ 2,773)	($ 32,189)	$ -	($ 204,300)
	($ 150,265)	($ 1,257)	($ 31,862)	$ 1,379	($ 182,005)

	2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unused absences costs	$ 3,232	($ 80)	$ -	$ 3,152
Unrealised pension costs	2,954	13	1,835	4,802
Unrealised maintenance costs	10,943	(2,639)	-	8,304
Unrealised exchange loss	722	2,093	-	2,815
Subtotal	$ 17,851	($ 613)	$ 1,835	$ 19,073
-Deferred tax liabilities:				
Unrealised foreign investment gain	($ 14,395)	$ 1,430	$ -	($ 12,965)
Unrealised concession arrangements gain	(156,790)	417	-	(156,373)
Subtotal	($ 171,185)	$ 1,847	$ -	($ 169,338)
	($ 153,334)	$ 1,234	$ 1,835	($ 150,265)

D. As of December 31, 2018, the Company's and its subsidiaries' income tax returns through 2016 have been assessed and approved by the Tax Authority.

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(28) Earnings per share

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share:			
Profit attributable to owners of the parent	$ 806,912	67,024	$ 12.04
Diluted earnings per share:			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 806,912	67,026	$ 12.04

The Group's employee stock options had anti-dilution effect; thus, they were not included in the calculation of diluted earnings per share.

	For the year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share:			
Profit attributable to owners of the parent	$ 761,339	66,739	$ 11.41
Diluted earnings per share:			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	110	
Employees' bonus	-	3	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 761,339	66,852	$ 11.39

(29) Business combinations

A. ECOVE Solvent Recycling Corporation

(a) On May 10, 2018, the Group acquired a 90% equity interest of ECOVE Solvent Recycling Corporation in the amount of $49,590 in the form of cash and had control over ECOVE Solvent Recycling Corporation which is primarily engaged in operating basic chemical industry and manufacture of other chemical products. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.

(b) The following table summarises the consideration paid for ECOVE Solvent Recycling Corporation and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		May 10, 2018
Purchase consideration		
Cash paid	$	49,590
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		4,126
		53,716
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		150
Prepayments		291
Property, plant and equipment		68,492
Other non-current assets		588
Other payables	(	143)
Other current liabilities	(	325)
Long-term borrowings	(	27,800)
Total identifiable net assets		41,253
Goodwill	$	12,463

(c) The operating revenue included in the consolidated statement of comprehensive income since May 10, 2018 contributed by ECOVE Solvent Recycling Corporation was $0. ECOVE Solvent Recycling Corporation also contributed loss before income tax of ($7,014) over the same period. Had ECOVE Solvent Recycling Corporation been consolidated from January 1, 2018, the consolidated statement of comprehensive income would show operating revenue of $4,848,581 and profit before income tax of $1,226,813.

B. ECOVE Solar Energy Corporation

(a) On September 20, 2018, the Group acquired 50% of the shares by cash of NT$455,384; therefore, the Group holds 100% of shares and obtained control of ECOVE Solar Energy Corporation.

(b) The following table summarises the consideration paid for ECOVE Solar Energy Corporation and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		December 31, 2018
Purchase consideration		
Cash paid	$	455,384
Fair value of equity interest in ECOVE Solar Energy Corporation held before the business combination		388,193
		843,577
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		298,165
Accounts receivable		13,501
Other receivables		5,509
Prepayments		29,536
Property, plant and equipment		1,533,559
Deferred tax assets		1,516
Other non-current assets		721,902
Short-term borrowings	(	143,000)
Accounts payable	(	5,245)
Current tax liabilities	(	8,903)
Other payables	(	33,310)
Other current liabilities	(	138,880)
Long-term borrowings	(	1,376,650)
Deferred tax liabilities	(	2,773)
Other non-current liabilities	(	175,040)
Total identifiable net assets		719,887
Goodwill	$	123,690

(c) The operating revenue included in the consolidated statement of comprehensive income since September 20, 2018 contributed by ECOVE Solar Energy Corporation was $83,600. ECOVE Solar Energy Corporation also contributed profit before income tax of $12,047 over the same period. Had ECOVE Solar Energy Corporation been consolidated from January 1, 2018, the consolidated statement of comprehensive income would show operating revenue of $5,115,340 and profit before income tax of $1,290,371.

(d) The final valuation will be taken on acquired identifiable property, plant and equipment with temporary amount of $1,533,559.

(30) Operating leases

A. The Group leases offices and dormitories under non-cancellable operating lease agreements.

These leases have terms expiring between 1 year and 16 years. The Group recognised rental expenses of $49,870 and $39,701, for these leases for the years ended December 31, 2018 and 2017, respectively.

