ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2018 AND 2017

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.

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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, 2018 and 2017, 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 Note 4(3) B, 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$1,220,578 thousand and NT$1,263,955 thousand, constituting 16% and 17% of the consolidated total assets, and total liabilities of NT$341,729 thousand and NT$208,199 thousand, constituting 15% and 11% of the consolidated total liabilities as at March 31, 2018 and 2017, and total comprehensive income (including share of profit (loss) of associates and

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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$59,942 thousand and NT$51,540 thousand, constituting 30% and 28% of the consolidated total comprehensive income for the three-month periods then ended.

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, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Weng Shih Jung

Weng, Shih-Jung

Chang, Shu-Chiung

Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

April 30, 2018

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, 2018 and 2017 are reviewed, not audited)

			March 31, 2018		December 31, 2017		March 31, 2017	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,684,926	22	$ 1,657,955	24	$ 1,273,884	17
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	282,275	4	437,010	6	163,563	2
1120	Current financial assets at fair value through other comprehensive income	6(3)	136,057	2	-	-	-	-
1125	Available-for-sale financial assets - current	12(4)	-	-	136,852	2	135,122	2
1150	Notes receivable, net		262	-	234	-	544	-
1170	Accounts receivable, net	6(4)	1,022,489	13	947,224	13	929,228	13
1180	Accounts receivable, net - related parties	7	40,924	1	8,122	-	133,054	2
1200	Other receivables		11,519	-	2,238	-	12,362	-
1210	Other receivables - related parties	7	535,435	7	61,847	1	738,265	10
130X	Inventories		44,859	1	45,351	1	48,037	1
1410	Prepayments	6(5)	266,773	4	212,829	3	155,227	2
1470	Other current assets	6(6) and 8	177,214	2	195,910	3	386,578	5
11XX	**Current Assets**		4,202,733	56	3,705,572	53	3,975,864	54
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	-	-	-	-
1543	Financial assets carried at cost - non-current	12(4)	-	-	543	-	556	-
1550	Investments accounted for under equity method	6(7)	701,473	9	666,510	9	667,197	9
1600	Property, plant and equipment, net	6(8)	74,948	1	73,244	1	56,392	1
1840	Deferred income tax assets		20,087	-	19,073	-	19,195	-
1900	Other non-current assets	6(9) and 8	2,562,273	34	2,592,187	37	2,703,065	36
15XX	**Non-current assets**		3,359,324	44	3,351,557	47	3,446,405	46
1XXX	**Total assets**		$ 7,562,057	100	$ 7,057,129	100	$ 7,422,269	100

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%	March 31, 2017 AMOUNT	%
	Current liabilities							
2130	Current contract liabilities	6(20)	$ 264,079	3	$ -	-	$ -	-
2150	Notes payable		-	-	189	-	135	-
2170	Accounts payable	6(10)	695,510	9	619,687	9	655,249	9
2180	Accounts payable - related parties	7	44,731	1	28,082	-	37,090	-
2200	Other payables	6(11)	330,783	4	383,256	6	220,335	3
2220	Other payables - related parties	7	51,709	1	8,905	-	945	-
2230	Current income tax liabilities		124,105	2	73,464	1	174,830	2
2300	Other current liabilities	6(12)(13)	195,807	3	212,605	3	215,617	3
21XX	**Current Liabilities**		1,706,724	23	1,326,188	19	1,304,201	17
	Non-current liabilities							
2540	Long-term borrowings	6(13)	4,000	-	4,000	-	180,000	3
2570	Deferred income tax liabilities		201,643	3	169,338	2	174,466	2
2600	Other non-current liabilities	6(14)	332,846	4	326,721	5	299,282	4
25XX	**Non-current liabilities**		538,489	7	500,059	7	653,748	9
2XXX	**Total Liabilities**		2,245,213	30	1,826,247	26	1,957,949	26
	Equity attributable to owners of parent							
	Share capital	6(17)						
3110	Common stock		669,329	9	668,106	9	666,249	9
	Capital surplus	6(18)						
3200	Capital surplus		2,172,461	28	2,161,029	31	2,142,868	28
	Retained earnings	6(19)						
3310	Legal reserve		527,495	7	527,495	7	442,686	6
3320	Special reserve		145	-	145	-	145	-
3350	Unappropriated retained earnings		1,540,930	20	1,359,148	19	1,623,696	22
	Other equity interest							
3400	Other equity interest		(47,808)	-	(32,284)	-	(31,264)	-
31XX	**Equity attributable to owners of the parent**		4,862,552	64	4,683,639	66	4,844,380	65
36XX	**Non-controlling interest**	4(3)	454,292	6	547,243	8	619,940	9
3XXX	**Total equity**		5,316,844	70	5,230,882	74	5,464,320	74
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 7,562,057	100	$ 7,057,129	100	$ 7,422,269	100

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

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

	Items	Notes	For the Three-month periods ended March 31 2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
4000	**Operating revenue**	6(20) and 7	$ 1,188,112	100	$ 1,058,881	100
5000	**Operating costs**	6(23)(24) and 7	(847,654)	(71)	(734,274)	(70)
5900	**Gross profit**		340,458	29	324,607	30
	Operating expenses	6(23)(24) and 7				
6200	General and administrative expenses		(48,388)	(4)	(45,190)	(4)
6000	**Total operating expenses**		(48,388)	(4)	(45,190)	(4)
6900	**Operating profit**		292,070	25	279,417	26
	Non-operating income and expenses					
7010	Other income	6(21)	6,805	-	5,940	1
7020	Other gains and losses	6(22)	(3,829)	-	(11,849)	(1)
7050	Finance costs		(616)	-	(1,219)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	11,781	1	3,739	-
7000	**Total non-operating income and expenses**		14,141	1	(3,389)	-
7900	**Profit before income tax**		306,211	26	276,028	26
7950	Income tax expense	6(25)	(85,459)	(7)	(48,828)	(5)
8200	**Profit for the period**		$ 220,752	19	$ 227,200	21
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gain or loss on financial assets at fair value through other comprehensive income		($ 1,223)	-	$ -	-
8349	Income tax related to components of 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		(19,045)	(2)	(44,181)	(4)
8362	Unrealized loss on valuation of available-for-sale financial assets		-	-	(1,126)	-
8300	**Total other comprehensive loss for the period**		($ 19,539)	(2)	($ 45,307)	(4)
8500	**Total comprehensive income for the period**		$ 201,213	17	$ 181,893	17
	Profit attributable to:					
8610	Owners of the parent		$ 179,286	15	$ 177,919	17
8620	Non-controlling interest		41,466	4	49,281	4
	Total		$ 220,752	19	$ 227,200	21
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 166,258	14	$ 144,670	13
8720	Non-controlling interest		34,955	3	37,223	4
	Total		$ 201,213	17	$ 181,893	17
	Earnings per share (in dollars):					
9750	**Basic earnings per share**	6(26)	$	2.68	$	2.67
9850	**Diluted earnings per share**	6(26)	$	2.68	$	2.67

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)

