

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2019 AND 2018**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of ECOVE Environment Corp. and subsidiaries (the “Group”) as at March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) B and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent accountants. Those statements reflect total assets of NT\$2,994,610 thousand and NT\$1,220,578 thousand, constituting 32% and 16% of the consolidated total assets, and total liabilities of NT\$1,357,580 thousand and NT\$341,729 thousand, constituting 36% and 15% of the consolidated total liabilities as at March 31, 2019 and 2018, respectively, and total comprehensive income (including share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method) of NT\$71,025 thousand and NT\$59,942 thousand, constituting 27% and 30% of the consolidated total comprehensive income for the three-month periods then ended, respectively.

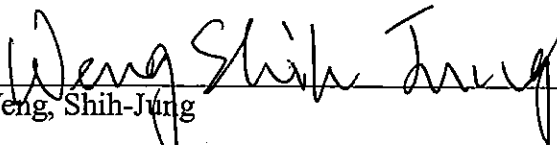
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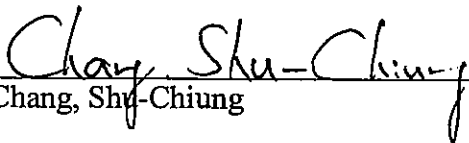


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Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.


Weng, Shih-Jung


Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

May 2, 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)
(The balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

Assets	Notes	March 31, 2019		December 31, 2018		March 31, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,824,162	19	\$ 1,543,162	17	\$ 1,684,926	22
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		268,233	3	183,288	2	282,275	4
1120	Current financial assets at fair	6(3)						
	value through other comprehensive							
	income		112,129	1	102,201	1	136,057	2
1150	Notes receivable, net		962	-	1,321	-	262	-
1170	Accounts receivable, net	6(4)	1,160,072	12	1,041,171	11	1,022,489	13
1180	Accounts receivable - related	7						
	parties, net		4,802	-	1,717	-	40,924	1
1200	Other receivables		9,089	-	4,741	-	11,519	-
1210	Other receivables - related parties	7	6,568	-	24,646	-	535,435	7
130X	Inventories		63,263	1	63,854	1	44,859	1
1410	Prepayments	6(5)	295,807	3	266,503	3	266,773	4
1470	Other current assets	6(6) and 8	75,245	1	342,178	4	177,214	2
11XX	Total current assets		<u>3,820,332</u>	<u>40</u>	<u>3,574,782</u>	<u>39</u>	<u>4,202,733</u>	<u>56</u>
Non-current assets								
1517	Non-current financial assets at fair	6(3)						
	value through other comprehensive							
	income		543	-	543	-	543	-
1550	Investments accounted for under	6(7)						
	equity method		413,226	4	405,718	4	701,473	9
1600	Property, plant and equipment, net	6(8) and 8	2,238,229	24	2,131,233	24	74,948	1
1755	Right-of-use assets	6(9) and 8	136,837	2	-	-	-	-
1780	Intangible assets	6(30)	136,153	1	136,153	2	-	-
1840	Deferred income tax assets		22,821	-	22,295	-	20,087	-
1900	Other non-current assets	6(10) and 8	2,712,412	29	2,804,983	31	2,562,273	34
15XX	Total non-current assets		<u>5,660,221</u>	<u>60</u>	<u>5,500,925</u>	<u>61</u>	<u>3,359,324</u>	<u>44</u>
1XXX	Total assets		<u>\$ 9,480,553</u>	<u>100</u>	<u>\$ 9,075,707</u>	<u>100</u>	<u>\$ 7,562,057</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2019		December 31, 2018		March 31, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 56,000	1	\$ 52,000	1	\$ -	-
2130	Current contract liabilities	6(22)	111,992	1	140,580	2	264,079	3
2150	Notes payable		1,021	-	1,032	-	-	-
2170	Accounts payable	6(12)	593,421	6	535,797	6	695,510	9
2180	Accounts payable - related parties	7	32,403	-	23,411	-	44,731	1
2200	Other payables	6(13)	326,188	3	467,937	5	330,783	4
2220	Other payables - related parties	7	6,071	-	6,481	-	51,709	1
2230	Current income tax liabilities		183,342	2	130,245	1	124,105	2
2280	Current lease liabilities		8,980	-	-	-	-	-
2300	Other current liabilities	6(14)(15)	146,900	2	139,437	1	195,807	3
21XX	Total current liabilities		<u>1,466,318</u>	<u>15</u>	<u>1,496,920</u>	<u>16</u>	<u>1,706,724</u>	<u>23</u>
Non-current liabilities								
2540	Long-term borrowings	6(15)	1,507,864	16	1,423,587	16	4,000	-
2570	Deferred income tax liabilities		206,737	2	204,300	2	201,643	3
2580	Non-current lease liabilities		91,886	1	-	-	-	-
2600	Other non-current liabilities	6(16)	522,289	6	529,541	6	332,846	4
25XX	Total non-current liabilities		<u>2,328,776</u>	<u>25</u>	<u>2,157,428</u>	<u>24</u>	<u>538,489</u>	<u>7</u>
2XXX	Total liabilities		<u>3,795,094</u>	<u>40</u>	<u>3,654,348</u>	<u>40</u>	<u>2,245,213</u>	<u>30</u>
Equity attributable to owners of parent								
Share capital								
		6(19)						
3110	Common stock		671,051	7	671,051	8	669,329	9
Capital surplus								
		6(20)						
3200	Capital surplus		2,195,975	23	2,193,473	24	2,172,461	28
Retained earnings								
		6(21)						
3310	Legal reserve		603,629	7	603,629	7	527,495	7
3320	Special reserve		32,284	-	32,284	-	145	-
3350	Unappropriated retained earnings		1,575,972	17	1,380,044	15	1,540,930	20
Other equity interest								
3400	Other equity interest		14,941	-	(2,243)	-	(47,808)	-
31XX	Equity attributable to owners of the parent		<u>5,093,852</u>	<u>54</u>	<u>4,878,238</u>	<u>54</u>	<u>4,862,552</u>	<u>64</u>
36XX	Non-controlling interest	4(3)	<u>591,607</u>	<u>6</u>	<u>543,121</u>	<u>6</u>	<u>454,292</u>	<u>6</u>
3XXX	Total equity		<u>5,685,459</u>	<u>60</u>	<u>5,421,359</u>	<u>60</u>	<u>5,316,844</u>	<u>70</u>
Significant contingent liabilities and unrecognised contract commitments								
		9						
3X2X	Total liabilities and equity		<u>\$ 9,480,553</u>	<u>100</u>	<u>\$ 9,075,707</u>	<u>100</u>	<u>\$ 7,562,057</u>	<u>100</u>

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 amounts)
(UNAUDITED)

Three months ended March 31

Items	Notes	2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(22) and 7	\$ 1,283,837	100	\$ 1,188,112	100
5000 Operating costs	6(26)(27) and 7	(942,851)	(73)	(847,654)	(71)
5900 Gross profit		340,986	27	340,458	29
Operating expenses	6(26)(27) and 7				
6200 General and administrative expenses		(48,060)	(4)	(48,388)	(4)
6000 Total operating expenses		(48,060)	(4)	(48,388)	(4)
6900 Operating profit		292,926	23	292,070	25
Non-operating income and expenses					
7010 Other income	6(23) and 7	9,883	1	6,805	-
7020 Other gains and losses	6(24)	1,422	-	3,829	-
7050 Finance costs	6(25)	(9,746)	(1)	(616)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)	6,720	-	11,781	1
7000 Total non-operating income and expenses		8,279	-	14,141	1
7900 Profit before income tax		301,205	23	306,211	26
7950 Income tax expense	6(28)	(56,768)	(4)	(85,459)	(7)
8200 Profit for the period		\$ 244,437	19	\$ 220,752	19
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)				
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	\$ 14,636	1	(\$ 1,223)	-
8310 Other comprehensive income that will not be reclassified to profit or loss		-	-	729	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Cumulative translation differences of foreign operations		2,374	-	(19,045)	(2)
8300 Total other comprehensive income (loss) for the period		\$ 17,010	1	(\$ 19,539)	(2)
8500 Total comprehensive income for the period		\$ 261,447	20	\$ 201,213	17
Profit attributable to:					
8610 Owners of the parent		\$ 196,577	15	\$ 179,286	15
8620 Non-controlling interest		47,860	4	41,466	4
Total		\$ 244,437	19	\$ 220,752	19
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 213,112	16	\$ 166,258	14
8720 Non-controlling interest		48,335	4	34,955	3
Total		\$ 261,447	20	\$ 201,213	17
Earnings per share (in dollars):					
9750 Total basic earnings per share	6(29)	\$ 2.93		\$ 2.68	
9850 Total diluted earnings per share	6(29)	\$ 2.92		\$ 2.68	

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)
(UNAUDITED)