B. In order to build the refuse incineration plant, the Group obtained the land-use right amounting to $114,902. For the years ended December 31, 2018 and 2017, the rent is amortized on a straight-line basis during construction or operation both amounting to $5,976 and $5,976, respectively.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	December 31, 2017
Less than one year	$ 29,633	$ 23,256
More than one year but not less than five years	33,134	18,723
More than five years	29,213	4,726
	$ 91,980	$ 46,705

The Group has leases contracts that are charged for the service per unit in accordance with electricity production. As such, there is no minimum lease payments for those contracts.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2018	Year ended December 31, 2017
Other non-current assets	$ 870,331	$ 355
Less: Acquisition through business combination	(715,933)	-
Cash paid during the year	$ 154,398	$ 355

(32) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2018	$ -	$ 180,000	$ 180,000
Changes in cash flow from financing activities	(91,000)	(171,933)	(262,933)
Changes in acquisition of subsidiaries	143,000	1,515,530	1,658,530
Impact of changes in foreign exchange rate	-	28,257	28,257
At December 31, 2018	$ 52,000	$ 1,551,854	$ 1,603,854

	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2017	$ -	$ 356,000	$ 356,000
Changes in cash flow from financing activities	-	(176,000)	(176,000)
At December 31, 2017	$ -	$ 180,000	$ 180,000

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 57.31% of the Company's shares. The remaining 42.69% of the shares are widely held by the public.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
CTCI Corp.	The ultimate parent
CTCI Chemical Corp.	Associates
CTCI Machinery Corp.	Associates
Resources Engineering Services Inc.	Associates
E&C Engineering Corp.	Associates
ECOVE Solar Energy Corporation	This entity became a subsidiary on September 20, 2018, before which it was a joint venture.

(3) Significant transactions and balances with related parties

A. Operating revenue

	For the years ended December 31, 2018	2017
Operating revenue:		
The ultimate parent	$ 27,528	$ 172,185

(a) The prices on the operating, removal and transportation contracts entered into with related parties are set through negotiation by both parties. The collection terms were 30 days and approximately the same as those with third parties.

(b) According to Financial-Supervisory-Securities-Firms No. 0990100279 of the GreTai Securities Market:

Although the Group discloses operating revenues from CTCI as above, the related costs include equipment maintenance cost and employee salary of Ecove Environmental Services Corp. when performing operation service, which are not related party transactions.

B. Purchases of goods and services

	For the years ended December 31,	
	2018	2017
Purchases of goods and services:		
The ultimate parent	$ 6,576	$ 5,143
Associates	163,963	134,157
	$ 170,539	$ 139,300

The prices on the purchase of goods and services and operating contracts entered into with related parties are set through negotiation by both parties. The payment terms were 30 days and approximately the same as those with third parties.

C. Period-end balances arising from sales of services

	December 31, 2018	December 31, 2017
Accounts receivable:		
The ultimate parent	$ 1,717	$ 8,122

D. Period-end balances arising from purchases of services

	December 31, 2018	December 31, 2017
Accounts payable:		
The ultimate parent	$ 4,260	$ 4,426
Associates	19,151	23,656
	$ 23,411	$ 28,082

E. Other receivables-related parties

(a) Reclassified from accounts receivable

	December 31, 2018	December 31, 2017
Other receivables:		
The ultimate parent	$ 17,566	$ 40,426

Certain accounts receivable from related parties which are not on regular collection terms, were reclassified to "other receivables-related parties" whose aging is from 121 to 730 days.

(b) Others

	December 31, 2018	December 31, 2017
Other receivables:		
Associates (Note)	$ 74	$ 196
Joint ventures	-	7,213
	$ 74	$ 7,409

Note : The receivable is a result of the personnel's transfer from related parties and apportioned office expenses.

F. Loans to related parties

(a) Receivables from related parties

	December 31, 2018	December 31, 2017
Associates		
CTCI Machinery Corp.	$ -	$ 7,006
E & C Engineering Corp.	7,006	7,006
	$ 7,006	$ 14,012

(b) Interest income

	For the years ended December 31,	
	2018	2017
The ultimate parent (Note 1)	$ 2,487	$ 1,295
Associates (Note 2)	77	1,778
Joint ventures (Note 3)	-	508
	$ 2,564	$ 3,581

Note 1: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.81% for both the years ended December 31, 2018 and 2017.

Note 2: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.01% for both the years ended December 31, 2018 and 2017.

Note 3: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.8% for the year ended December 31, 2017.

G. Other income

	For the years ended December 31,	
	2018	2017
Personnel's transfer from related parties		
Associates	$ 999	$ 385
Joint ventures	2,555	3,458
	$ 3,554	$ 3,843

H. Other payables-related parties

(a) Operating expenses

	For the years ended December 31,	
	2018	2017
The ultimate parent	$ 8,830	$ 12,003
Associates	25	-
	$ 8,855	$ 12,003

This is mainly from personnel transfers from related parties and accrued directors' and supervisors' remuneration.