		Equity attributable to owners of the parent										
				Retained Earnings			Other equity interest					
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on valuation of available-for-sale financial assets	Total	Non-controlling interest	Total equity
For the three-month period ended March 31, 2017												
Balance at January 1, 2017		$ 664,614	$ 2,126,850	$ 442,686	$ 145	$ 1,445,777	$ 34,600	$ -	($ 32,615)	$ 4,682,057	$ 582,717	$ 5,264,774
Profit for the period		-	-	-	-	177,919	-	-	-	177,919	49,281	227,200
Employee stock options exercised	6(16)(17)	1,635	16,018	-	-	-	-	-	-	17,653	-	17,653
Cumulative translation differences of foreign operations		-	-	-	-	-	(32,211)	-	-	(32,211)	(11,970)	(44,181)
Unrealized gain or loss on valuation of available-for-sale financial assets		-	-	-	-	-	-	-	(1,038)	(1,038)	(88)	(1,126)
Balance at March 31, 2017		$ 666,249	$ 2,142,868	$ 442,686	$ 145	$ 1,623,696	$ 2,389	$ -	($ 33,653)	$ 4,844,380	$ 619,940	$ 5,464,320
For the three-month period ended March 31, 2018												
Balance at January 1, 2018		$ 668,106	$ 2,161,029	$ 527,495	$ 145	$ 1,359,148	$ 704	$ -	($ 32,988)	$ 4,683,639	$ 547,243	$ 5,230,882
Effect of retrospective application and retrospective restatement	12(4)	-	-	-	-	1,799	-	(34,787)	32,988	-	-	-
Balance at January 1, 2018 after adjustments		668,106	2,161,029	527,495	145	1,360,947	704	(34,787)	-	4,683,639	547,243	5,230,882
Appropriation of 2017 earnings												
Cash dividends		-	-	-	-	-	-	-	-	-	(127,911)	(127,911)
Profit for the period		-	-	-	-	179,286	-	-	-	179,286	41,466	220,752
Share-based payment transactions		-	63	-	-	-	-	-	-	63	5	68
Employee stock options exercised	6(16)(17)	1,223	11,369	-	-	-	-	-	-	12,592	-	12,592
Cumulative translation differences of foreign operations		-	-	-	-	-	(12,556)	-	-	(12,556)	(6,489)	(19,045)
Other comprehensive income for the period		-	-	-	-	-	-	(1,169)	-	(1,169)	(54)	(1,223)
Impact of change in tax rate		-	-	-	-	697	-	-	-	697	32	729
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

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 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 306,211	$ 276,028
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(23)	5,501	3,994
Amortization	6(23)	3,399	3,291
Interest expense		616	1,219
Interest income	6(21)	(3,685)	(4,302)
Gain on valuation of financial assets	6(2)	(465)	(271)
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(11,781)	(3,739)
Gain on disposal of property, plant and equipment		129	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		133,579	579,761
Notes receivable, net		(28)	(406)
Accounts receivable, net		(75,265)	(81,970)
Accounts receivable, net - related parties		(32,802)	(48,523)
Other receivables		(8,911)	(1,681)
Other receivables-related parties		19,667	(1,265)
Inventories		492	4,250
Prepaid expense		(53,944)	(44,255)
Other non-current assets		23,915	67,063
Changes in operating liabilities			
Current contract liabilities		264,079	-
Notes payable		(189)	135
Accounts payable		75,823	(45,692)
Accounts payable - related parties		16,649	9,486
Other payables		(125,565)	(120,904)
Other payables - related parties		(6,158)	(1,256)
Other current liabilities		(16,798)	2,593
Other non-current liabilities		(804)	(1,831)
Cash inflow generated from operations		513,665	591,725
Interest received		2,681	2,292
Interest paid		(616)	(2,208)
Income tax paid		(2,074)	(1,604)
Net cash flows from operating activities		513,656	590,205

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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 2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in available-for-sale financial assets-current		$ -	($ 37,883)
Increase in other receivables-related parties		(493,000)	(467,346)
Interest received		379	1,049
Decrease in current assets		18,696	23,013
Increase in investments accounted for under equity method-non-subsidiaries	6(7)	(27,500)	(89,474)
Acquisition of property, plant and equipment	6(8)	(7,450)	(6,214)
Proceeds from disposal of property, plant and equipment		1	-
Decrease (increase) in refundable deposits		2,600	(189)
Net cash flows used in investing activities		(506,274)	(577,044)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in deposits received (shown in other non-current liabilities)		6,929	13,126
Employee stock options exercised		12,660	17,653
Net cash flows from financing activities		19,589	30,779
Net increase in cash and cash equivalents		26,971	43,940
Cash and cash equivalents at beginning of period		1,657,955	1,229,944
Cash and cash equivalents at end of period		$ 1,684,926	$ 1,273,884

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017
(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 consolidated investee-Chang Ting Corporation in December, 2005.

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

(3) CTCI Corporation, the Company's ultimate parent company, holds 57.46% equity interest in the Company as of March 31, 2018.

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

These consolidated financial statements were authorised by the Board of Directors on April 30, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

IFRS 9, 'Financial instruments'

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

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

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

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

(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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
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 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

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

The Group will adopt the modified retrospective transitional provisions of IFRS 16 'Lease', and classify the effects on the lease contract of lessee on January 1, 2019 in accordance with IFRS 16.

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, 2017, except for the compliance statement, basis of preparations, basis of consolidation, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, impairment loss on financial assets, employee benefits, income tax and revenue recognition 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, 2017.

(2) Basis of preparation

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

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

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

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

B. The preparation of financial statements in conformity with 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.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2017.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			March 31, 2018	December 31, 2017	March 31, 2017	
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 2
ECOVE Waste Management Corp.			40.00	40.00	40.00	
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	30.00	Notes 1 and 2
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	100.00	Note 2

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

Note 2: The financial statements of the entity as of and for the three-month periods ended March 31, 2018 and 2017 were not reviewed by 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, 2018, December 31, 2017 and March 31, 2017, the non-controlling interest amounted to $454,292, $547,243 and $619,940, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest					
		March 31, 2018		December 31, 2017		March 31, 2017	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	$ 341,555	25.00%	$ 335,978	25.00%	$ 342,673	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	44,251	70.00%	148,558	70.00%	203,894	70.00%

Summarized financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.		
	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 260,611	$ 173,463	$ 304,578
Non-current assets	1,431,011	1,463,676	1,556,083
Current liabilities	(247,528)	(225,856)	(245,448)
Non-current liabilities	(77,875)	(67,372)	(244,520)
Total net assets	$ 1,366,219	$ 1,343,911	$ 1,370,693

	SINOGAL-Waste Services Co., Ltd.		
	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 444,534	$ 408,081	$ 488,649
Non-current assets	10,555	9,969	13,343
Current liabilities	(338,243)	(151,175)	(158,296)
Non-current liabilities	(53,630)	(54,650)	(52,419)
Total net assets	$ 63,216	$ 212,225	$ 291,277

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	For the three-month periods ended March 31,	
	2018	2017
Revenue	$ 83,927	$ 82,797
Profit before income tax	41,863	43,309
Income tax expense	(19,517)	(7,360)
Profit for the period	22,346	35,949
Other comprehensive loss, net of tax	(37)	-
Total comprehensive income for the period	$ 22,309	$ 35,949
Comprehensive income attributable to non-controlling interest	$ 5,586	$ 8,987

	SINOGAL-Waste Services Co., Ltd.	
	For the three-month periods ended March 31,	
	2018	2017
Revenue	$ 166,970	$ 198,229
Profit before income tax	42,282	56,297
Income tax	(167)	(5,662)
Profit for the period	42,115	50,635
Other comprehensive loss, net of tax	(8,394)	(15,781)
Total comprehensive income for the period	$ 33,721	$ 34,854
Comprehensive income attributable to non-controlling interest	$ 23,605	$ 24,398