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity
	Retained Earnings					Other Equity Interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on valuation of available-for-sale financial assets	Total			
For the three-month period ended March 31, 2018												
	\$ 668,106	\$ 2,161,029	\$ 527,495	\$ 145	\$ 1,359,148	\$ 704	\$ -	(\$ 32,988)	\$ 4,683,639	\$ 547,243	\$ 5,230,882	
Balance at January 1, 2018	-	-	-	-	1,799	-	(34,787)	32,988	-	-	-	
Effect of retrospective application and retrospective restatement	668,106	2,161,029	527,495	145	1,360,947	704	(34,787)	-	4,683,639	547,243	5,230,882	
Balance at January 1 after adjustments	-	-	-	-	179,286	-	-	-	179,286	41,466	220,752	
Profit for the period	-	-	-	-	697	(12,556)	(1,169)	-	(13,028)	(6,511)	(19,539)	
Other comprehensive income(loss)	-	-	-	-	179,983	(12,556)	(1,169)	-	166,238	34,955	201,213	
Total comprehensive income(loss)	-	-	-	-	-	-	-	-	-	(127,911)	(127,911)	
Cash dividends	-	-	-	-	-	-	-	-	63	5	68	
Share-based payment transactions	1,223	63	-	-	-	-	-	-	12,592	-	12,592	
Employee stock options exercised	6(18)	11,369	-	-	-	-	-	-	-	-	-	
Balance at March 31, 2018	\$ 669,329	\$ 2,172,461	\$ 527,495	\$ 145	\$ 1,540,930	(\$ 11,852)	(\$ 35,956)	-	\$ 4,862,552	\$ 454,292	\$ 5,316,844	
For the three-month period ended March 31, 2019												
	\$ 671,051	\$ 2,193,473	\$ 603,629	\$ 32,284	\$ 1,380,044	\$ 3,626	(\$ 5,869)	\$ -	\$ 4,878,238	\$ 543,121	\$ 5,421,359	
Balance at January 1, 2019	-	-	-	-	196,577	-	-	-	196,577	47,860	244,437	
Profit for the period	-	-	-	-	-	2,265	14,270	-	16,535	475	17,010	
Other comprehensive income	-	-	-	-	196,577	2,265	14,270	-	213,112	48,335	261,447	
Total comprehensive income	-	-	-	-	-	-	-	-	2,502	151	2,653	
Share-based payment transactions	-	2,502	-	-	-	-	-	-	-	-	-	
Disposal of financial asset at fair value through comprehensive income	-	-	-	-	(649)	-	-	-	-	-	-	
Balance at March 31, 2019	\$ 671,051	\$ 2,195,975	\$ 603,629	\$ 32,284	\$ 1,575,972	\$ 5,891	\$ 9,050	\$ -	\$ 5,093,852	\$ 591,607	\$ 5,685,459	

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)
(UNAUDITED)

	Notes	For the three-month periods ended March 31,	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 301,205	\$ 306,211
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(26)	42,754	5,501
Depreciation - right of use		9,046	-
Amortisation	6(26)	2,502	3,399
Interest expense		9,585	616
Interest expense - lease liability		161	-
Interest income	6(23)	(3,230)	(3,685)
Salary expense - employee stock options	6(18)(27)	2,524	-
Gain on valuation of financial assets	6(2)(24)	(760)	(465)
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(6,720)	(11,781)
Gain on disposal of property, plant and equipment	6(24)	-	129
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(83,249)	133,579
Notes receivable, net		359	(28)
Accounts receivable, net		(118,901)	(75,265)
Accounts receivable - related parties, net		(3,085)	(32,802)
Other receivables		(4,823)	(8,911)
Other receivables-related parties		11,072	19,667
Inventories		591	492
Prepaid expense		(31,093)	(53,944)
Other current assets		(3,845)	-
Other non-current assets		72,442	23,915
Changes in operating liabilities			
Current contract liabilities		(28,588)	264,079
Notes payable		(11)	(189)
Accounts payable		57,624	75,823
Accounts payable - related parties		8,992	16,649
Other payables		(141,879)	(125,565)
Other payables - related parties		(410)	(6,158)
Other current liabilities		2,003	(16,798)
Other non-current liabilities		(1,330)	(804)
Cash inflow generated from operations		92,936	513,665
Interest received		3,699	2,681
Interest paid		(9,455)	(616)
Income tax paid		(3,341)	(2,074)
Net cash flows from operating activities		<u>83,839</u>	<u>513,656</u>

(Continued)

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

	Notes	For the three-month periods ended March 31,	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Disposal of financial assests measured at fair value through other comprehensive income		\$ 4,708	\$ -
Decrease (increase) in other receivables - related parties		7,000	(493,000)
Interest received		12	379
Decrease in other current assets		270,778	18,696
Increase in investments accounted for under equity method - non - subsidiaries	6(7)	-	(27,500)
Acquisition of property, plant and equipment	6(8)	(7,542)	(7,450)
Proceeds from disposal of property, plant and equipment		-	1
Increase in refundable deposits		4,624	2,600
Increase in other non-current assets		(164,218)	-
Net cash flows from (used in) investing activities		<u>115,362</u>	<u>(506,274)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans	6(32)	(44,000)	-
Increase in short-term loans	6(32)	48,000	-
Proceeds from long-term loans	6(32)	120,000	-
Repayment of long-term loans	6(32)	(30,263)	-
Lease liability		(6,016)	-
Increase in deposits received (shown in other non-current liabilities)		(5,922)	6,929
Employee stock options exercised		-	12,660
Net cash flows from financing activities		<u>81,799</u>	<u>19,589</u>
Net increase in cash and cash equivalents		281,000	26,971
Cash and cash equivalents at beginning of period		<u>1,543,162</u>	<u>1,657,955</u>
Cash and cash equivalents at end of period		<u>\$ 1,824,162</u>	<u>\$ 1,684,926</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED
(UNAUDITED)

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 the consolidated investee-Chang Ting Corporation was incorporated 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 March 31, 2019.

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 May 2, 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 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.

IFRS 16, 'Leases'

- A. 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.
- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by \$130,771, increased 'lease liability' by \$91,660 and decreased other non-current assets by \$39,111 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$2,990 was recognised in the first quarter of 2019.
 - (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
 - (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate of 0.68%.
- E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ <u>91,980</u>
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	\$ <u>91,980</u>
Incremental borrowing interest rate at the date of initial application	0.68%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	\$ <u><u>91,660</u></u>

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

None.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, '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

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2108, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

(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.

(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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “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.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2018.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			March 31, 2019	December 31, 2018	March 31, 2018	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	74.999	
ECOVE Environment Service Corp.			0.001	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	93.15	93.15	93.15	
ECOVE Waste Management Corp.			0.01	0.01	0.01	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	98.00	98.00	98.00	
ECOVE Environment Service Corp.			2.00	2.00	2.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	60.00	60.00	60.00	Note 4
ECOVE Waste Management Corp.			40.00	40.00	40.00	

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			March 31, 2019	December 31, 2018	March 31, 2018	
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	30.00	Notes 1 and 4
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	100.00	Note 4
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	-	Notes 2 and 4
ECOVE Environment Service Corp.			0.01	0.01	-	
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	-	Note 3
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	-	Notes 3 and 5
ECOVE Solar Energy Corporation	ECOVE Central Corporation Ltd.	Energy sector	100.00	100.00	-	Notes 3 and 5
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	-	Notes 3 and 5
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	-	Notes 3 and 5
G.D. International, LLC.	Lumberton Solar W2-090, LLC.	Energy sector	100.00	100.00	-	Notes 3 and 5

Note 1: Included in the consolidated financial statements due to the Company's control of subsidiary's finance, operations 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: The Group originally held 50% equity of ECOVE Solar Energy Corporation. On September 20, 2018, the Group acquired the remaining 50% equity through cash. After the acquisition, ECOVE Solar Energy Corporation became a directly wholly owned subsidiary of the Company and was included in the consolidated financial statements since the Company obtained control over it.

Note 4: The financial statements of the entity as of and for the three-month periods ended March 31, 2019 and 2018 were not reviewed by independent accountants as the entity did not meet the definition of a significant subsidiary.

Note 5: The financial statements of the entity as of and for the three-month periods ended March 31, 2019 were not reviewed by the independent accountants as the entity did not meet the definition of a significant subsidiary.

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 March 31, 2019, December 31, 2018 and March 31, 2018, the non-controlling interest amounted to \$591,607, \$543,121 and \$454,292, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest					
		March 31, 2019		December 31, 2018		March 31, 2018	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 342,799	25.00%	\$ 334,656	25.00%	\$ 341,555	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	169,545	70.00%	135,150	70.00%	44,251	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.		
	March 31, 2019	December 31, 2018	March 31, 2018
Current assets	\$ 207,833	\$ 175,062	\$ 260,611
Non-current assets	1,312,109	1,337,570	1,431,011
Current liabilities	(69,448)	(102,176)	(247,528)
Non-current liabilities	(79,297)	(71,831)	(77,875)
Total net assets	\$ 1,371,197	\$ 1,338,625	\$ 1,366,219

	SINOGAL-Waste Services Co., Ltd.		
	March 31, 2019	December 31, 2018	March 31, 2018
Current assets	\$ 448,563	\$ 403,137	\$ 444,534
Non-current assets	4,462	5,683	10,555
Current liabilities	(149,526)	(155,808)	(338,243)
Non-current liabilities	(61,291)	(59,941)	(53,630)
Total net assets	\$ 242,208	\$ 193,071	\$ 63,216