(b) As of December 31, 2018 and 2017, the unpaid amounts are as follows (shown as other payables):

	December 31, 2018	December 31, 2017
The ultimate parent	$ 6,481	$ 8,905

I. Acquisition of financial assets

	Accounts	No. of shares	Objects	For the year ended December 31, 2018 Consideration
Other related parties	Investments accounted for using equity method	31,622,726	ECOVE Solar Energy Corporation	$ 455,384

J. Endorsements and guarantees for others

	December 31, 2018	December 31, 2017
Joint ventures	$ -	$ 631,253

(4) Key management compensation

	For the years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 36,451	$ 41,326
Post-employment benefits	860	94
Total	$ 37,311	$ 41,420

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Assets	Book value December 31, 2018	Book value December 31, 2017	Purposes
Other current assets			
Restricted bank deposits	$ 40,940	$ 10,000	Guarantee for bid and performance guarantee
Property, plant and equipment	169,997	-	Guarantee for long-term loans
Other non-current assets			
Long-term prepaid rents-land -use right	16,530	18,836	Guarantee for long-term loans
Refundable deposits	20,465	12,916	Guarantee for rent, performance guarantee, tender bond and staff dormitory
	$ 247,932	$ 41,752	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Notes 6(9) and 7(3)J, the significant commitments and contingent liabilities of the Group as of December 31, 2018 were as follows:

(1) The subsidiaries had entered into lines of credit agreements with several banks for guarantee payments under various service contracts. The subsidiaries had either issued guarantee notes or promissory notes for amounts drawn down under the line of credit agreements. As of December 31, 2018, the total amount of guarantee notes and promissory notes issued amounted to $2,925,302.

(2) As of December 31, 2018, for contractual guarantee, performance guarantee and waste collection, the subsidiaries have a performance letter of guarantee issued by the bank amounting to $977,511.

(3) As of December 31, 2018, the subsidiaries had outstanding commitments for service contracts amounting to $51,890.

(4) As of December 31, 2018, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to $3,699.

(5) On October 28, 2014, the Environmental Protection Bureau New Taipei City Government requested the subsidiary, ECOVE Environmental Service Corp. to pay a substantial amount of air pollution control fee of $54,267 in accordance with the action stated in Bei-Huan-Kong-Zi Letter No. 1031588875 (the original action) and the judgement rendered by an administrative court of New Taipei City Government. ECOVE Environmental Service Corp., disagreed and filed an appeal for revocation of the original action and administrative decision on July 6, 2015, and was dismissed by Taiwan High Administrative Court. Therefore, ECOVE Environmental Service Corp., filed an appeal to Supreme Administrative Court. On January 31, 2018, the Supreme Administrative Court reversed the Taiwan High Administrative Court's ruling and remanded the case to the Taiwan High Administrative Court and is currently awaiting judgement.

It is ECOVE Environmental Service Corp.'s appointed lawyers' opinion that the original action is unlawful and ineffective, thus, no loss was accrued.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriation of 2018 earnings had been proposed at the Board of Directors' meeting on March 8, 2019, please refer to Note 6(20)G for detailed information.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at December 31, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
Total borrowings	$ 1,603,854	$ 180,000
Total equity	$ 5,421,359	$ 5,230,882
Gearing ratio	30%	3%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 183,288	$ -
Financial assets held for trading	-	437,010
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	102,744	-
Available-for-sale financial assets	-	136,852
Financial assets at cost	-	543
	$ 286,032	$ 574,405

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,543,162	$ 1,657,955
Notes receivable	1,321	234
Accounts receivable	1,041,171	947,224
Accounts receivable-related parties	1,717	8,122
Other receivables	4,741	2,238
Other receivables-related parties	24,646	61,847
Refundable deposits paid	20,465	12,916
Long-term accounts receivable	-	2,414,923
Other financial assets	342,178	195,910
	$ 2,979,401	$ 5,301,369

	December 31, 2018	December 31, 2017
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 52,000	$ -
Notes payable	1,032	189
Accounts payable	535,797	619,687
Accounts payable-related parties	23,411	28,082
Long-term borrowings (including current portion)	1,551,854	180,000
Guarantee deposits received	190,295	166,555
	$ 2,354,389	$ 994,513

B. Risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group has certain investments in foreign operations, therefore, does not hedge the risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MOP and CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial Assets			
Monetary items			
USD : NTD	$ 3,470	30.740	$ 106,668
MOP : NTD	53,270	3.804	202,650
Financial Liabilities			
Monetary items			
MOP : NTD	2,723	3.804	10,359