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	For the three-month periods ended March 31,	
	2018	2017
Net cash (used in) provided by operating activities	($ 7,683)	$ 41,058
Net cash provided by investing activities	-	44,011
(Decrease) increase in cash and cash equivalents	(7,683)	85,069
Cash and cash equivalents, beginning of period	28,303	5,670
Cash and cash equivalents, end of period	$ 20,620	$ 90,739

	SINOGAL-Waste Services Co., Ltd.	
	For the three-month periods ended March 31,	
	2018	2017
Net cash provided by operating activities	$ 31,303	$ 95,569
Net cash provided by (used in) investing activities	15,800	(57,050)
Increase in cash and cash equivalents	47,103	38,519
Cash and cash equivalents, beginning of period	3,175	88,123
Cash and cash equivalents, end of period	$ 50,278	$ 126,642

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

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

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

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

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

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

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

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

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

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

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

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

(6) Impairment of financial assets

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

(7) Employee benefits

A. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

B. Termination benefits

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

C. Employees' compensation directors' and supervisors' remuneration

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

(8) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures, to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and the related information is disclosed accordingly.

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

(9) Revenue recognition

A. Service concession arrangements

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

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

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

B. Other revenue (revenue other than service concession arrangements)

Revenues are recognised when the earning process is substantially completed and is realised or realisable. Costs and expenses are recognised as incurred.

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

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand and petty cash	$ 9,547	$ 10,032	$ 9,524
Checking accounts and demand deposits	390,622	378,457	557,251
Time deposits	1,284,757	1,269,466	707,109
Total	$ 1,684,926	$ 1,657,955	$ 1,273,884

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. Cash and cash equivalents amounting to $10,000 and $42,246 are pledged to others as collateral for tender guarantee, respectively and were classified as other current assets and other non-current assets. Please refer to Note 8.

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

Items	March 31, 2018
Currents items	
Financial assets mandatorily measured at fair value through profit or loss	
Beneficiary certificates	$ 281,881
Valuation adjustment	394
Total	$ 282,275

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

	For the three-month period ended March 31, 2018
Financial assets mandatorily measured at fair value through profit or loss	
Beneficiary certificates	$ 465

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

C. The information on December 31, 2017 and March 31, 2017 is provided in Note 12(4).

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

Items	March 31, 2018
Current items:	
Debt instrument	
Corporate bond	$ 30,394
Valuation adjustment	(2,567)
Subtotal	27,827
Equity instruments	
Listed stocks	143,111
Valuation adjustment	(34,881)
Subtotal	108,230
Total	$ 136,057
Non-current items:	
Equity instruments	
Unlisted stocks	$ 2,342
Valuation adjustment	(1,799)
Total	$ 543

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

	For the three-month period ended March 31, 2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	($ 1,205)
Debt instruments at fair value through other comprehensive income	
Exchange gains recognised in profit or loss	$ 428
Fair value change recognised in other comprehensive income	($ 18)

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

C. The information on December 31, 2017 and March 31, 2017 is provided in Note 12(4).

(4) Accounts receivable

	March 31, 2018	December 31, 2017	March 31, 2017
Accounts receivable	$ 752,037	$ 679,504	$ 669,350
Long-term accounts receivable - due in one year	270,452	267,720	259,878
	$ 1,022,489	$ 947,224	$ 929,228

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Current	$ 968,980	$ 835,453	$ 838,075
Up to 120 days	30,508	53,405	41,898
121 to 180 days	18,891	29,667	34,505
Over 181 days	4,110	28,699	14,750
	$ 1,022,489	$ 947,224	$ 929,228

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

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

(5) Prepayments:

	March 31, 2018	December 31, 2017	March 31, 2017
Prepayments for material purchases	$ 209,070	$ 163,753	$ 51,030
Prepaid rents	3,864	2,711	3,138
Prepaid insurance premiums	15,783	7,094	15,543
Air pollution fee	-	-	54,267
Others	38,056	39,271	31,249
	$ 266,773	$ 212,829	$ 155,227

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

(6) Other current assets

	March 31, 2018	December 31, 2017	March 31, 2017
Restricted bank deposits	$ 10,000	$ 10,000	$ -
Other financial assets (Note)	167,214	185,910	386,578
	$ 177,214	$ 195,910	$ 386,578

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

(7) Investments accounted for under the equity method

	2018	2017
At January 1	$ 666,510	$ 594,024
Addition of investments accounted for using the equity method	27,500	89,474
Share of profit or loss of investments accounted for using the equity method	11,781	3,739
Changes in other equity items	(4,318)	(20,040)
At March 31	$ 701,473	$ 667,197

	March 31, 2018	December 31, 2017	March 31, 2017
Associates:			
CTCI Chemicals Corp.	$ 67,547	$ 61,943	$ 64,688
GranSino Environmental Technology Co., Ltd.	-	-	5,163
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	293,243	293,441	297,503
Joint ventures:			
G.D. Development Corp.	340,683	311,126	299,843
	$ 701,473	$ 666,510	$ 667,197

A. Associates

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

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

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

Balance sheet

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)		
	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 1,048,057	$ 334,230	$ 736,395
Non-current assets	308,426	747,923	602,049
Current liabilities	(276,724)	(2,673)	(242,481)
Total net assets	$ 1,079,759	$ 1,079,480	$ 1,095,963
Share in associate's net assets	$ 215,952	$ 215,896	$ 219,193
Carrying amount of the associate	$ 293,242	$ 293,441	$ 297,503

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	For the three-month periods ended March 31,	
	2018	2017
Revenue	$ 239,807	$ 186,545
Gain for the period from continuing operations	7,474	8,433
Other comprehensive loss, net of tax	(2,157)	(50,987)
Total comprehensive income (loss)	$ 5,317	($ 42,554)

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

As of March 31, 2018, December 31, 2017 and March 31, 2017, the carrying amount of the Group's individually immaterial associates amounted to $67,547 $61,943 and $69,851, respectively.

	For the three-month periods ended March 31,	
	2018	2017
Total comprehensive income	$ 5,537	$ 5,114

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 March 31, 2018	December 31, 2017	March 31, 2017	Nature of relationship	Method of measurement
G.D. Development Corp.	Taiwan	50%	50%	50%	Joint venture	Equity method

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

Balance sheet

	G.D. Development Corp. March 31, 2018	December 31, 2017	March 31, 2017
Cash and cash equivalents	$ 79,004	$ 101,988	$ 13,137
Other current assets	331,564	11,483	128,935
Current assets	410,568	113,471	142,072
Non-current assets	907,415	1,031,074	815,405
Total assets	$ 1,317,983	$ 1,144,545	$ 957,477
Current financial liabilities	$ 19,540	$ 197,049	$ 20,601
Other current liabilities	309,946	51,160	66,634
Current liabilities	$ 329,486	$ 248,209	$ 87,235
Non-current liabilities	307,107	274,084	270,533
Total liabilities	636,593	522,293	357,768
Total net assets	$ 681,390	$ 622,252	$ 599,709
Share in joint venture's net assets	$ 340,695	$ 311,126	$ 299,855
Carrying amount of the joint venture	$ 340,683	$ 311,126	$ 299,843

Statement of comprehensive income

	G.D. Development Corp.	
	For the three-month periods ended March 31,	
	2018	2017
Revenue	$ 12,460	$ 9,076
Depreciation and amortisation	($ 5,376)	($ 3,714)
Interest income	$ 152	$ 367
Interest expense	($ 1,721)	($ 1,521)
Profit (loss) before income tax	13,291	(4,256)
Income tax expense	(1,551)	-
Profit (loss) for the period	11,740	(4,256)
Other comprehensive loss, net of tax	(7,602)	(19,165)
Total comprehensive income (loss)	$ 4,138	($ 23,421)

C. The Group holds 50% equity of the joint venture - G.D. Development Corp., the main activity of which is energy technology services.