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	For the three-month periods ended March 31,	
	2019	2018
Revenue	\$ 78,433	\$ 83,927
Profit before income tax	40,659	41,863
Income tax expense	(8,126)	(19,517)
Profit for the period	32,533	22,346
Other comprehensive loss, net of tax	-	(37)
Total comprehensive income for the period	\$ 32,533	\$ 22,309
Comprehensive income attributable to non-controlling interest	\$ 8,133	\$ 5,586

	SINOGAL-Waste Services Co., Ltd.	
	For the three-month periods ended March 31,	
	2019	2018
Revenue	\$ 196,780	\$ 166,970
Profit before income tax	49,178	42,282
Income tax expense	(173)	(167)
Profit for the period	49,005	42,115
Other comprehensive income (loss), net of tax	169	(8,394)
Total comprehensive income for the period	\$ 49,174	\$ 33,721
Comprehensive income attributable to non-controlling interest	\$ 34,422	\$ 23,605

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	For the three-month periods ended March 31,	
	2019	2018
Net cash provided by (used in) operating activities	\$ 39,425	(\$ 7,683)
Net cash used in financing activities	(39,618)	-
Decrease in cash and cash equivalents	(193)	(7,683)
Cash and cash equivalents, beginning of period	1,582	28,303
Cash and cash equivalents, end of period	\$ 1,389	\$ 20,620

	<u>SINOGAL-Waste Services Co., Ltd.</u>	
	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Net cash (used in) provided by operating activities	(\$ 21,459)	\$ 31,303
Net cash provided by investing activities	151,491	15,800
Increase in cash and cash equivalents	130,032	47,103
Cash and cash equivalents, beginning of period	51,961	3,175
Cash and cash equivalents, end of period	<u>\$ 181,993</u>	<u>\$ 50,278</u>

(4) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Cash on hand and revolving funds	\$ 10,608	\$ 10,343	\$ 9,547
Checking accounts and demand deposits	597,584	422,288	390,622
Time deposits	<u>1,215,970</u>	<u>1,110,531</u>	<u>1,284,757</u>
Total	<u>\$ 1,824,162</u>	<u>\$ 1,543,162</u>	<u>\$ 1,684,926</u>

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 Note 8.

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

<u>Items</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 267,349	\$ 182,925	\$ 281,881
Valuation adjustment	<u>884</u>	<u>363</u>	<u>394</u>
Total	<u>\$ 268,233</u>	<u>\$ 183,288</u>	<u>\$ 282,275</u>

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 760</u>	<u>\$ 465</u>

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

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

Items	March 31, 2019	December 31, 2018	March 31, 2018
Current items:			
Debt instruments			
Corporate bond	\$ -	\$ -	\$ 30,394
Valuation adjustment	-	-	(2,567)
Subtotal	-	-	27,827
Equity instruments			
Listed stocks	100,984	106,367	143,111
Valuation adjustment	11,145	(4,166)	(34,881)
Subtotal	112,129	102,201	108,230
Total	<u>\$ 112,129</u>	<u>\$ 102,201</u>	<u>\$ 136,057</u>
Non-current items:			
Equity instruments			
Unlisted stocks	2,342	2,342	2,342
Valuation adjustment	(1,799)	(1,799)	(1,799)
Total	<u>\$ 543</u>	<u>\$ 543</u>	<u>\$ 543</u>

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:

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 15,311</u>	<u>(\$ 1,205)</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>(\$ 675)</u>	<u>\$ -</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Exchange gains recognised in profit or loss	<u>\$ -</u>	<u>\$ 428</u>
Fair value change recognised in other comprehensive income	<u>\$ -</u>	<u>(\$ 18)</u>

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

(4) Accounts receivable

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Accounts receivable	\$ 878,571	\$ 762,525	\$ 752,037
Long-term accounts receivable - due in one year	281,501	278,646	270,452
	<u>\$ 1,160,072</u>	<u>\$ 1,041,171</u>	<u>\$ 1,022,489</u>

A. The ageing analysis of accounts receivable is as follows:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Current	\$ 1,052,472	\$ 278,646	\$ 968,980
Up to 120 days	57,745	654,851	30,508
121 to 180 days	7,989	49,119	18,891
Over 180 days	41,866	58,555	4,110
	<u>\$ 1,160,072</u>	<u>\$ 1,041,171</u>	<u>\$ 1,022,489</u>

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(10).

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

(5) Prepayments

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Prepayments for material purchases	\$ 176,656	\$ 199,314	\$ 209,070
Prepaid rents	719	3,277	3,864
Prepaid insurance premiums	42,689	20,953	15,783
Others	75,743	42,959	38,056
	<u>\$ 295,807</u>	<u>\$ 266,503</u>	<u>\$ 266,773</u>

(6) Other current assets

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Restricted bank deposits	\$ 44,230	\$ 40,940	\$ 10,000
Other financial assets (Note)	30,460	301,238	167,214
Others	555	-	-
	<u>\$ 75,245</u>	<u>\$ 342,178</u>	<u>\$ 177,214</u>

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

(7) Investments accounted for under the equity method

	<u>2019</u>	<u>2018</u>
At January 1	\$ 405,718	\$ 666,510
Addition of investments accounted for under the equity method	-	27,500
Share of profit or loss of investments accounted for using the equity method	6,720	11,781
Changes in capital surplus	129	-
Changes in other equity items	659	(4,318)
At March 31	<u>\$ 413,226</u>	<u>\$ 701,473</u>

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Associates:			
CTCI Chemicals Corp.	\$ 68,488	\$ 64,214	\$ 67,547
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	295,412	292,168	293,243
Ever Ecove Corporation	49,326	49,336	-
Joint ventures:			
ECOVE Solar Energy Corporation (formerly known as G.D. Development Corp.)	-	-	340,683
	<u>\$ 413,226</u>	<u>\$ 405,718</u>	<u>\$ 701,473</u>

A. Associates

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

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		March 31, 2019	December 31, 2018	March 31, 2018		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands.	20%	20%	20%	Strategic investment	Equity method

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

Balance sheet

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)		
	March 31, 2019	December 31, 2018	March 31, 2018
Current assets	\$ 1,116,747	\$ 300,925	\$ 1,048,057
Non-current assets	417,051	788,200	308,426
Current liabilities	(438,089)	(10,906)	(276,724)
Total net assets	<u>\$ 1,095,709</u>	<u>\$ 1,078,219</u>	<u>\$ 1,079,759</u>
Share in associate's net assets	\$ 219,142	\$ 215,643	\$ 215,952
Land-use right	765	1,020	1,786
Goodwill	75,505	75,505	75,505
Carrying amount of the associate	<u>\$ 295,412</u>	<u>\$ 292,168</u>	<u>\$ 293,243</u>

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	For the three-month periods ended March 31,	
	2019	2018
Revenue	\$ 280,857	\$ 239,807
Profit for the period from continuing operations	14,204	7,474
Other comprehensive income (loss), net of tax	3,289	(2,157)
Total comprehensive income	<u>\$ 17,493</u>	<u>\$ 5,317</u>

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

As of March 31, 2019, December 31, 2018 and March 31, 2018, the carrying amount of the Group's individually immaterial associates amounted to \$117,814, \$113,550 and \$67,547, respectively.

	For the three-month periods ended March 31,	
	2019	2018
	Total comprehensive income	<u>\$ 4,134</u>

B. Joint venture

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

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		March 31, 2019	December 31, 2018	March 31, 2018		
ECOVE Solar Energy Corporation	Taiwan	100%	100%	50%	Strategic investment	Equity method

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

Balance sheet

	ECOVE Solar Energy Corporation	
	March 31, 2018	
Cash and cash equivalents	\$	79,004
Other current assets		331,564
Current assets		410,568
Non-current assets		907,415
Total assets	\$	1,317,983
Current financial liabilities	\$	19,540
Other current liabilities		309,946
Current liabilities		329,486
Non-current liabilities		307,107
Total liabilities	\$	636,593
Total net assets	\$	681,390
Share in joint venture's net assets	\$	340,695
Carrying amount of the joint venture	\$	340,683

Statement of comprehensive income

	<u>ECOVE Solar Energy Corporation</u>	
	<u>For the three-month periods ended</u>	
	<u>March 31, 2018</u>	
Revenue	\$	12,460
Depreciation and amortisation	(5,376)
Interest income		152
Interest expense	(1,721)
Profit before income tax		13,291
Income tax expense	(1,551)
Profit for the period		11,740
Other comprehensive loss, net of tax	(7,602)
Total comprehensive income	\$	<u>4,138</u>

C. Explanation of the Group's holding in 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(30) 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 during its meeting on July 30, 2018. The Group's ownership in EVER ECOVE Corporation is less than 20%, but one of the directors also holds directorship of EVER ECORE Corporation, therefore this investment is accounted for using the equity method.