	December 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial Assets			
Monetary items			
USD : NTD	$ 7,589	29.848	$ 226,516
MOP : NTD	42,918	3.738	160,417
Financial Liabilities			
Monetary items			
MOP : NTD	13,608	3.738	50,866

v. The unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017 amounted to $3,550 and ($16,850), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	1.00%	$ 1,067	$ -
MOP : NTD	1.00%	2,026	-
Financial liabilities			
Monetary items			
MOP : NTD	1.00%	104	-

	For the year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	1.00%	$ 2,265	$ -
MOP : NTD	1.00%	1,604	-
Financial liabilities			
Monetary items			
MOP : NTD	1.00%	509	-

Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2018 and 2017, the Group's borrowings at variable rate were denominated in NTD.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2018, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
At December 31, 2018			
Expected loss rate	0%	0%	
Total book value	$ 2,981,673	$ 195,775	$ 3,177,448
Loss allowance	$ -	$ -	$ -

Note 1: Government institution, state-owned enterprises and listed companies.

Note 2: Customers who have not been included in Note 1.

v. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities December 31, 2018	Up to 1 year	Over 1 year
Short-term borrowings	$ 52,000	$ -
Notes payable	1,032	-
Accounts payable (including related parties)	559,208	-
Other payables (including related parties)	474,418	-
Long-term borrowings (including current portion)	131,788	1,670,586
Other non-current liabilities	190,295	-

Non-derivative financial liabilities December 31, 2017	Up to 1 year	Over 1 year
Accounts payable (including related parties)	$ 647,769	$ -
Other payables (including related parties)	392,161	-
Long-term borrowings (including current portion)	178,442	4,074
Other non-current liabilities	166,555	-

(3) Fair value estimation

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in corporate bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

The related information of natures of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 183,288	$ -	$ -	$ 183,288
Financial assets at fair value through other comprehensive income				
Equity securities	102,201	-	543	102,744
Total	$ 285,489	$ -	$ 543	$ 286,032

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 437,010	$ -	$ -	$ 437,010
Available-for-sale financial assets				
Equity securities	109,435	-	-	109,435
Bond securities	-	27,417	-	27,417
Total	$ 546,445	$ 27,417	$ -	$ 573,862

C. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

D. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. For the years ended December 31, 2018 and 2017, there were no transfers between Level 1 and Level 2.

F. For the years ended December 31, 2018 and 2017, there were no input and output into Level 3.

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

(a) Financial assets at fair value through profit or loss

i. They are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

ii. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

iii. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(b) Available-for-sale financial assets

i. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using settlement date accounting.

iii. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(c) Loans and receivables

Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Impairment of financial assets

i. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) The disappearance of an active market for that financial asset because of financial difficulties;

(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(vii) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(viii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(i) Financial assets at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset directly.

(ii) Financial assets at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(iii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, IFRS 9, were as follows:

(a) Under IAS 39, because the cash flows of debt instruments, which were classified as 'available-for-sale financial assets', amounting to $27,417, met the condition that it is intended to settle the principal and interest, and the Group holds these assets for the purpose of cash inflow and sale, they were reclassified as "financial assets at fair value through other comprehensive income (debt instruments)" on initial application of IFRS 9.

(b) Under IAS 39, because the equity instruments, which were classified as: available-for-sale financial assets and financial assets at cost, amounting to $109,435 and $543, respectively, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)", increased retained earnings and decreased other equity interest in the amounts of $1,799 and $1,799 on initial application of IFRS 9.

C. The significant accounts as of December 31, 2017 are as follows:

(a) Financial assets at fair value through profit or loss

Items	December 31, 2017
Current items:	
Financial assets held for trading	
Beneficiary certificates	$ 436,637
Valuation adjustment	373
	$ 437,010

The Group recognised net profit amounting to $1,127 on financial assets held for trading for the year ended December 31, 2017.

(b) Available-for-sale financial assets

Items	December 31, 2017
Current items:	
Listed stocks	$ 143,111
Bonds	30,394
Valuation adjustment	(36,653)
	$ 136,852

i. The Group recognised $430 in other comprehensive loss for fair value change for the year ended December 31, 2017.

ii. Due to the global financial crisis in 2008, the Group, in accordance with IAS No. 39, paragraph 50 (c), reclassified certain listed stocks previously classified as financial assets at fair value through profit or loss into available-for-sale financial assets amounting to $60,304. The detailed information is set forth below:

(i) The above reclassified assets that have not yet been disposed of are as follows:

	December 31, 2017 Book value/fair value
Listed stocks	$ 54,147

(ii) The changes in fair value of the above listed stocks that were recognised in profit or loss and other comprehensive income were $0 and $1,931, respectively, for the year ended December 31, 2017. And, the accumulated total changes in fair value of the above listed stocks that were recognised in profit or loss and other comprehensive (loss) income before January 1, 2017 were $0 and ($8,088), respectively.