D. The Board of Directors had resolved to invest in G.D. Development Corp., in March, 2018 and December, 2016. The Group invested in G.D. Development Corp., amounting to $27,500 and $89,474 in March, 2018 and February, 2017, respectively.

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

(8) Property, plant and equipment

	Machinery	Transportation	Others	Total
At January 1, 2018				
Cost	$ 87,542	$ 106,933	$ 7,505	$ 201,980
Accumulated depreciation	(52,406)	(73,254)	(3,076)	(128,736)
	$ 35,136	$ 33,679	$ 4,429	$ 73,244
Three-month period ended March 31, 2018				
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	$ 33,131	$ 32,422	$ 9,395	$ 74,948
At March 31, 2018				
Cost	$ 87,111	$ 107,616	$ 13,140	$ 207,867
Accumulated depreciation	(53,980)	(75,194)	(3,745)	(132,919)
	$ 33,131	$ 32,422	$ 9,395	$ 74,948

	Machinery	Transportation	Others	Total
At January 1, 2017				
Cost	$ 82,439	$ 99,240	$ 6,115	$ 187,794
Accumulated depreciation	(48,534)	(81,891)	(2,936)	(133,361)
	$ 33,905	$ 17,349	$ 3,179	$ 54,433
Three-month period ended March 31, 2017				
Opening net book amount	$ 33,905	$ 17,349	$ 3,179	$ 54,433
Additions	3,234	2,980	-	6,214
Depreciation charge	(2,612)	(1,070)	(312)	(3,994)
Net exchange differences	(206)	(38)	(17)	(261)
Closing net book amount	$ 34,321	$ 19,221	$ 2,850	$ 56,392
At March 31, 2017				
Cost	$ 85,240	$ 102,089	$ 6,040	$ 193,369
Accumulated depreciation	(50,919)	(82,868)	(3,190)	(136,977)
	$ 34,321	$ 19,221	$ 2,850	$ 56,392

(9) Other non-current assets

	March 31, 2018	December 31, 2017	March 31, 2017
Long-term accounts receivable	$ 2,615,714	$ 2,682,643	$ 2,875,592
Less:Current portion	(270,453)	(267,720)	(259,878)
	2,345,261	2,414,923	2,615,714
Long-term prepaid rents	41,803	43,297	47,779
Accrued recovery cost	22,016	24,091	23,769
Refundable deposits	10,316	12,916	11,661
Air pollution fee	54,267	54,267	-
Prepayments for business facilities	40,500	40,500	-
Restricted bank deposits	42,246	-	-
Others	5,864	2,193	4,142
	$ 2,562,273	$ 2,592,187	$ 2,703,065

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

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

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

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

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

B. Long-term prepaid rents are due to ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. obtaining the land-use right according to the "BOT". As of March 31, 2018, December 31, 2017 and March 31, 2017, ECOVE Wujih Energy Corp. needs to pay long-term prepaid rent amounting to \$23,544, \$24,461 and \$27,213, respectively. As of March 31, 2018, December 31, 2017 and March 31, 2017, ECOVE Miaoli Energy Corp. needs to pay long-term prepaid rent amounting to \$18,259, \$18,836 and \$20,566, respectively.

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

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

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

(10) Accounts payable

	March 31, 2018	December 31, 2017	March 31, 2017
Materials payable	$ 56,619	$ 54,641	$ 52,561
Sub-contract costs payable	24,273	57,627	24,639
Incinerator equipment costs payable	53,963	40,936	56,776
Maintenance costs payable	430,166	338,051	418,393
Others	130,489	128,432	102,880
	$ 695,510	$ 619,687	$ 655,249

(11) Other payables

	March 31, 2018	December 31, 2017	March 31, 2017
Accrued payroll	$ 158,625	$ 272,125	$ 132,912
Other payables	172,158	111,131	87,423
	$ 330,783	$ 383,256	$ 220,335

(12) Other current liabilities

	March 31, 2018	December 31, 2017	March 31, 2017
Other current liabilities			
Long-term liabilities-current portion	$ 176,000	$ 176,000	$ 176,000
Receipts in advance	19,807	36,605	39,617
	$ 195,807	$ 212,605	$ 215,617

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Financing amount	Actual spending	March 31, 2018 (Note 1)
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

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

Type of borrowings	Borrowing period and repayment term	Interest rate range	Financing amount	Actual spending	March 31, 2017 (Notes 1 and 2)
Mega International Commercial Bank secured loans	From November, 2010 to April, 2019, interest is calculated and paid monthly	1.3862%	$ 681,600	$681,600	$ 356,000
Less: Current portion					(176,000)
					$ 180,000

Note 1. Collateral: Secured by the assets and equity, including machineries and other equipment constructed or acquired, under the Miaoli County Government project of “Miaoli BOT Incinerator Build-operate plan”.

Note 2. 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%.

(14) Other non-current liabilities

	March 31, 2018	December 31, 2017	March 31, 2017
Net defined benefit liability	$ 36,309	$ 36,059	$ 28,497
Accrued recovery costs	90,990	92,034	105,223
Guaranteed deposits received	173,484	166,555	140,800
Others	32,063	32,073	24,762
	$ 332,846	$ 326,721	$ 299,282

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

(15) Pensions

A. Defined benefit pension plan

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

(b) The Group recognized pension expenses of $1,607 and $1,917 in the statement of comprehensive income for the three-month periods ended March 31, 2018 and 2017, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amounts to $5,709.

B. Defined contribution pension plan

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

Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for the three-month periods ended March 31, 2018 and 2017 were \$6,707 and \$6,247, respectively.

(c) SINOGAL-Waste Services Co., Ltd. has a funded defined contribution plan, covering all regular employees. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local government are based on employees' monthly salaries and wages. The pension costs under the defined contribution pension plan for the three-month periods ended March 31, 2018 and 2017, were \$1,953 and \$2,004, respectively.

(16) Share-based payment

A. For the three-month periods ended March 31, 2018 and 2017, the Group's share-based payment arrangements were as follows:

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

B. The above employee stock options are as follows:

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

	For the three-month periods ended March 31,			
	2018		2017	
Stock options	No. of units (in thousands)	Weighted-average exercise price (in dollars)	No. of units (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of period	3.00	NT$ 106.30	215.25	NT$ 106.30
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	-	-
Options exercised	-	-	(89.75)	106.30
Options revoked	-	-	-	-
Options outstanding at end of period	3.00	106.30	125.50	106.30
Options exercisable at end of period	3.00	106.30	125.50	106.30

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

	For the three-month periods ended March 31,					
	2018			2017		
Stock options	No. of units (in thousands)	Weighted-average exercise price (in dollars)		No. of units (in thousands)	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of period	298.25	NT$	103.00	435.25	NT$	110.00
Options granted	-		-	-		-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-		-	-		-
Options waived	-		-	-		-
Options exercised	(122.25)		103.00	(73.75)		110.00
Options revoked	-		-	-		-
Options outstanding at end of period	176.00		103.00	361.50		110.00
Options exercisable at end of period	176.00		103.00	361.50		110.00

C. The weighted-average stock price of stock options at exercise dates for the three-month periods ended March 31, 2018 and 2017 was NT$169.78 and NT$177.59 (in dollars), respectively.