E. The financial statements of the investees accounted for using equity method as of and for the three-month periods ended March 31, 2019 and 2018 were not reviewed by the independent accountants.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Transportation	Unfinished construction	Others	Total
At January 1, 2019							
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)
	<u>\$ 171,883</u>	<u>\$ 405</u>	<u>\$ 1,803,969</u>	<u>\$ 37,296</u>	<u>\$ 108,997</u>	<u>\$ 8,683</u>	<u>\$ 2,131,233</u>
For the three-month period ended							
March 31, 2019							
Opening net book amount	\$ 171,883	\$ 405	\$ 1,803,969	\$ 37,296	\$ 108,997	\$ 8,683	\$ 2,131,233
Additions	-	-	3,162	-	4,380	-	7,542
Transfer	-	-	139,899	-	-	-	139,899
Depreciation charge	-	(42)	(39,580)	(2,426)	-	(706)	(42,754)
Net exchange differences	324	-	1,984	-	-	1	2,309
Closing net book amount	<u>\$ 172,207</u>	<u>\$ 363</u>	<u>\$ 1,909,434</u>	<u>\$ 34,870</u>	<u>\$ 113,377</u>	<u>\$ 7,978</u>	<u>\$ 2,238,229</u>
At March 31, 2019							
Cost	\$ 172,207	\$ 516	\$ 2,061,583	\$ 103,237	\$ 113,377	\$ 14,567	\$ 2,465,487
Accumulated depreciation	-	(153)	(152,149)	(68,367)	-	(6,589)	(227,258)
	<u>\$ 172,207</u>	<u>\$ 363</u>	<u>\$ 1,909,434</u>	<u>\$ 34,870</u>	<u>\$ 113,377</u>	<u>\$ 7,978</u>	<u>\$ 2,238,229</u>

	<u>Machinery</u>	<u>Transportation</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2018</u>				
Cost	\$ 87,542	\$ 106,933	\$ 7,505	\$ 201,980
Accumulated depreciation	(52,406)	(73,254)	(3,076)	(128,736)
	<u>\$ 35,136</u>	<u>\$ 33,679</u>	<u>\$ 4,429</u>	<u>\$ 73,244</u>
<u>For the three-month period ended March 31, 2018</u>				
Opening net book amount	\$ 35,136	\$ 33,679	\$ 4,429	\$ 73,244
Additions	1,023	760	5,667	7,450
Disposals	(130)	-	-	(130)
Depreciation charge	(2,814)	(2,003)	(684)	(5,501)
Net exchange differences	(84)	(14)	(17)	(115)
Closing net book amount	<u>\$ 33,131</u>	<u>\$ 32,422</u>	<u>\$ 9,395</u>	<u>\$ 74,948</u>
<u>At March 31, 2018</u>				
Cost	\$ 87,111	\$ 107,616	\$ 13,140	\$ 207,867
Accumulated depreciation	(53,980)	(75,194)	(3,745)	(132,919)
	<u>\$ 33,131</u>	<u>\$ 32,422</u>	<u>\$ 9,395</u>	<u>\$ 74,948</u>

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

(9) Leasing arrangements - lessee

Effective 2019

- A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2019</u>	<u>For the three-month period ended March 31, 2019</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Land	\$ 59,617	\$ 2,295
Buildings	60,321	5,000
Transportation	13,952	1,514
Other assets	2,947	237
	<u>\$ 136,837</u>	<u>\$ 9,046</u>

- C. The amount of \$37,617 of the right-of-use assets - land on March 31, 2019 was for ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corporation obtaining the land use right of refuse incineration plant according to the service concession arrangements. Please refer to Note 6(10) A for details.

D. For the three – month period ended March 31, 2019, the additions to right-of-use assets was \$15,060.

E. Information on profit or loss in relation to lease contracts is as follows:

	<u>For the three-month period ended March 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 161
Expense on short-term lease contracts	2,990
Expense on leases of low-value assets	244
Expense on variable lease payments	5,902

F. For the three-month period ended March 31, 2019, the Group’s total cash outflow for leases were \$15,152.

G. Variable lease payments

(a) Some of the Group’s lease contracts contain variable lease payment terms that are linked to electricity production of solar power. Various lease payments that depend on the electricity production of solar power are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in electricity production of solar power with such variable lease contracts would increase total lease payments by approximately 1%.

(10) Other non-current assets

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Contract assets	\$ 2,345,261	\$ 2,414,923	\$ 2,615,714
Less: Current portion	(281,501)	(278,646)	(270,453)
	2,063,760	2,136,277	2,345,261
Long-term prepaid rents	-	37,321	41,803
Accrued recovery cost	14,718	16,525	22,016
Refundable deposits	15,841	20,465	10,316
Air pollution fee	54,267	54,267	54,267
Prepayments for business facilities	539,140	514,821	40,500
Restricted bank deposits	-	-	42,246
Others	24,686	25,307	5,864
	<u>\$ 2,712,412</u>	<u>\$ 2,804,983</u>	<u>\$ 2,562,273</u>

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 recognised at its fair value. Such considerations are recognised 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 realised 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 realised 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. To carry out 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. To carry out 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 March 31, 2018, ECOVE Wujih Energy Corp. needs to pay long-term prepaid rent amounting to \$20,791 and \$23,544, respectively. As of December 31, 2018 and March 31, 2018, ECOVE Miaoli Energy Corp. needs to pay long-term prepaid rent amounting to \$16,530 and \$18,259, respectively.
- C. Accrued recovery cost pertain to the contracts for the operation and maintenance service of refuse incineration plant between the subsidiaries, ECOVE Environment Service Corp. and SINO GAL - 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 period.

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

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

(11) Short-term borrowing

<u>Type of borrowings</u>	<u>March 31, 2019</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Hua Nan Commercial Bank	\$ 24,000	1.25%	-
Mega Bank	32,000	1.10%	-
	<u>\$ 56,000</u>		

<u>Type of borrowings</u>	<u>December 31, 2018</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Mega Bank	\$ 48,000	1.10%	-
Mega Bank	4,000	1.10%	-
	<u>\$ 52,000</u>		

(12) Accounts payable

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Materials payable	\$ 36,950	\$ 21,902	\$ 56,619
Sub-contract costs payable	83,787	85,073	24,273
Incinerator equipment costs payable	15,141	31,861	53,963
Maintenance costs payable	365,793	281,003	430,166
Others	91,750	115,958	130,489
	<u>\$ 593,421</u>	<u>\$ 535,797</u>	<u>\$ 695,510</u>

(13) Other payables

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Accrued payroll	\$ 193,623	\$ 292,559	\$ 158,625
Other payables	132,565	175,378	172,158
	<u>\$ 326,188</u>	<u>\$ 467,937</u>	<u>\$ 330,783</u>

(14) Other current liabilities

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Other current liabilities			
Long-term liabilities-current portion	\$ 134,792	\$ 128,267	\$ 176,000
Receipts in advance	-	-	19,807
Others	12,108	11,170	-
	<u>\$ 146,900</u>	<u>\$ 139,437</u>	<u>\$ 195,807</u>

(15) Long-term borrowing

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	Financing amount	Actual spending	March 31, 2019
Subsidiary - ECOVE Miaoli Energy Corporation Mega International Commercial Bank secured loans (Note 1)	From November 2010 to April 2019, interest is calculated and paid monthly	1.395%	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	2.30%	Land and buildings	29,500	29,500	23,313
Subsidiary - ECOVE Solar Energy Corporation The Shanghai Commercial & Savings Bank Secured borrowings	From June 2018 to June 2033, interest is calculated and paid monthly	1.70%	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	298,167
Subsidiary - ECOVE Solar Energy Corporation KGI Bank Secured borrowings	From May 2015 to May 2021, interest is calculated and paid monthly	1.50%	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	146,694
Subsidiary - ECOVE Solar Energy Corporation Chang Hwa Bank Secured borrowings	From June 2016 to August 2030, interest is calculated and paid monthly	1.90%	Guaranteed by the Company	155,000	154,744	138,327
Subsidiary - ECOVE Solar Power Corporation First Commercial Bank Secured borrowings	From January 2014 to December 2029, interest is calculated and paid monthly	1.70%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$81,760 thousand and acted as guarantor	108,000	107,735	76,082
Subsidiary - ECOVE Solar Power Corporation Sino Pac Bank Secured borrowings	From August 2014 to August 2030, interest is calculated and paid monthly	1.60%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$636,290 thousand and acted as guarantor	149,800	129,457	115,586
Subsidiary - ECOVE Solar Power Corporation Sino Pac Bank Secured borrowings	From March 2019 to March 2024, interest is calculated and paid monthly	1.50%	"	280,000	227,000	225,383
Subsidiary - ECOVE Solar Power Corporation Sino Pac Bank Secured borrowings	From March 2019 to March 2024, interest is calculated and paid monthly	1.50%	"	217,000	120,000	120,000