(iii) If the above listed stocks had not been reclassified to 'available-for-sale financial assets' on July 1, 2008, the gain (loss) from changes in fair value of these assets that should have been recognised in profit or loss is as follows:

	For the year ended December 31, 2017
Listed stocks	$ 1,931

(c) Financial assets measured at cost

Items	December 31, 2017
Teamwin Opto-Electronics Co., Ltd.	$ 2,261
Eastern Pacific Energy Sdn.Bhd.	81
Accumulated impairment	(1,799)
	$ 543

i. According to the Group's intention, its investments in the above corporation stocks should be classified as 'available-for-sale financial assets'. However, as above corporation stocks are not traded in active market, and the fair value of the investments in the above corporation stocks cannot be measured reliably. The Group classified those stocks as 'financial assets measured at cost'.

ii. As of December 31, 2017, no financial assets measured at cost held by the Group were pledged to others.

iii. In 2017, the Group has provided impairment loss amounting to $13 since Eastern Pacific Energy Sdn. Bhd. was assessed to be impaired based on objective evidences.

iv. In June, 2017, the shareholders of TSC Venture Management, Inc. at their meeting resolved to dissolve and distribute the remaining property amounting to $3,610. The difference is $3,610 when compared with its carrying amount of $0 and is recognised in gains on disposal of investments.

D. Credit risk information as of December 31, 2017 are as follows:

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

(b) As of December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) The credit quality information of financial assets that are neither past due nor impaired is as follows:

	December 31, 2017		
	Group 1	Group 2	Group 3
Notes receivable	$ -	$ -	$ 234
Accounts receivable	783,286	1,666	162,272
Accounts receivable-related parties	-	8,122	-
Other receivables	-	-	2,238
Other receivables-related parties	-	-	21,421
Long-term accounts receivable	2,416,858	-	-
	$ 3,200,144	$ 9,788	$ 186,165

Group 1: Government

Group 2: Listed companies

Group 3: Others

(d) The ageing analysis of financial assets that were past due but not impaired is as follows:

		December 31, 2017
Other receivables-related parties		
Up to 30 days	$	1,317
31 to 90 days		23,958
91 to 180 days		6,094
Over 181 days		9,057
	$	40,426

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) General information

The Group's main business is only in a single industry. The Board of Directors, which allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segmental income, assets and liabilities

The segmental financial information provided to the chief operating decision-maker is as follows:

	For the years ended December 31,	
	2018	2017
Revenue from external customers	$ 4,847,096	$ 4,479,587
Inter-segment revenue	1,649,550	1,506,241
Total segment revenue	$ 6,496,646	$ 5,985,828
Segment income	$ 1,128,916	$ 1,077,417
Depreciation	$ 73,778	$ 17,820
Amortisation	$ 14,462	$ 13,082

(3) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax for the years ended December 31, 2018 and 2017 is provided as follows:

	For the years ended December 31,	
	2018	2017
Adjusted EBITDA for reportable segment	$ 1,128,916	$ 1,077,417
Financial cost, net	(7,483)	(3,841)
Others	113,337	42,767
Income from continuing operations before income tax	$ 1,234,770	$ 1,116,343

(4) Information on products and services

The Company and its subsidiaries are operating in an environmental-friendly industry. In addition, no product information is disclosed.

(5) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

	2018		2017	
	Operating revenue	Non-current assets	Operating revenue	Non-current assets
Taiwan	$ 3,917,205	$ 4,115,233	$ 3,538,665	$ 2,643,421
Macau	810,724	6,353	826,888	16,071
China	105,084	1,585	114,034	5,939
USA	14,083	813,045	-	-
Total	$ 4,847,096	$ 4,936,216	$ 4,479,587	$ 2,665,431

Non-current assets consists of property, plant and equipment and other non-current assets.

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2018 and 2017 is as follows:

	For the years ended December 31,	
	2018	2017
Customer A	$ 500,304	$ 244,048
Customer B	27,528	172,185
Customer C	449,860	429,519
Customer D	347,786	348,186
Customer E	339,005	199,690

ECOVE ENVIRONMENT CORPORATION
Loans to others
For the year ended December 31, 2018