D. As of March 31, 2018, December 31, 2017 and March 31, 2017, the range of exercise prices of stock options outstanding was NT$103.00~NT$106.30, NT$103.0~NT$110.0 and NT$106.3~NT$110.0 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	March 31, 2018	December 31, 2017	March 31, 2017
Fourth plan of employee stock options	-	-	0.25 year
Fifth plan of employee stock options	0.25 year	0.50 years	1.25 years

E. For the stock options granted after January 1, 2008, with compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The 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
Fourth plan of employee stock options	2011.6.17	NT$146.0	NT$146.0	38.65%	4.50 years	0%	1.05%	NT$ 48.82
Fifth plan of employee stock options	2012.6.28	NT$145.0	NT$145.0	33.63%	4.60 years	0%	1.00%	NT$ 42.79

Note: The Company had been officially listed in the OTC market on May 27, 2010 whose net value was measured at fair value before being listed in the OTC market and measured at market value after being listed in the OTC market.

(17) Share capital

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

	2018	2017
At January 1	66,810,648	66,461,398
Employee stock options exercised	122,250	163,500
At March 31	66,932,898	66,624,898

B. As of March 31, 2018, the Company's authorized capital was $800,000, consisting of 80,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was $669,329 with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

(18) Capital surplus

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

B. Changes in capital surplus are as follows:

	Share premium	Employee stock options	Others	Total
At January 1, 2018	$ 1,971,969	$ 188,747	$ 313	$ 2,161,029
Share-based payment transaction	-	63	-	63
Employee stock options exercised	14,260	(2,891)	-	11,369
At March 31, 2018	$ 1,986,229	$ 185,919	$ 313	$ 2,172,461
At January 1, 2017	$ 1,936,651	$ 189,886	$ 313	$ 2,126,850
Employee stock options exercised	16,766	(748)	-	16,018
At March 31, 2017	$ 1,953,417	$ 189,138	$ 313	$ 2,142,868

C. Please refer to Note 6(16) for detailed information about capital reserve from employee stock options.

(19) Retained earnings

As of March 31, 2018 and 2017, the Company's retained earnings are set forth below:

	2018	2107
At January 1	$ 1,359,148	$ 1,445,777
Effect of retrospective restatement	1,799	-
At January (revised)	1,360,947	1,445,777
Profit for the period	179,286	177,919
Impact of change in tax rate recognised in other comprehensive income	697	-
At March 31	$ 1,540,930	$ 1,623,696

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 imputation tax system requires that any undistributed current earnings of the Company are subject to an additional 10% corporate income tax if the earnings are not distributed in the following year.

F. The Company recognised dividends of $757,173 (NT$11.37 per share) in 2017. In addition, based on the Board of Directors' meeting in July 7, 2017, 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$11.37 per share to NT$11.33659144 per share.

G. The appropriation of 2016 and 2015 earnings had been resolved at the stockholders' meeting on June 26, 2017 and June 21, 2016, respectively.

Details are summarized below:

	2016	2015
Legal reserve	$ 84,809	$ 71,037
Cash dividends	757,173	639,352
Total	$ 841,982	$ 710,389

H. The appropriation of 2017 earnings had been proposed by Board of Directors during their meeting on March 8, 2018. Details are summarized below:

	2017	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 76,134	NT$ -
Special reserve	32,139	-
Cash dividends	647,313	9.69
Total	$ 755,586	NT$ 9.69

The appropriation of 2017 earnings has not been resolved at the stockholders' meeting as of April 30, 2018.

I. For information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6 (24).

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

K. The Company recognises the effect of the change in tax rate immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity amounting to $697.

(20) Operating revenue

	March 31, 2018
Revenue from contracts with customers	$ 1,188,112

A. Disaggregation of revenue from contracts with customers

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

For the three-month period ended March 31	Domestic	China	Australia	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	$ 957,423	$ 27,167	$ 203,522	$ 1,188,112
Timing of revenue recognition				
At a point in time	$ 957,423	$ 27,167	$ 203,522	$ 1,188,112

B. Contract assets and liabilities

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

	March 31, 2018
Contract liabilities:	
Contract liabilities – customer loyalty programmes	$ 264,079

(21) Other income

	For the three-month periods ended March 31,	
	2018	2017
Interest income:		
Interest income from bank deposits	$ 3,051	$ 2,907
Other interest income	634	1,395
Total interest income	3,685	4,302
Other income, others	3,120	1,638
	$ 6,805	$ 5,940

(22) Other gains and losses

	For the three-month periods ended March 31,	
	2018	2017
Losses on disposals of property, plant and equipment	($ 129)	$ -
Foreign exchange losses	(4,162)	(12,118)
Gains (losses) on financial assets at fair value through profit or loss	465	(271)
Miscellaneous disbursements	(3)	540
	($ 3,829)	($ 11,849)

(23) Expenses by nature

	For the three-month periods ended March 31,	
	2018	2017
Employee benefit expense	$ 272,381	$ 248,368
Depreciation charges on property, plant and equipment	5,501	3,994
Amortisation	3,399	3,291
Incinerator equipment costs	72,411	72,810
Material	197,115	140,416
Sub-contract costs	170,970	161,687
Insurances	11,872	8,611
Other expenses	162,393	140,287
	$ 896,042	$ 779,464

(24) Employee benefit expense

	For the three-month periods ended March 31,	
	2018	2017
Salaries	$ 232,492	$ 211,101
Labor and health insurance fees	14,556	14,799
Pension costs	10,267	10,168
Other personnel expenses	15,066	12,300
	$ 272,381	$ 248,368

A. As of March 31, 2018 and 2017, the Group had 909 and 889 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, 2018 and 2017, employees' compensation was accrued at $78 and $71, 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 the end 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 2017 as resolved by the meeting of Board of Directors were in agreement with those amounts recognised in the 2017 financial statements.

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

(25) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the three-month periods ended March 31,			
	2018		2017	
Current tax:				
Current tax on profits for the period	$	53,415	$	45,183
Deferred tax:				
Origination and reversal of temporary differences		4,774		1,937
Impact of change in tax rate		27,246		-
Foreign exchange adjustments		24		1,708
Income tax expense	$	85,459	$	48,828

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

	For the three-month periods ended March 31,			
	2018		2017	
Impact of change in tax rate	$	729	$	-

B. As of March 31, 2018, the Company's and its subsidiaries' income tax returns through 2016 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 in February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(26) Earnings per share

	For the three-month period ended March 31, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding shares (in thousands)	Earnings per share (in dollars)	
Basic earnings per share:				
Profit attributable to owners of the parent	$ 179,286	66,892	NT$	2.68
Diluted earnings per share:				
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	$ 179,286	66,963	NT$	2.68

	For the three-month period ended March 31, 2017			
	Amount after tax	Weighted average number of ordinary shares outstanding shares (in thousands)	Earnings per share (in dollars)	
Basic earnings per share:				
Profit attributable to owners of the parent	$ 177,919	66,566	NT$	2.67
Diluted earnings per share:				
Assumed conversion of all dilutive potential ordinary shares				
Employee stock options	-	188		
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 177,919	66,754	NT$	2.67

(27) Operating leases

A. The Group leases offices and dormitories under non-cancellable operating lease agreements. These leases have terms expiring between 1 year and 16 years. The Group recognised rental expenses of $9,823 and $8,891, for these leases for the three-month periods ended March 31, 2018 and 2017, respectively.