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	Financing amount	Actual spending	March 31, 2019
Subsidiary - ECOVE Solar Power Corporation Hua Nan Commercial Bank Secured borrowings	From June 2015 to June 2030, interest is calculated and paid monthly	1.70%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$25,650 thousand and acted as guarantor	\$ 38,430	\$ 26,456	\$ 23,820
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	2.00%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$27,000 thousand and acted as guarantor	27,000	11,500	3,940
Subsidiary - ECOVE Solar Power Corporation KGI Bank Secured borrowings	From November 2017 to November 2022, interest is calculated and paid monthly	2.00%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$85,000 thousand and acted as guarantor	100,000	85,000	79,654
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	15,600
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	13,650
Subsidiary - LUMBERTON SOLAR Sino Pac Bank Secured borrowings	From September 2017 to August 2023, interest is calculated and paid monthly	4.90%	ECOVE Solar Energy Corporation issued a promissory note in the amount of USD \$14,640 thousand and acted as guarantor	449,931	449,931	358,440
Less: Current portion					(134,792)
					\$	<u>1,507,864</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	Financing amount	Actual spending	December 31, 2018
Subsidiary - ECOVE Miaoli Energy Corporation	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
Mega International Commercial Bank secured loans (Note 1)						
Subsidiary - ECOVE Solvent Recycling Corporation	From September 2014 to September 2021, interest is calculated and paid monthly	2.47%	Land and buildings	29,500	29,500	25,645
Chang Hwa Bank secured loans (Note 2)						
Subsidiary - ECOVE Solar Energy Corporation	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
The Shanghai Commercial&Savings Bank Secured borrowings						
Subsidiary - ECOVE Solar Energy Corporation	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
KGI Bank Secured borrowings						
Subsidiary - ECOVE Solar Energy Corporation	From June 2016 to August 2030, interest is calculated and paid monthly	2.10%	Guaranteed by the Company	155,000	154,744	141,124
Chang Hwa Bank Secured borrowings						
Subsidiary - ECOVE Solar Power Corporation	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
First Commercial Bank Secured borrowings						
Subsidiary - ECOVE Solar Power Corporation	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
Sino Pac Bank Secured borrowings						

Type of borrowings	Borrowing period and repayment term	Interest rate	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, 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)
						<u>\$ 1,423,587</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Financing amount	Actual spending	March 31, 2018
Subsidiary - ECOVE Miaoli Energy Corporation					
Mega International Commercial Bank secured loans	From November, 2010 to April, 2019, interest is calculated and paid monthly	1.3877%	\$ 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.

(16) Other non-current liabilities

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Net defined benefit liability	\$ 40,795	\$ 40,412	\$ 36,309
Accrued recovery costs	92,556	92,532	90,990
Guaranteed deposits received	184,373	190,295	173,484
Deferred revenue	166,545	169,471	-
Others	38,020	36,831	32,063
	<u>\$ 522,289</u>	<u>\$ 529,541</u>	<u>\$ 332,846</u>

- A. For details of the accrued recovery costs, please refer to Note 6(10) 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.

(17) 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by March 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 and its domestic subsidiaries will make contributions to cover the deficit by next March.
- (b) The Group recognised pension expenses of \$1,592 and \$1,607 in the statement of comprehensive income for the three-month periods ended March 31, 2019 and 2018, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending March 31, 2019 amount 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 the defined contribution pension plans of the Group for the three-month periods ended March 31, 2019 and 2018 were \$7,127 and \$6,707, respectively.
- (c) SINO GAL-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 three-month periods ended March 31, 2019 and 2018 were \$2,332 and \$1,953, respectively.

(18) Share-based payment

A. For the three-month periods ended March 31, 2019 and 2018, 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 March 31, 2019 and 2018 are as follows:

	For the three-month periods ended March 31,			
	2019		2018	
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	-	-	3.00	NT\$ 106.30
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	-	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>-</u>	-	<u>3.00</u>	NT\$ 106.30
Options exercisable at end of period	<u>-</u>	-	<u>3.00</u>	NT\$ 106.30

(b) Details of the fifth plan of employee stock options outstanding as of March 31, 2019 and 2018 are as follows:

	For the three-month periods ended March 31,			
	2019		2018	
	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
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	-	-
Options exercised	-	-	(122.25)	NT\$ 103.00
Options revoked	-	-	-	-
Options outstanding at end of period	-	-	<u>176.00</u>	NT\$ 103.00
Options exercisable at end of period	-	-	<u>176.00</u>	NT\$ 103.00

(c) Details of the sixth plan of employee stock options outstanding as of March 31, 2019 are as follows:

	For the three-month periods ended March 31, 2019	
	No. of units (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of period	1,448	NT\$ 173.5
Options granted	-	-
Options waived	(12)	-
Options exercised	-	-
Options revoked	-	-
Options outstanding at end of period	<u>1,436</u>	NT\$ 163.9
Options exercisable at end of period	<u>-</u>	-

C. The weighted-average stock price of stock options at exercise dates for the three-month periods

ended March 31, 2018 was NT\$169.78 (in dollars).

- D. As of March 31, 2019, December 31, 2018 and March 31, 2018, the range of exercise prices of stock options outstanding was NT\$173.5, NT\$173.5 and NT\$103~NT\$106.3 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	March 31, 2019	December 31, 2018	March 31, 2018
Fourth plan of employee stock options	-	-	-
Fifth plan of employee stock options	-	-	0.25 years
Sixth plan of employee stock options	5.25 years	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 three-month periods ended March 31,	
	2019	2018
Equity-settled	\$ 2,524	\$ -

(19) Share capital

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

	<u>2019</u>	<u>2018</u>
At January 1	67,105,148	66,810,648
Employee stock options exercised	-	122,250
At March 31	<u>67,105,148</u>	<u>66,932,898</u>

B. As of March 31, 2019, the Company's authorized capital was \$800,000, consisting of 80 million shares of ordinary stock (including 6 million 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 March 31, 2019, December 31, 2018 and March 31, 2018, the associate of the Group held 276 thousand shares.

(20) 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:

	<u>Share premium</u>	<u>Employee stock options</u>	<u>Others</u>	<u>Total</u>
At January 1, 2019	\$ 2,188,235	\$ 5,238	\$ -	\$ 2,193,473
Share-based payment transaction	-	2,502	-	2,502
At March 31, 2019	<u>\$ 2,188,235</u>	<u>\$ 7,740</u>	<u>\$ -</u>	<u>\$ 2,195,975</u>
At January 1, 2018	\$ 1,971,969	\$ 188,747	\$ 313	\$ 2,161,029
Share-based payment transaction	-	63	-	63
Employee stock options exercised	14,260	(2,891)	-	11,369
At March 31, 2018	<u>\$ 1,986,229</u>	<u>\$ 185,919</u>	<u>\$ 313</u>	<u>\$ 2,172,461</u>

(21) Retained earnings

	2019	2018
At January 1	\$ 1,380,044	\$ 1,359,148
Effect of retrospective restatement	-	1,799
At January 1(after restatement)	1,380,044	1,360,947
Profit for the period	196,577	179,286
Impact of change in tax rate recognised in other comprehensive income	-	697
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(649)	-
At March 31	<u>\$ 1,575,972</u>	<u>\$ 1,540,930</u>

- 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) in 2018. 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 appropriations of 2017 and 2016 earnings had been resolved at the stockholders' meeting on May 31, 2018 and June 26, 2017, respectively.

Details are summarised below:

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

G. The appropriation of 2018 earnings had been proposed by Board of Directors during its 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	<u>\$ 776,728</u>	<u>10.82</u>

The appropriation of 2018 earnings has not yet been resolved at the stockholders' meeting as of May 2, 2019.

- H. For information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6 (27).
- I. The Company recognised the effect of the change in tax rate immediately on January 1, 2018 when the change occurred. The effect of the change on items recognised outside profit or loss was recognised in other comprehensive income or equity (including non-controlling interest) amounting to \$729.

(22) Operating revenue

	For the three-month periods ended March 31,	
	2019	2018
Revenue from contracts with customers	<u>\$ 1,283,837</u>	<u>\$ 1,188,112</u>

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 three-month period ended March 31, 2019	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 1,379,759	\$ 39,655	\$ 245,987	\$ 26,075	\$ 1,691,476
Inter-segment revenue	(386,453)	(13,186)	(8,000)	-	(407,639)
Revenue from external customer contracts	<u>\$ 993,306</u>	<u>\$ 26,469</u>	<u>\$ 237,987</u>	<u>\$ 26,075</u>	<u>\$ 1,283,837</u>
Timing of revenue recognition					
Over a period of time	<u>\$ 993,306</u>	<u>\$ 26,469</u>	<u>\$ 237,987</u>	<u>\$ 26,075</u>	<u>\$ 1,283,837</u>

For the three-month period ended March 31, 2018	Domestic	China	Macau	Total
Total segment revenue	\$ 1,298,287	\$ 40,622	\$ 216,097	\$ 1,555,006
Inter-segment revenue	(340,864)	(13,455)	(12,575)	(366,894)
Revenue from external customer contracts	<u>\$ 957,423</u>	<u>\$ 27,167</u>	<u>\$ 203,522</u>	<u>\$ 1,188,112</u>
Timing of revenue recognition				
Over a period of time	<u>\$ 957,423</u>	<u>\$ 27,167</u>	<u>\$ 203,522</u>	<u>\$ 1,188,112</u>

B. Contract assets and liabilities

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Contract assets:			
Contract assets relating to service concession arrangement	\$ <u>2,345,261</u>	\$ <u>2,414,923</u>	\$ <u>2,615,714</u>
Contract liabilities:			
Contract liabilities - Advance sales receipts	\$ <u>111,992</u>	\$ <u>140,580</u>	\$ <u>264,079</u>

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Receipts in advance	\$ <u>35,043</u>	\$ <u>6,111</u>

(b) Information on contract assets - service concession arrangements is provided in Notes 6(4) and (10).