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2018 (Note 3)	Balance at December 31, 2018 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
0	ECOVE Environment Corp.	CTCI Corp.	Other receivables-related parties	Yes	$ 430,000	$ -	$ -	-	2	$ -	For operational needs	$ -	-	$ -	$ 487,824	$ 1,951,295	-
0	"	ECOVE Solar Energy Corporation	"	"	200,000	200,000	87,000	1.01%	"	"	"	"	"	"	487,824	1,951,295	-
1	ECOVE Waste Management Corp.	CTCI Corp.	"	"	14,000	7,000	-	-	"	"	"	"	"	"	11,346	45,385	-
1	"	CTCI Machinery Corp.	"	"	14,000	7,000	-	-	"	"	"	"	"	"	11,346	45,385	-
1	"	E&C Engineering Corp.	"	"	14,000	7,000	7,000	1.01%	"	"	"	"	"	"	11,346	45,385	-
2	ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	"	"	70,000	70,000	50,000	1.57%	"	"	"	"	"	"	96,634	386,534	-
2	"	ECOVE Miaoli Energy Corporation	"	"	70,000	70,000	39,500	1.01%	"	"	"	"	"	"	96,634	386,534	-
2	"	CTCI Machinery Corp.	"	"	140,000	35,000	-	-	"	"	"	"	"	"	96,634	386,534	-
2	"	Resources Engineering Services Inc.	"	"	140,000	35,000	-	-	"	"	"	"	"	"	96,634	386,534	-
2	"	CTCI Corp.	"	"	140,000	70,000	-	-	"	"	"	"	"	"	96,634	386,534	-
2	"	E&C Engineering Corp.	"	"	140,000	70,000	-	-	"	"	"	"	"	"	96,634	386,534	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2018 (Note 3)	Balance at December 31, 2018 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
3	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	"	"	$ 14,000	$ 14,000	$ -	-	"	"	"	"	"	"	$ 292,439	$ 292,439	-
3	"	ECOVE Solar Power Corporation	"	"	200,000	200,000	-	-	"	"	"	"	"	"	292,439	292,439	-
3	"	ECOVE Central Corporation Ltd.	"	"	17,000	17,000	1,000	1.71%	"	"	"	"	"	"	292,439	292,439	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2018.

Note 4: The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing:

(1)The Business association is ‘1’.

(2) The Short-term financing are numbered in order starting from ‘2’

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The calculation and amount on ceiling of loans are as follows:

(1)The limit on loans granted to a single party shall not exceed 10% of the Company’s net assets value.

(2) The ceiling on totals loans shall not exceed 40% of the Company’s net assets value.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in installments alments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

ECOVE ENVIRONMENT CORPORATION

Provision of endorsements and guarantees to others

For the year ended December 31, 2018

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2018 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2018 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	2	$ 9,756,476	$ 1,143,589	$ 1,143,589	$ 968,043	$ -	23.44%	$ 14,634,714	Y	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	1,462,194	14,000	14,000	14,000	-	1.91%	2,193,291	N	N	N	-
1	"	ECOVE Central Corporation Ltd.	2	1,462,194	19,790	16,790	16,790	-	2.71%	2,193,291	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	1,462,194	694,248	694,248	600,355	-	94.96%	2,193,291	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	5	408,122	12,420	12,420	12,420	-	6.09%	612,183	N	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2) The endorser / guarantor parent company owns directly more than 50% voting shares of the endorsed / guaranteed subsidiary.

(3) The endorser / guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed / guaranteed company.

(4) The endorsed / guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser / guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements / guarantees to the endorsed / guaranteed company in proportion to its ownership.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

(1)The limit on endorsements and guarantees granted to a single party shall not exceed 200% of the Company’s net assets value in last financial statement which was audited by accountant.

(2)The ceiling on total endorsements and guarantees shall not exceed 300% of the Company’s net assets value in last financial statement which was audited by accountant.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement / guarantee contracts or promissory notes are signed / issued by the endorser / guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

ECOVE ENVIRONMENT CORPORATION

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2018

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities（Note 1）Type	Marketable securities（Note 1）Name	Relationship with the securities issuer（Note 2）	General ledger account	December 31, 2018 Number of shares/ denominations	Book value（Note 3）	Ownership (%)	Fair value	Footnote（Note 4）
ECOVE Environment Corp.	Fund	Franklin Templeton Sinoam Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	198,085	$ 2,041	-	$ 2,045	-
				Adjustment		4			
						$ 2,045			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	472,758	16,671	-	16,735	-
"	"	United Renewable Energy Co., Ltd.	"	"	455,157	4,597	-	3,282	-
				Adjustment		(1,251)			
						$ 20,017			
"	"	Teamwin Opto-Electronics Co., Ltd.	"	Financial assets at fair value through other comprehensive income-not-current	150,000	2,261	2.46%	475	
"	"	Eastern Pacific Energy Sdn. Bhd	The Chairman of the Company is the Board of director	"	10,000	81	10.00%	68	-
		less: Accumulated impairment				(1,799)			-
						$ 543		$ 543	
ECOVE Wujih Energy Corp.	Fund	FSITC Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	65,511	$ 1,001	-	$ 1,001	-
"	"	Taishin 1699 Money Market Fund	"	"	148,083	2,000	-	2,000	-
"	"	Franklin Templetor Money Market Fund	"	"	4,616,996	47,650	-	47,650	-
"	Common Stock	Taiwan Cement Corp.	"	Equity instruments at fair value through other comprehensive income- current	475,508	16,833	-	16,833	-
ECOVE Environment Services Corp.	Fund	Schroder 2022 Maturity Emerging Market Quality Sovereign Bond Fund	N/A	Financial assets at fair value through profit or loss-current	35,000	10,596	-	10,596	-
"	"	Taishin 1699 Money Market Fund	"	"	3,366,412	45,470	-	45,470	-
"	"	Capital Money Market Fund	"	"	620,717	10,000	-	10,000	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	45	-	45	-
"	"	Taiwan Cement Corp.	N/A	"	1,251,971	44,320	-	44,320	-
"	"	United Renewable Energy Co., Ltd.	"	"	559,567	4,034	-	4,034	-