B. In order to build the refuse incineration plant, the Group obtained the land-use right amounting to $114,902. For the three-month periods ended March 31, 2018 and 2017, 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:

	March 31, 2018	December 31, 2017	March 31, 2017
Less than one year	$ 18,621	$ 23,256	$ 9,652
More than one year but not less than five years	16,628	18,723	9,502
More than five years	4,402	4,726	6,287
	$ 39,651	$ 46,705	$ 25,441

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 57.46% of the Company's shares. The remaining 42.54% of the shares are widely held by the public.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
CTCI Corp.	The ultimate parent
CTCI Chemical Corp.	Associates
CTCI Machinery Corp.	Associates
Resources Engineering Services Inc.	Associates
E&C Engineering Corp.	Associates
G.D. Development Corp.	Joint ventures

(3) Significant transactions and balances with related parties

A. Operating revenue

	For the three month periods ended March 31,	
	2018	2017
The ultimate parent	$ 14,797	$ 55,924

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

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

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

B. Purchases of goods and services

	For the three-month periods ended March 31, 2018	2017
The ultimate parent	$ 1,131	$ 909
Associates	46,446	37,127
	$ 47,577	$ 38,036

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

	March 31, 2018	December 31, 2017	March 31, 2017
The ultimate parent	$ 40,924	$ 8,122	$ 133,054

D. Period-end balances arising from purchases of services

	March 31, 2018	December 31, 2017	March 31, 2017
The ultimate parent	$ 5,379	$ 4,426	$ 5,722
Associates	39,352	23,656	31,368
	$ 44,731	$ 28,082	$ 37,090

E. Other receivables-related parties

(a) Reclassified from accounts receivable

	March 31, 2018	December 31, 2017	March 31, 2017
The ultimate parent	$ 23,530	$ 40,426	$ 18,563

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 365 days.

(b) Others

	March 31, 2018	December 31, 2017	March 31, 2017
Associates (Note)	$ 152	$ 196	$ 746
Joint ventures	4,486	7,213	4,398
	$ 4,638	$ 7,409	$ 5,144

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

	March 31, 2018	December 31, 2017	March 31, 2017
CTCI Corp.	$ 500,261	$ -	$ 437,301
Associates			
CTCI Machinery Corp.	-	7,006	85,073
Resources Engineering Services Inc.	-	-	78,067
E & C Engineering Corp.	7,006	7,006	85,073
Joint ventures	-	-	29,044
	$ 507,267	$ 14,012	$ 714,558

(b) Other income

	For the three-month periods ended March 31,	
	2018	2017
Interest income		
The ultimate parent (Note 1)	$ 610	$ 707
Associates (Note 2)	24	559
Joint ventures (Note 3)	-	129
	$ 634	$ 1,395
Personnel's transfer from related parties		
Joint ventures	$ 888	$ -

Note 1: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.81% and 0.81%~1.01% for the three-month periods ended March 31, 2018 and 2017, respectively.

Note 2: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.01% and 1.01% for the three-month periods ended March 31, 2018 and 2017, respectively.

Note 3: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.8% for the three-month periods ended March 31, 2017.

G. Other payables-related parties

(a) Operating expenses

	March 31, 2018	December 31, 2017	March 31, 2017
The ultimate parent	$ 1,696	$ 12,003	$ 700

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

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

	March 31, 2018	December 31, 2017	March 31, 2017
The ultimate parent (Note)	$ 51,709	$ 8,905	$ 938
Associates	-	-	7
	$ 51,709	$ 8,905	$ 945

Note: Including dividends payable.

H. Endorsements and guarantees for others

	March 31, 2018	December 31, 2017	March 31, 2017
Joint ventures	$ 554,412	$ 631,253	$ 649,418

(4) Key management compensation

	For the three-month periods ended March 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 10,267	$ 11,374
Post-employment benefits	231	53
Total	$ 10,498	$ 11,427

8. PLEDGED ASSETS

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

	Book value			
Assets	March 31, 2018	December 31, 2017	March 31, 2017	Purposes
Other current assets				
Restricted bank deposits	$ 10,000	$ 10,000	$ -	Guarantee for bid
Other non-current assets				
Restricted bank deposits	42,246	-	-	Performance guarance
Long-term prepaid rents- land-use right	18,260	18,836	20,566	Guarantee for long-term loans
Refundable deposits	10,316	12,916	11,661	Guarantee for rent, performance guarantee, tender bond and staff dormitory
	$ 80,822	$ 41,752	$ 32,227	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Notes 6(9), (13), (27), and 7(3)H, the significant commitments and contingent liabilities of the Group as of March 31 , 2018 were as follows:

(1) The subsidiaries had entered into lines of credit agreements with several banks for guarantee payments under various service contracts. The subsidiaries had either issued guarantee notes or promissory notes for amounts drawn down under the line of credit agreements. As of March 31, 2018, the total amount of guarantee notes and promissory notes issued amounted to $1,138,590.

(2) As of March 31, 2018, for contractual guarantee, performance guarantee and waste collection, the subsidiaries have a performance letter of guarantee issued by the bank amounting to $962,819.

(3) As of March 31, 2018, the subsidiaries had outstanding commitments for service contracts amounting to $97,034.

(4) As of March 31, 2018, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to $33,755.

(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 that reversed the Taiwan High Administrative Court's ruling and remanded the case to the Taiwan High Administrative Court and is currently awaiting judgement.

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) On November 1, 2017, the Board of Directors of the Company resolved to invest 90% equity in ECOVE Solvent Recycling Corp., and the Board of Directors of the Company resolved to participate in the capital increase. The celling of the investment is $36,900.

(2) On April 4, 2018, the Board of Directors of the Company resolved to issue 1,500 units of employee stock options. Each option could subscribe to 1,000 shares of common stock.

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, 2017.

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

	March 31, 2018	December 31, 2017	March 31, 2017
Total borrowings	$ 180,000	$ 180,000	$ 356,000
Total equity	$ 5,316,844	$ 5,230,882	$ 5,464,320
Gearing ratio	3%	3%	7%

(2) Financial instruments

A. Financial instruments by category

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets			
Financial assets measured at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 282,275	$ -	$ -
Financial assets held for trading	-	437,010	163,563
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	136,600	-	-
Qualifying debt instrument	27,827	-	-
Available-for-sale financial assets	-	136,852	135,122
Financial assets at cost	-	543	556
	$ 446,702	$ 574,405	$ 299,241

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:

	March 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 5,841	29.135	$ 170,178
JPY：NTD	14,499	0.274	3,973
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

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

	March 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 6,134	30.370	$ 186,290
JPY：NTD	4,136	0.271	1,121
MOP：NTD	35,135	3.803	133,618
Financial liabilities			
Monetary items			
MOP：NTD	3,764	3.803	14,314

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, 2018 and 2017 amounted to $1,915 and $11,910, respectively.