(23) Other income

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest income:		
Interest income from bank deposits	\$ 3,224	\$ 3,051
Other interest income	<u>6</u>	<u>634</u>
Total interest income	3,230	3,685
Other income, others	<u>6,653</u>	<u>3,120</u>
	<u>\$ 9,883</u>	<u>\$ 6,805</u>

(24) Other gains and losses

	For the three-month periods ended March 31,	
	2019	2018
Losses on disposals of property, plant and equipment	\$ -	(\$ 129)
Foreign exchange gains (losses)	663	(4,162)
Gains on financial assets at fair value through profit or loss	760	465
Miscellaneous disbursements	(1)	(3)
	<u>\$ 1,422</u>	<u>(\$ 3,829)</u>

(25) Finance cost

	For the three-month periods ended March 31,	
	2019	2018
Interest expense		
Interest expense arising from bank borrowings	\$ 9,585	\$ 616
Interest expense arising from lease liabilities	161	-
	<u>\$ 9,746</u>	<u>\$ 616</u>

(26) Expenses by nature

	For the three-month periods ended March 31,	
	2019	2018
Employee benefit expense	\$ 307,874	\$ 272,381
Depreciation charges on property, plant and equipment	42,754	5,501
Depreciation charges on right-of-use asset	9,046	-
Amortisation	2,502	3,399
Incinerator equipment costs	101,131	72,411
Materials	158,525	197,115
Sub-contract costs	172,917	170,970
Insurances	10,263	11,872
Other expenses	185,899	162,393
	<u>\$ 990,911</u>	<u>\$ 896,042</u>

(27) Employee benefit expense

	For the three-month periods ended March 31,	
	2019	2018
Salaries	\$ 251,718	\$ 232,492
Employee stock options	2,524	-
Labor and health insurance fees	17,330	14,556
Pension costs	11,051	10,267
Other personnel expenses	25,251	15,066
	<u>\$ 307,874</u>	<u>\$ 272,381</u>

- A. As of March 31, 2019 and 2018, the Group had 971 and 909 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 three-month periods ended March 31, 2019 and 2018, employees' compensation was accrued at \$87 and \$78, respectively; directors' and supervisors' remuneration was accrued at \$1,300 and \$1,300, 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 March 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 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 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.

(28) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Current tax:		
Current tax on profits for the period	\$ 54,509	\$ 53,415
Deferred tax:		
Origination and reversal of temporary differences	1,911	4,774
Impact of change in tax rate	-	27,246
Effect of exchange rate changes	348	24
Income tax expense	<u>\$ 56,768</u>	<u>\$ 85,459</u>

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Impact of change in tax rate	<u>\$ -</u>	<u>\$ 729</u>

- B. As of March 31, 2019, except for *ECOVE Environment Services Corporation's* and *ECOVE Waste Management Corporation's* income tax returns through 2016, the Company's and its subsidiaries' income tax returns through 2017 have been assessed and approved by the Tax Authority.
- C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on 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.

(29) Earnings per share

<u>For the three-month period ended March 31, 2019</u>		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share:</u>		
Profit attributable to owners of the parent	\$ 196,577	67,105 \$ 2.93
<u>Diluted earnings per share:</u>		
Assumed conversion of all dilutive potential ordinary shares		
Employees' stock options	-	125
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 196,577</u>	<u>67,230 \$ 2.92</u>

<u>For the three-month period ended March 31, 2018</u>		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in NT dollars)</u>
<u>Basic earnings per share:</u>		
Profit attributable to owners of the parent	\$ 179,286	66,892 \$ 2.68
<u>Diluted earnings per share:</u>		
Assumed conversion of all dilutive potential ordinary shares		
Employee stock options	-	70
Employees' bonus	-	1
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 179,286</u>	<u>66,963 \$ 2.68</u>

(30) Business combinations

A. ECOVE Solvent Recycling Corporation

- (a) On May 10, 2018, the Group acquired a 90% equity interest of ECOVE Solvent Recycling Corporation for a consideration of \$49,590 in the form of cash and obtained 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:

	<u>May 10, 2018</u>
Purchase consideration	
Cash paid	\$ 49,590
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>4,126</u>
	<u>53,716</u>
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	<u>(27,800)</u>
Total identifiable net assets	<u>41,253</u>
Goodwill	<u>\$ 12,463</u>

- (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 for the three-month period ended March 31, 2018 would show operating revenue of \$1,189,597 and profit before income tax of \$305,477.

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:

	<u>September 20, 2018</u>
Purchase consideration	
Cash paid	\$ 455,384
Fair value of equity interest in ECOVE Solar Energy Corporation held before the business combination	<u>388,193</u>
	<u>843,577</u>
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	(<u>175,040</u>)
Total identifiable net assets	<u>719,887</u>
Goodwill	<u>\$ 123,690</u>

- (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 for the three-month period ended March 31, 2018 would show operating revenue of \$1,255,986 and profit before income tax of

\$319,503.

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

(31) Operating leases

Prior to 2018

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 \$9,823, for these leases for the three-month period ended March 31, 2018.

B. In order to build the refuse incineration plant, the Group obtained the land-use right amounting to \$114,902. For the three-month period ended March 31, 2018, the rent is amortized on a straight-line basis during construction or operation both amounting to \$1,494.

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

	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Less than one year	\$ 29,633	\$ 18,621
More than one year but not less than five years	33,134	16,628
More than five years	<u>29,213</u>	<u>4,402</u>
	<u>\$ 91,980</u>	<u>\$ 39,651</u>

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.

(32) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Liabilities from financing activities- gross
At January 1, 2019	\$ 52,000	\$ 1,551,854	\$ 1,603,854
Changes in cash flow from financing activities	4,000	89,737	93,737
Impact of changes in foreign exchange rate	-	1,065	1,065
At March 31, 2019	<u>\$ 56,000</u>	<u>\$ 1,642,656</u>	<u>\$ 1,698,656</u>

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

<u>Names of related parties</u>	<u>Relationship with the Group</u>
CTCI Corp.	Ultimate parent company
CTCI Chemical Corp.	Associate
CTCI Machinery Corp.	Associate
Resources Engineering Services Inc.	Associate
E&C Engineering Corp.	Associate
ECOVE Solar Energy Corporation	This entity became a subsidiary on September 20, 2018; before this date, which it was a joint venture.

(3) Significant transactions and balances with related parties

A. Operating revenue

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Operating revenue:		
Ultimate parent company	\$ 5,501	\$ 14,797
Associates	22	-
	<u>\$ 5,523</u>	<u>\$ 14,797</u>

(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

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Purchases of goods and services:		
Ultimate parent company	\$ 1,200	\$ 1,131
Associates	39,197	46,446
	<u>\$ 40,397</u>	<u>\$ 47,577</u>

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Accounts receivable:			
Ultimate parent company	\$ 4,779	\$ 1,717	\$ 40,924
Associates	23	-	-
	<u>\$ 4,802</u>	<u>\$ 1,717</u>	<u>\$ 40,924</u>

D. Period-end balances arising from purchases of services

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Accounts payable:			
Ultimate parent company	\$ 5,463	\$ 4,260	\$ 5,379
Associates	26,940	19,151	39,352
	<u>\$ 32,403</u>	<u>\$ 23,411</u>	<u>\$ 44,731</u>

E. Other receivables-related parties

(a) Reclassified from accounts receivable

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Other receivables:			
Ultimate parent company	\$ 6,351	\$ 17,566	\$ 23,530

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Other receivables:			
Associates (Note)	\$ 217	\$ 74	\$ 152
Joint ventures	-	-	4,486
	<u>\$ 217</u>	<u>\$ 74</u>	<u>\$ 4,638</u>

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Ultimate parent company	\$ -	\$ -	\$ 500,261
E & C Engineering Corp.	-	7,006	7,006
	<u>\$ -</u>	<u>\$ 7,006</u>	<u>\$ 507,267</u>

(b) Interest income

	<u>For the three-month period ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Ultimate parent company (Note 1)	\$ -	\$ 610
Associates (Note 2)	6	24
	<u>\$ 6</u>	<u>\$ 634</u>

Note 1: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.81% for the three-month period ended March 31, 2019 and 2018.

Note 2: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.01% for both the three-month periods ended March 31, 2018.

G. Other income

	<u>For the three-month period ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Personnel's transfer from related parties		
Associates	\$ 209	\$ -
Joint ventures	-	888
	<u>\$ 209</u>	<u>\$ 888</u>

H. Other payables-related parties

(a) Operating expenses

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Ultimate parent company	\$ 2,127	\$ 1,696

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

(b) As of March 31, 2019, December 31, 2018 and March 31, 2018, the unpaid amounts are as follows (shown as other payables):

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Ultimate parent company	\$ 6,071	\$ 6,481	\$ 51,709

I. Leasing arrangements - lessee

(a) As of March 31, 2019, the main lease contracts between the Group and related parties are as follows:

<u>Lessor</u>	<u>Lease object</u>	<u>Payment method</u>	<u>Lease term</u>
Ultimate parent company	Buildings and structures	\$ 252/ year	2019.1.1~2068.1.1
Associates	"	\$150/ month	2010.7.22~2029.7.21

(b) Lease liabilities

	<u>March 31, 2019</u>
Ultimate parent company	\$ 8,466
Associates	17,782
	<u>\$ 26,248</u>

(c) The current period rental expenses arising from leasing offices from related parties are as follows:

	<u>For the three-month period ended March 31, 2018</u>
Rental expense	
Ultimate parent company	<u>\$ 202</u>

J. Endorsements and guarantees for others

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Joint ventures	\$ -	\$ -	\$ 554,412

(4) Key management compensation

	For the three-month periods ended March 31,	
	2019	2018
Salaries and other short-term employee benefits	\$ 9,282	\$ 10,267
Post-employment benefits	316	231
Total	<u>\$ 9,598</u>	<u>\$ 10,498</u>

8. PLEDGED ASSETS

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

Assets	Book value			Purposes
	March 31, 2019	December 31, 2018	March 31, 2018	
Other current assets				
Restricted bank deposits	\$ 44,230	\$ 40,940	\$ 10,000	Guarantee for bid and performance guarantee
Property, plant and equipment	174,377	169,997	-	- Guarantee for long-term loans
Right-of-use assets	15,954	-	-	- Guarantee for long-term loans
Other non-current assets				
Restricted bank deposits	-	-	42,246	Guarantee for bid
Long-term prepaid rents - land - use right	-	16,530	18,260	Guarantee for long-term loans
Refundable deposits	<u>15,841</u>	<u>20,465</u>	<u>10,316</u>	Guarantee for rent, performance guarantee, tender bond and staff dormitory
	<u>\$ 250,402</u>	<u>\$ 247,932</u>	<u>\$ 80,822</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(10), the significant commitments and contingent liabilities of the Group as of March 31, 2019 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 March 31, 2019, the total amount of guarantee notes and promissory notes issued amounted to \$3,506,153.