Securities held by	Marketable securities（Note 1）Type	Name	Relationship with the securities issuer（Note 2）	General ledger account	December 31, 2018 Number of shares/ denominations	Book value（Note 3）	Ownership (%)	Fair value	Footnote（Note 4）
ECOVE Waste Management Corp.	Fund	Prudential Financial Money Market Fund	"	Financial assets at fair value through profit or loss-current	207,498	$ 3,277	-	$ 3,277	-
"	"	FSITC Taiwan Money Market Fund	"	"	1,311,441	20,034	-	20,034	-
"	"	Taishin 1699 Money Market Fund	"	"	1,333,007	18,005	-	18,005	-
"	"	Franklin Templetor Money Market Fund	"	"	891,706	9,202	-	9,202	-
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	478,841	16,951	-	16,951	-
ECOVE Miaoli Energy Corporation	Fund	FSIC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss-current	65,579	1,002	-	1,002	-
"	"	Taishin 1699 Money Market Fund	"	"	518,246	7,000	-	7,000	-
"	"	Franklin Templetion Sinoam Money Market Fund	"	"	581,852	6,005	-	6,005	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.
Note 2: Leave the column blank if the issuer of marketable securities is non-related party.
Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities
Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ECOVE ENVIRONMENT CORPORATION

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2018

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2018		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environmental Services Corp.	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profit or loss	-	-	18,013,095	$ 185,030	13,613,507	$ 140,000	31,626,602	$ 325,408	$ 325,030	$ 378	-	$ -
ECOVE Miaoli Energy Corporation	FSITC Taiwan Money Market Fund	"	-	-	230,205	3,500	9,411,595	143,500	9,576,221	146,022	145,999	23	65,579	1,001
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Long-term equity investments accounted for using equity method	Gintech Energy Corp.	Other related party	28,269,632	311,114	34,975,820	532,213(note5)	-	-	-	-	63,245,452	843,327

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for using the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: In September 2018, the Company increased its investment in ECOVE Solar Energy Corporation in the amount of $482,884. The investment gain and adjustment to net assets, including the remeasurement of the original shares owned, totalling $49,329.

ECOVE ENVIRONMENT CORPORATION

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(Waste disposal revenue)	($ 382,669)	(54%)	30 days quarterly	No significant difference		$ 69,964	27%	-
"	ECOVE Environment Services Corp.	"	Cost of services	236,890	(45%)	"	"		(83,809)	(97%)	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	(572,562)	(17%)	"	"		100,417	14%	-
"	ECOVE Wujih Energy Corp.	"	"	(236,890)	(7%)	"	"		83,809	11%	-
"	ECOVE Miaoli Energy Corp.	"	"	(149,943)	(4%)	"	"		23,224	3%	-
"	ECOVE Solvent Recycling Corporation	"	Service revenue	(108,464)	(3%)	"	"		38,491	5%	-
"	CTCI Chemicals Corp.	"	Purchase	141,821	5%	"	"		(18,332)	(4%)	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	572,562	51%	"	"		(100,417)	(57%)	-
"	ECOVE Wujih Energy Corp.	"	"	382,669	34%	"	"		(69,964)	(40%)	-
ECOVE Miaoli Energy Corp.	ECOVE Environment Services Corp.	"	Cost of services	149,943	92%	"	"		(23,224)	(100%)	-
ECOVE Solvent Recycling Corporation	ECOVE Environment Services Corp.	"	"	108,464	Note 4	"	"		(38,491)	(100%)	-

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: Cost of services for ECOVE Solvent Recycling Corporation is shown as property, plant and equipment.

ECOVE ENVIRONMENT CORPORATION

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	Affiliate	$	100,417	5.77	-	"	-	-

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties….