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

	For the three-month period ended March 31, 2018		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on equity
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：NTD	1.00%	$ 1,702	$ -
JPY：NTD	1.00%	40	-
CYN：NTD	1.00%	246	-
MOP：NTD	1.00%	1,724	-
Financial liabilities			
Monetary items			
MOP：NTD	1.00%	382	-

	For the three-month period ended March 31, 2017		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on equity
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：NTD	1.00%	$ 1,863	$ -
JPY：NTD	1.00%	11	-
MOP：NTD	1.00%	1,336	-
Financial liabilities			
Monetary items			
MOP：NTD	1.00%	143	-

Price risk

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

Cash flow and fair value interest rate risk

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

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.

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

(i) 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.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

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

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

	Without past due	Up to 30 days	Up to 60 days	Up to 120 days	Total
At March 31, 2018					
Expected loss rate	0%	0%	0%	0%	
Total book value	$ 765,215	$ 52,737	$ 39,650	$ 164,887	$ 1,022,489
Loss allowance	$ -	$ -	$ -	$ -	$ -

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

(c) Liquidity risk

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

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

Non-derivative financial liabilities March 31, 2018	Up to 1 year	Over 1 year
Accounts payable	$ 740,241	$ -
Other payables	382,492	-
Long-term borrowings (including current portion)	178,442	4,003
Other non-current liabilities	173,484	-

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

Non-derivative financial liabilities March 31, 2017	Up to 1 year	Over 1 year
Accounts payable	$ 692,339	$ -
Other payables	221,280	-
Long-term borrowings (including current portion)	178,444	182,708
Other non-current liabilities	140,800	-

(3) Fair value estimation

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

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

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

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

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

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

March 31, 2018	Book value	Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at fair value through profit or loss					
Equity securities	$ 282,275	$ 282,275	$ -	$ -	$ 282,275
Financial assets at fair value through other comprehensive income					
Equity securities	108,773	108,230	-	543	108,773
Debt securities	27,827	-	27,827	-	27,827
Total	$ 418,875	$ 390,505	$ 27,827	$ 543	$ 418,875

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

March 31, 2017	Book value	Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at fair value through profit or loss					
Equity securities	$ 163,563	$ 163,563	$ -	$ -	$ 163,563
Available-for-sale financial assets					
Equity securities	108,962	108,962	-	-	108,962
Bond securities	26,160	-	26,160	-	26,160
Total	$ 298,685	$ 272,525	$ 26,160	$ -	$ 298,685

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

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

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

E. For the three-month periods ended March 31, 2018 and 2017, there were no transfers between Level 1 and Level 2.

F. For the three-month periods ended March 31, 2018 and 2017, there were no input and output into Level 3.

G. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 543	Market comparable companies	Price to book ratio multiple, discount for lack of marketability		The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value:

(4) Effects on initial application of IFRS 9, 'Leases'

A. Summaries of adopting significant accounting policies in 2017:

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

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

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

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

(b) Available-for-sale financial assets

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

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

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

(c) Loans and receivables

Accounts receivable

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

(d) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(i) Financial assets at amortised cost

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

(ii) Financial assets at cost

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

(iii) Available-for-sale financial assets

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

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

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

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

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

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

Items	December 31, 2017	March 31, 2017
Current items:		
Financial assets held for trading		
Beneficiary certificates	$ 436,637	$ 163,614
Valuation adjustment	373	(51)
	$ 437,010	$ 163,563

The Group recognised net profit amounting to $271 on financial assets held for trading for the three-month period ended March 31, 2017.

(b) Available-for-sale financial assets

Items	December 31, 2017	March 31, 2017
Current items:		
Listed stocks	$ 143,111	$ 143,111
Bonds	30,394	30,394
Valuation adjustment	(36,653)	(38,383)
	$ 136,852	$ 135,122

i. The Group recognised $1,126 in other comprehensive loss for fair value change for the three-month period ended March 31, 2017.

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

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

	December 31, 2017 Book value/fair value	March 31, 2017 Book value/fair value
Listed stocks	$ 54,147	$ 53,925

(ii) The changes in fair value of the above listed stocks that were recognised in profit or loss and other comprehensive income were $0 and $1,709, respectively, for the three-month period ended March 31, 2017. And, the accumulated total changes in fair value of the above listed stocks that were recognised in profit or loss and other comprehensive (loss) income before January 1, 2017 were $0 and ($8,088), respectively.

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

	For the three-month period ended March 31, 2017
Listed stocks	$ 1,709

(c) Financial assets measured at cost

Items	December 31, 2017	March 31, 2017
TSC Venture Management, Inc.	$ -	$ 2,160
Teamwin Opto-Electronics Co., Ltd.	2,261	2,261
Eastern Pacific Energy Sdn.Bhd.	81	81
Accumulated impairment	(1,799)	(3,946)
	$ 543	$ 556

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

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

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

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

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

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

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

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

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

	March 31, 2017		
	Group 1	Group 2	Group 3
Notes receivable	$ -	$ -	$ 544
Accounts receivable	759,631	9,554	160,043
Accounts receivable-related parties	-	133,054	-
Other receivables	-	-	12,362
Other receivables-related parties	-	437,301	282,401
Long-term accounts receivables	2,615,714	-	-
	$ 3,375,345	$ 579,909	$ 455,350

Group 1: Government.

Group 2: Listed companies

Group 3: Others

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

	December 31, 2017	March 31, 2017
Other receivables-related parties		
Up to 30 days	$ 1,317	$ 3,232
31 to 90 days	23,958	5,259
91 to 180 days	6,094	4,799
Over 181 days	9,057	5,273
	$ 40,426	$ 18,563

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: None.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) General information

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

(2) Segmental income, assets and liabilities

The segmental financial information provided to the Chief Operating Decision-Maker is as follows:

	For the three-month periods ended March 31,	
	2018	2017
Revenue from external customers	$ 1,188,112	$ 1,058,881
Inter-segment revenue	366,894	355,553
Total segment revenue	$ 1,555,006	$ 1,414,434
Segment income	$ 292,070	$ 279,417
Depreciation	$ 5,501	$ 3,994
Amortisation	$ 3,399	$ 3,291

(3) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax is provided as follows:

	For the three-month periods ended March 31,	
	2018	2017
Adjusted EBITDA for reportable segment	$ 292,070	$ 279,417
Unrealized gain on financial instruments	(62)	(275)
Financial cost, net	(616)	(1,219)
Others	14,819	(1,895)
Income from continuing operations before income tax	$ 306,211	$ 276,028

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Loans to others
For the three-month period ended March 31, 2018

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the three-month period ended March 31, 2018 (Note 3)	Balance at March 31, 2018 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
0	ECOVE Environment Corp.	CTCI Corp.	Other receivables-related parties	Yes	$ 430,000	$ 430,000	$ 430,000	0.81%	2	$ -	For operational needs	$ -	-	$ -	$ 486,255	$ 1,945,021	-
1	ECOVE Waste Management Corp.	CTCI Corp.	"	"	14,000	7,000	-	-	"	"	"	"	"	"	11,283	45,131	-
1	"	CTCI Machinery Corp.	"	"	14,000	7,000	-	-	"	"	"	"	"	"	11,283	45,131	-
1	"	E&C Engineering Corp.	"	"	14,000	7,000	7,000	1.01%	"	"	"	"	"	"	11,283	45,131	-
2	ECOVE Environment Services Corp.	CTCI Corp.	"	"	140,000	70,000	70,000	0.81%	"	"	"	"	"	"	100,581	402,326	-
2	"	CTCI Machinery Corp.	"	"	140,000	70,000	-	-	"	"	"	"	"	"	100,581	402,326	-
2	"	E&C Engineering Corp.	"	"	140,000	70,000	-	-	"	"	"	"	"	"	100,581	402,326	-
2	"	Resources Engineering Services Inc.	"	"	140,000	70,000	-	-	"	"	"	"	"	"	100,581	402,326	-

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, 2018.