- (2) As of March 31, 2019, for contractual guarantee, performance guarantee and waste collection, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$1,053,119.
- (3) As of March 31, 2019, the subsidiaries had outstanding commitments for service contracts amounting to \$35,248.
- (4) As of March 31, 2019, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to \$5,242.
- (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.

Based on the opinion of ECOVE Environmental Service Corp.'s legal counsel 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

None.

12. OTHERS

(1) Capital risk management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2018.

The gearing ratios at March 31, 2019, December 31, 2018 and March 31, 2018 were as follows:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Total borrowings	\$ 1,698,656	\$ 1,603,854	\$ 180,000
Total equity	\$ 5,685,459	\$ 5,421,359	\$ 5,316,844
Gearing ratio	30%	30%	3%

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 268,233	\$ 183,288	\$ 282,275
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	112,672	102,744	136,600
Qualifying debt instrument	-	-	27,827
	<u>\$ 380,905</u>	<u>\$ 286,032</u>	<u>\$ 446,702</u>
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,824,162	\$ 1,543,162	\$ 1,684,926
Notes receivable	962	1,321	262
Accounts receivable	1,160,072	1,041,171	1,022,489
Accounts receivable- related parties	4,802	1,717	40,924
Other receivables	9,089	4,741	11,519
Other receivables- related parties	6,568	24,646	535,435
Refundable deposits paid	15,841	20,465	10,316
Other financial assets	74,690	342,178	219,460
	<u>\$ 3,096,186</u>	<u>\$ 2,979,401</u>	<u>\$ 3,525,331</u>

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 56,000	\$ 52,000	\$ -
Notes payable	1,021	1,032	-
Accounts payable	593,421	535,797	695,510
Accounts payable-related parties	32,403	23,411	44,731
Long-term borrowings (including current portion)	1,642,656	1,551,854	180,000
Guarantee deposits received	184,373	190,295	173,484
	<u>\$ 2,509,874</u>	<u>\$ 2,354,389</u>	<u>\$ 1,093,725</u>

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:

	<u>March 31, 2019</u>		
	<u>Foreign currency amount (in thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency : functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 7,681	30.830	\$ 236,805
CNY : NTD	7,846	4.577	35,911
MOP : NTD	55,887	3.808	212,818
 <u>Financial Liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	4,301	3.808	16,378
	<u>December 31, 2018</u>		
	<u>Foreign currency amount (in thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency : functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 3,470	30.740	\$ 106,668
MOP : NTD	53,270	3.804	202,650
 <u>Financial Liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	2,723	3.804	10,359

	March 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 5,841	29.135	\$ 170,178
CNY : NTD	5,297	4.649	24,626
MOP : NTD	47,897	3.599	172,381

Financial Liabilities

Monetary items

MOP : NTD	10,626	3.599	38,243
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v. The unrealised exchange loss arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2019 and 2018 amounted to (\$59) and (\$1,915), respectively.

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

	For the three-month period ended March 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 2,368	\$ -
CNY : NTD	1.00%	359	-
MOP : NTD	1.00%	2,128	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	164	-

For the three-month period ended March 31, 2018

Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 1,702	\$ -
CNY : NTD	1.00%	246	-
MOP : NTD	1.00%	1,724	-
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	382	-

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 and financial assets at fair value through other comprehensive income. 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 three-month periods ended March 31, 2019 and 2018, 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 the following assumption 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 assumption under IFRS 9, that is , 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 March 31, 2019, December 31, 2018 and March 31, 2018, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At March 31, 2019</u>			
Expected loss rate	0%	0%	
Total book value	\$ 2,990,491	\$ 233,341	\$ 3,223,832
Loss allowance	\$ -	\$ -	\$ -

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

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At March 31, 2018</u>			
Expected loss rate	0%	0%	
Total book value	\$ 3,235,716	\$ 132,034	\$ 3,367,750
Loss allowance	\$ -	\$ -	\$ -

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

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

(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

<u>March 31, 2019</u>	<u>Up to 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 56,489	\$ -
Notes payable	1,021	-
Accounts payable (including related parties)	625,824	-
Other payables (including related parties)	332,259	-
Lease liabilities	8,980	91,886
Long-term borrowings (including current portion)	137,979	1,746,164
Other non-current liabilities	184,373	-

Non-derivative financial liabilities

<u>December 31, 2018</u>	<u>Up to 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 52,429	\$ -
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

<u>March 31, 2018</u>	<u>Up to 1 year</u>	<u>Over 1 year</u>
Accounts payable (including related parties)	\$ 740,241	\$ -
Other payables (including related parties)	382,492	-
Long-term borrowings (including current portion)	178,442	4,003
Other non-current liabilities	173,484	-

(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 the nature of the assets and liabilities is as follows:

March 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 268,233	\$ -	\$ -	\$ 268,233
Financial assets at fair value through other comprehensive income				
Equity securities	<u>112,129</u>	<u>-</u>	<u>543</u>	<u>112,672</u>
Total	<u>\$ 380,362</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 380,905</u>
December 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
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	<u>102,201</u>	<u>-</u>	<u>543</u>	<u>102,744</u>
Total	<u>\$ 285,489</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 286,032</u>

March 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 282,275	\$ -	\$ -	\$ 282,275
Financial assets at fair value through other comprehensive income				
Equity securities	108,230	-	543	108,773
Bond securities	-	27,827	-	27,827
Total	<u>\$ 390,505</u>	<u>\$ 27,827</u>	<u>\$ 543</u>	<u>\$ 418,875</u>

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

Market quoted price	<u>Listed shares</u> Closing price	<u>Open-end fund</u> Net asset value
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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 three-month periods ended March 31, 2019 and 2018, there were no transfers between Level 1 and Level 2.

F. For the three-month periods ended March 31, 2019 and 2018, there were no input and output into Level 3.

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:

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue from external customers	\$ 1,283,837	\$ 1,188,112
Inter-segment revenue	407,639	366,894
Total segment revenue	<u>\$ 1,691,476</u>	<u>\$ 1,555,006</u>
Segment income	<u>\$ 292,926</u>	<u>\$ 292,070</u>
Depreciation	<u>\$ 51,800</u>	<u>\$ 5,501</u>
Amortisation	<u>\$ 2,502</u>	<u>\$ 3,399</u>

(3) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax for the three-month periods ended March 31, 2019 and 2018 is provided as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Adjusted EBITDA for reportable segment	\$ 292,926	\$ 292,070
Unrealised gain on financial instruments	- (62)
Financial cost, net	(9,746)	(616)
Others	<u>18,025</u>	<u>14,819</u>
Income from continuing operations before income tax	<u>\$ 301,205</u>	<u>\$ 306,211</u>

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others

For the three-month period ended March 31, 2019

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the three-month period ended March 31, 2019 (Note 3)	Balance at March 31, 2019 (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	Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties		\$ 200,000	\$ 200,000	\$ 110,000	1.01%		\$ -	For operational needs	\$ -		\$ -	\$ 509,385	\$ 2,037,541	
1	ECOVE Waste Management Corp.	CTCI Machinery Corp.		"	7,000	7,000	-	-	"	"	"	"	"	"	13,278	53,110	-
1	"	E&C Engineering Corp.		"	7,000	7,000	-	-	"	"	"	"	"	"	13,278	53,110	-
2	ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation		"	70,000	70,000	50,000	1.57%	"	"	"	"	"	"	105,656	422,625	-
2	"	Miaoli Energy Corporation		"	70,000	70,000	-	-	"	"	"	"	"	"	105,656	422,625	-
2	"	CTCI Machinery Corp.		"	35,000	30,000	-	-	"	"	"	"	"	"	105,656	422,625	-
2	"	CTCI Corp.		"	70,000	30,000	-	-	"	"	"	"	"	"	105,656	422,625	-
2	"	E&C Engineering Corp.		"	70,000	30,000	-	-	"	"	"	"	"	"	105,656	422,625	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party (Note 3)	Maximum outstanding balance during the three-month period ended March 31, 2019 (Note 3)	Balance at March 31, 2019 (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 Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
3	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	"	"	14,000	14,000	14,000	1.71%	"	"	"	"	"	297,813	297,813	
3	"	ECOVE Solar Power Corporation	"	"	200,000	156,000	-	-	"	"	"	"	"	297,813	297,813	
3	"	ECOVE Central Corporation Ltd.	"	"	17,000	17,000	-	-	"	"	"	"	"	297,813	297,813	

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 three-month period ended March 31, 2019.