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

ECOVE ENVIRONMENT CORPORATION

Significant inter-company transactions during the reporting period

For the year ended December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other receivables	$ 91,466	30 days quarterly	1.01%
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	382,669	"	7.89%
1	"	"	"	Accounts receivable	69,964	"	0.77%
2	ECOVE Environment Services Corp.	ECOVE Wujih Energy Corp.	"	Operating revenue	236,890	"	4.89%
2	"	ECOVE Miaoli Energy Corp.	"	"	149,943	"	3.09%
2	"	ECOVE Waste Management Corp.	"	"	572,562	"	11.81%
2	"	ECOVE Solvent Recycling Corporation	"	"	108,464	"	2.24%
2	"	SINOGAL-Waste Services Co., Ltd.	"	"	68,070	"	1.40%
2	"	ECOVE Environment Consulting Corp.	"	"	55,274	"	1.14%
2	"	ECOVE Waste Management Corp.	"	Accounts receivable	100,417	"	1.11%
2	"	ECOVE Wujih Energy Corp.	"	"	83,809	"	0.92%
2	"	ECOVE Miaoli Energy Corp.	"	"	23,224	"	0.26%
2	"	ECOVE Solvent Recycling Corporation	"	"	38,491	"	0.42%
2	"	SINOGAL-Waste Services Co., Ltd.	"	"	31,738	"	0.35%
2	"	ECOVE Environment Consulting Corp.	"	"	48,223	"	0.53%
3	SINOGAL-Waste Services Co., Ltd.	ECOVE Environment Services Corp.	"	Operating revenue	50,229	"	1.04%
3	"	"	"	Accounts receivable	21,254	"	0.23%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

ECOVE ENVIRONMENT CORPORATION

Information on investees

For the year ended December 31, 2018

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	$ 425,085	$ 425,085	29,400,000	98.00%	$ 1,242,060	$ 275,512	$ 270,002	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant’s operation, machinery and equipment maintenance,etc.	339,921	339,921	14,065,936	93.15%	895,799	367,025	341,469	A subsidiary
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	20,000	20,000	2,000,000	100.00%	113,462	58,674	58,674	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	1,012,483	1,012,483	56,249,000	74.999%	1,003,951	129,055	96,790	A subsidiary
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	27,000	27,000	2,700,000	60.00%	23,543	78	47	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Island	Share holding and investment.	$ 309,489	$ 309,489	13,333,333	20.00%	$ 292,168	$ 2,188	$ 554	An investee under equity method
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	762,349	279,465	63,245,452	100.00%	854,787	43,423	27,700	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	50,000	-	5,000,000	5.00%	49,336	(13,285)	(664)	An investee under equity method
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	86,480	-	8,099,000	89.99%	80,168	(7,015)	(6,312)	A subsidiary
ECOVE Environment Services Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	6,000	6,000	600,000	2.00%	25,348	275,512	5,510	Affiliate
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.9048%	64,214	58,813	15,824	Affiliate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	13	13	1,000	0.001%	18	129,055	2	Affiliate

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment etc.	$ 4,964	$ 4,964	-	30.00%	$ 57,921	$ 167,024	$ 50,107	A subsidiary
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	10	-	1,000	0.01%	8	(7,957)	(2)	Affiliate
ECOVE Waste Management Corp.	ECOVE Environmental Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance,etc.	53	53	1,000	0.01%	64	367,025	23	Affiliate
ECOVE Waste Management Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	18,000	18,000	1,800,000	40.00%	15,695	78	31	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	180,000	180,000	18,000,000	100.00%	204,061	18,678	18,678	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Central Corporation Ltd.	Taiwan	Energy technology services etc.	7,500	7,500	750,000	100.00%	8,737	719	719	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	16,500	6,500	1,650,000	100.00%	17,969	918	918	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	368,589	27,685	27,927	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	367,710	27,685	27,685	A subsidiary

ECOVE ENVIRONMENT CORPORATION

Information on investments in Mainland China

For the year ended December 31, 2018

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year period ended December 31, 2018: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year period ended December 31, 2018: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee as of December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	$ 4,147	1	$ 4,147	-	-	$ 4,147	$ 6,720	93.16%	$ 6,260	$ 12,355	$ 8,112	"

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	$ 4,147	$ 4,147	$ 2,926,943

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1)Directly invest in a company in Mainland China.
(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3)Others

Note 2: In the ‘Investment income (loss) recognised by the Company for the nine-month period ended December 31, 2018 column:
(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A. The financial statements that are attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B. Investment income (loss) of non-significant subsidiaries was recognized based on the audited financial statements.
C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2018

\ Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2018	%	Balance at December 31, 2018	Purpose	Maximum balance during the nine-month period ended December 31, 2018	Balance at December 31, 2018	Interest rate	Interest during the nine-month period ended December 31, 2018	
ECOVE Environment Consulting Corp.	$ 55,274	1.62%	-	-	$ 48,223	6.53%	-	-	-	-	-	-	-