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

(1)The Business association is '1'.

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

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

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the three-month period ended March 31, 2018

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2018 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2018 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	ECOVE Environment Corp.	G.D. Development Corp.	6	$ 9,725,104	$ 631,253	$ 554,412	$ 503,931	$ -	11.40%	$ 14,587,656	N	N	N	-

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

(1)The Company is '0'.

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

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

(1)Having business relationship.

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

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

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

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

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

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

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

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

March 31, 2018

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

	Marketable securities (Note 1)		Relationship with		March 31, 2018				
Securities held by	Type	Name	the securities issuer (Note 2)	General ledger account	Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
ECOVE Environment Corp.	Fund	FSITC Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	237,471	$ 3,610	-	$ 3,615	-
"	"	Prudential Financial Money Market Fund	"	"	703,983	11,053	-	11,080	-
				Adjustment		32			
						$ 14,695		$ 14,695	
"	Common Stock	Taiwan Cement Corp.	"	Equity instruments at fair value through other comprehensive income- current	429,780	$ 16,671	-	$ 15,902	-
"	"	Gintech Energy Corp.	The Chairman of CTCI Corp. is the director	"	515,941	20,877	-	8,049	-
"	"	Teamwin Opto-Electronics Co., Ltd.	N/A	Equity instruments at fair value through other comprehensive income- non-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	-
				Adjustment		(15,396)			
						$ 24,494		$ 24,494	
ECOVE Wujih Energy Corp.	Fund	FSITC Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,406,653	$ 67,085	-	$ 67,085	-
"	"	Prudential Financial Money Market Fund	"	"	78,304	1,233	-	1,233	-
"	"	Eastspring Investments Well Pool Money Market Fund	"	"	1,185,015	16,003	-	16,003	-
"	Common Stock	Taiwan Cement Corp.	"	Equity instruments at fair value through other comprehensive income- current	432,280	15,994	-	15,994	-

Securities held by	Marketable securities (Note 1) Type	Name	Relationship with the securities issuer (Note 2)	General ledger account	March 31, 2018 Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
ECOVE Environment Services Corp.	Fund	Franklin Templeton Sinoam Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	8,773,602	$ 90,232	-	$ 90,232	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Equity instruments at fair value through other comprehensive income- current	1,028	49	-	49	-
"	"	Taiwan Cement Corp.	N/A	"	1,138,156	42,113	-	42,113	-
"	"	Gintech Energy Corp.	The Chairman of CTCI Corp. is the director	"	642,135	10,017	-	10,017	-
"	Bonds	BP capital PLC	N/A	"	6,000,000	27,827	-	27,827	Note 5
ECOVE Waste Management Corp.	Fund	Prudential Financial Money Market Fund	"	Financial assets at fair value through profit or loss-current	1,947,964	30,660	-	30,660	-
"	"	FSITC Taiwan Money Market Fund	"	"	2,663,717	40,551	-	40,551	-
"	Common Stock	Taiwan Cement Corp.	"	Equity instruments at fair value through other comprehensive income- current	435,310	16,106	-	16,106	-
ECOVE Miaoli Energy Corp.	Fund	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss-current	131,635	2,004	-	2,004	-
"	"	Prudential Financial Money Market Fund	"	"	203,990	3,211	-	3,211	-
"	"	Eastspring Investments Well Pool Money Market Fund	"	"	1,226,207	16,601	-	16,601	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39 'Financial instruments : recognition and measurement'.

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.

Note 5: The book value of bonds and funds are denominated in CNY.

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, 2018

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2018		Addition (Note 3)		Disposal (Note 3)				Balance as at March 31, 2018	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environmental Services Corp.	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profit or loss	-	-	18,013,095	$ 185,030	10,701,762	$ 110,000	19,941,255	$ 205,000	$ 204,879	$ 121	8,773,602	$ 90,151

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, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	Affiliate	(Operating revenue)	($ 133,078)	(16%)	30 days quarterly	No significant difference		$ 88,502	13%	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	133,078	49%	"	"		(88,502)	(52%)	-

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the three-month period ended March 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				
				General ledger account		Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	$	98,105	30 days quarterly	8.26%
2	ECOVE Environment Services Corp.	ECOVE Wujih Energy Corp.	"	Operating revenue		56,896	"	4.79%
2	"	ECOVE Miaoli Energy Corp.	"	"		36,243	"	3.05%
2	"	ECOVE Waste Management Corp.	"	"		133,078	"	11.20%
2	"	ECOVE Wujih Energy Corp.	3	Accounts receivable		94,985	"	1.26%
2	"	ECOVE Waste Management Corp.	"	"		88,502	"	1.17%

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, 2018

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at March 31, 2018: Number of shares	Shares held as at March 31, 2018: Ownership (%)	Shares held as at March 31, 2018: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2018	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2018	Footnote
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	$ 425,085	$ 425,085	29,400,000	98.00%	$ 1,298,417	$ 70,665	$ 66,252	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%	932,558	93,423	87,023	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%	112,828	11,541	11,541	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	1,012,483	1,012,483	56,249,000	74.999%	1,024,647	22,346	16,759	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%	23,514	29	17	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Island	Share holding and investment.	309,489	309,489	13,333,333	20.00%	293,243	7,474	374	An investee under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2018			Net profit (loss) of the investee for the three-month period ended March 31, 2018	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2018	Footnote
				Balance as at March 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	G.D. Development Corp.	Taiwan	Energy technology services etc.	$ 306,965	$ 279,465	30,531,145	49.998%	$ 340,683	$ 11,740	$ 5,870	An investee which has a 50% interest in a joint venture
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%	26,498	70,665	1,413	Affiliate
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.9048%	67,547	20,580	5,537	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	22,346	-	Affiliate
ECOVE Environment Services Corp.	G.D. Development Corp.	Taiwan	Energy technology services etc.	8	8	1,096	0.002%	12	11,740	-	Affiliate
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%	18,965	42,115	12,634	A subsidiary
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%	61	93,423	-	Affiliate
ECOVE Waste Management Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	18,000	18,000	1,800,000	40.00%	15,676	29	-	Affiliate

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the three-month period ended March 31, 2018

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the 'for the three-month period ended March 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2018	Net income of investee as of March 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2018 (Note 2)(2)B	Book value of investments in Mainland China as of March 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	$ 4,147	1	$ 4,147	$ -	$ -	$ 4,147	$ 1,760	93.16%	$ 1,640	$ 16,271	$ -	Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	$ 4,147	$ 4,147	$ 2,917,531

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3)Others

Note 2: In the 'Investment income (loss) recognised by the Company for the three-month period ended March 31, 2018 column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. Investment income (loss) of non-significant subsidiaries was recognized based on the reviewed financial statements.

C. Others.

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

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION 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, 2018

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at March 31, 2018	%	Balance at March 31, 2018	Purpose	Maximum balance during the three-month period ended March 31, 2018	Balance at March 31, 2018	Interest rate	Interest during the three-month period ended March 31, 2018	Others
ECOVE Environment Consulting Corp.	$ 16,725	2.06%	-	-	$ 37,102	5.61%	$ -	-	$ -	$ -	-	$ -	-