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 total 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 amounts 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 AND SUBSIDIARIES

Provision of endorsements and guarantees to others
For the three-month period ended March 31, 2019

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

Number (Note 1)	Endorser/ guarantor	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 March 31, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2019 (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	2	\$ 10,187,704	\$ 1,345,376	\$ 1,344,661	\$ 989,818	\$ -	26.40%	\$ 15,281,556	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	2	10,187,704	217,000	217,000	120,000	-	4.26%	15,281,556	Y	N	N	-
0	"	EVER ECOVE Corporation	6	6	10,187,704	17,500	17,500	17,500	-	0.34%	15,281,556	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	2	2,978,132	14,000	14,000	13,650	-	1.88%	4,467,198	N	N	N	-
1	"	ECOVE Central Corporation Ltd.	2	2	2,978,132	16,790	16,790	16,390	-	2.26%	4,467,198	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	2	2,978,132	708,699	708,699	571,655	-	95.19%	4,467,198	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	3	816,246	12,420	12,420	12,420	-	6.09%	1,224,369	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 and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

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

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint ventures, all shareholders provide 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.

(3)The limit on endorsements and guarantees granted to a single party shall not exceed 400% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation's net assets value in last financial statement which was audited by accountant.

(4)The ceiling on total endorsements and guarantees shall not exceed 600% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation'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 AND SUBSIDIARIES

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

March 31, 2019

Securities held by ECOVE Environment Corp.	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	Number of shares/ denominations	March 31, 2019		Footnote (Note 4)	
	Type	Name				Book value (Note 3)	Ownership (%)		Fair value
"	Fund	Franklin Templeton Sinoam Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	974,304	\$ 10,057	-	\$ 10,069	-
"	"	Yuanta De-Li Money Market Fund	"	"	4,295,415	70,008	-	70,028	-
				Adjustment		32			
						\$ 80,097			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	472,758	16,671	-	19,502	-
"	"	United Renewable Energy Co., Ltd.	"	"	226,157	2,284	-	2,261	-
				Adjustment		2,808			
						\$ 21,763			
"	"	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	-
						(1,799)			
ECOVE Wujih Energy Corp.	Fund	Prudential Financial Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	347,824	\$ 5,500	-	\$ 5,500	-
"	"	FSITC Taiwan Money Market Fund	"	"	65,511	1,002	-	1,002	-
"	"	Taishin 1699 Money Market Fund	"	"	1,849,418	25,016	-	25,016	-
"	"	Franklin Templeton Money Market Fund	"	"	1,809,993	18,707	-	18,707	-
"	Common Stock	Taiwan Cement Corp.	"	Equity instruments at fair value through other comprehensive income-current	475,508	19,615	-	19,615	-
ECOVE Environment Services Corp.	Fund	Schroder 2022 Maturity Emerging Market Quality Sovereign Bond Fund	"	Financial assets at fair value through profit or loss-current	35,000	11,033	-	11,033	-
"	"	Taishin 1699 Money Market Fund	"	"	4,441,844	60,075	-	60,075	-

Securities held by		Marketable securities (Note 1)		Relationship with		March 31, 2019			Footnote
Environment	Services Corp.	Type	Name	the securities issuer	General	Number of shares/	Book value	Ownership	(Note 4)
		Common Stock	CTCI Corp.	(Note 2)	ledger account	denominations	(Note 3)	(%)	
				Ultimate parent company	Financial assets at fair value through other comprehensive income-current				Fair value
									\$
"	"	"	Taiwan Cement Corp.	N/A	"	1,251,971	48,639	-	48,639
"	"	"	United Renewable Energy Co., Ltd.	"	"	255,567	2,310	-	2,310
ECOVE Waste Management Corp.		Fund	Tai-shin 1699 Money Market Fund	"	Financial assets at fair value through profit or loss-current	3,234,775	43,755	-	43,755
"	"	"	Franklin Templeton Money Market Fund	"	"	630,309	6,514	-	6,514
"	"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	478,841	19,752	-	19,752
ECOVE Miaoli Energy Corporation		Fund	FSIC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss-current	65,579	1,004	-	1,004
"	"	"	Tai-shin 1699 Money Market Fund	"	"	851,393	11,516	-	11,516
"	"	"	Franklin Templeton Sinoam Money Market Fund	"	"	388,372	4,014	-	4,014

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 AND SUBSIDIARIES

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 three-month period ended March 31, 2019

Investor	Marketable securities (Note 1)	General ledger account	Relationship with the investor (Note 2)	Balance as at January 1, 2019		Addition (Note 3)		Disposal (Note 3)		Balance as at March 31, 2019		
				Number of shares	Amount	Number of shares	Amount	Number of shares	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	45,470	11,101,375	150,000	10,023,943	135,480	135,432	48	4,441,844	60,075

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the three-month period ended March 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales) (Waste disposal revenue)	Transaction		Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(Waste disposal revenue)	106,075	(57%)	No significant difference	30 days quarterly	\$ 68,538	25%	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	156,086	(16%)	"	"	105,200	14%	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	156,086	53%	"	"	(105,200)	(61%)	-
"	ECOVE Wujih Energy Corp.	"	"	106,075	36%	"	"	(68,538)	(40%)	-

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.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
March 31, 2019

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2019 (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	\$ 105,200	1.32	-	"	-	-

Expressed in thousands of NTD
(Except as otherwise indicated)

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 AND SUBSIDIARIES
Significant inter-company transactions during the reporting period

For the three-month period ended March 31, 2019

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 7

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	\$ 106,075	30 days quarterly	8.26%
1	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	156,086	"	12.16%
2	"	ECOVE Miaoli Energy Corp.	"	"	32,969	"	2.57%
2	"	ECOVE Wujih Energy Corp.	"	"	66,667	"	5.19%
2	"	ECOVE Environment Consulting Corp.	"	"	13,186	"	1.03%
2	"	ECOVE Waste Management Corp.	"	Accounts receivable	105,200	"	1.11%
3	SINOGAL-Waste Services Co., Ltd.	ECOVE Environment Services Corp.	"	Operating revenue	14,453	"	1.13%

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 AND SUBSIDIARIES

Information on investees

For the three-month period ended March 31, 2019

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 8

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2019			Net profit (loss) of the investee for the three-month period ended March 31, 2019	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2019	Footnote
				Balance as at March 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Wajih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 425,085	\$ 423,085	29,400,000	98.00%	\$ 1,316,503	73,159	\$ 71,696	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%	979,847	82,372	76,731	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%	1,32,776	16,626	16,333	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	74.9999%	1,028,379	32,533	24,399	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%	23,560	28	17	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2019	Ownership (%)	Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2019	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2019	Footnote
				Balance as at March 31, 2019	Balance as at December 31, 2018						
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman) ECOVE Solar Energy Corporation	Cayman Islands	Share holding and investment	\$ 309,489	\$ 309,489	13,333,333	20.00%	\$ 295,412	\$ 14,204	\$ 2,586	An investee under equity method
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	762,349	762,349	63,245,452	100.00%	868,223	12,237	12,236	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	50,000	50,000	5,000,000	5.00%	49,326	(16)	(9)	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	86,480	8,099,000	89.99%	78,213	(2,173)	(1,955)	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%	26,867	73,160	1,463	Affiliate
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.9048%	68,488	15,402	4,143	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	32,572	1	Affiliate

Shares held as at March 31, 2019

Investor	Investee	Location	Main business activities	Initial investment amount		Number of shares	Ownership (%)	Book value	Net profit (loss)		Footnote
				Balance as at March 31, 2019	Balance as at December 31, 2018				of the investee for the three-month period ended March 31, 2019	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2019	
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%	\$ 72,662	\$ 49,004	\$ 14,701	A subsidiary
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	10	10	1,000	0.01%	8	(2,173)	-	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%	78	82,324	5	Affiliate
ECOVE Waste Management Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and pollution services, etc.	18,000	18,000	1,800,000	40.00%	15,188	28	11	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	180,000	180,000	18,000,000	100.00%	205,210	1,149	1,149	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Central Corporation Ltd.	Taiwan	Energy technology services etc.	7,500	7,500	750,000	100.00%	8,916	179	179	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	16,500	16,500	1,650,000	100.00%	18,065	96	96	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	375,061	5,272	5,272	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	374,035	5,272	5,272	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

For the three-month period ended March 31, 2019

Expressed in thousands of NTD
(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing		Interest during the three-month period ended		
	Amount	%	Amount	%	Balance at March 31, 2019	%	Balance at March 31, 2019	Purpose	Maximum balance during the three-month period ended March 31, 2019	Balance at March 31, 2019	Interest rate	March 31, 2019	Others
Investee in Mainland China													
ECOVE Environment Consulting Corp.	\$ 13,186	1.33%	-	-	\$ 24,713	3.4%	-	-	-	-	-	-	-