

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (THE AMOUNTS AS OF MARCH 31, 2017 AND 2016 ARE UNAUDITED)
MARCH 31, 2017, AND DECEMBER 31 AND MARCH 31, 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Assets | Notes | March 31, 2017 AMOUNT | December 31, 2016 AMOUNT | March 31, 2016 AMOUNT |
|------|---|-------|--------------------------|-----------------------------|--------------------------|
| | Current assets | | | | |
| 1100 | Cash and cash equivalents | \$ | 998,725 | \$ 962,826 | \$ 579,280 |
| 1110 | Financial assets at fair value | | | | |
| | through profit or loss - current | | 12,668 | 12,658 | 260,084 |
| 1150 | Notes receivable, net | | 40,070 | 57,669 | 54,856 |
| 1170 | Accounts receivable, net | | 221,618 | 240,832 | 228,490 |
| 1200 | Other receivables | | 12,108 | 10,164 | 717 |
| 130X | Inventory | | 30,866 | 27,092 | 51,969 |
| 1410 | Prepayments | | 32,151 | 40,119 | 24,878 |
| 1470 | Other current assets | | 23,267 | 29,922 | 56,740 |
| 11XX | Current Assets | | <u>1,371,473</u> | <u>1,381,282</u> | <u>1,257,014</u> |
| | Non-current assets | | | | |
| 1600 | Property, plant and equipment | | 1,498,938 | 1,460,218 | 1,346,599 |
| 1780 | Intangible assets | | 370,153 | 378,205 | 408,653 |
| 1840 | Deferred income tax assets | | 11,113 | 11,037 | 9,925 |
| 1900 | Other non-current assets | | 212,322 | 208,210 | 206,915 |
| 15XX | Non-current assets | | <u>2,092,526</u> | <u>2,057,670</u> | <u>1,972,092</u> |
| 1XXX | Total assets | \$ | <u>3,463,999</u> | <u>\$ 3,438,952</u> | <u>\$ 3,229,106</u> |
| | Liabilities and Equity | | | | |
| | Current liabilities | | | | |
| 2100 | Short-term borrowings | \$ | 76,500 | \$ 68,000 | \$ 10,000 |
| 2110 | Short-term notes and bills payable | | - | 20,992 | 42,960 |
| 2150 | Notes payable | | 50,656 | 72,191 | 44,701 |
| 2170 | Accounts payable | | 50,878 | 32,572 | 27,575 |
| 2200 | Other payables | | 185,542 | 227,258 | 164,108 |
| 2230 | Current income tax liabilities | | 109,235 | 81,107 | 104,145 |
| 2300 | Other current liabilities | | 214,163 | 264,616 | 206,680 |
| 21XX | Current Liabilities | | <u>686,974</u> | <u>766,736</u> | <u>600,169</u> |
| | Non-current liabilities | | | | |
| 2540 | Long-term borrowings | | 28,288 | 33,707 | 46,606 |
| 2550 | Provisions – non current | | 11,741 | 11,049 | 8,264 |
| 2570 | Deferred income tax liabilities | | 30,125 | 30,521 | 24,381 |
| 2600 | Other non-current liabilities | | 153,354 | 152,078 | 152,070 |
| 25XX | Total non-current liabilities | | <u>223,508</u> | <u>227,355</u> | <u>231,321</u> |
| 2XXX | Total Liabilities | | <u>910,482</u> | <u>994,091</u> | <u>831,490</u> |
| | Equity attributable to owners of parent | | | | |
| | Share capital | | | | |
| 3110 | Ordinary Share | | 1,115,000 | 1,115,000 | 1,115,000 |
| | Capital surplus | | | | |
| 3200 | Capital surplus | | 452,500 | 452,500 | 452,500 |
| | Retained earnings | | | | |
| 3310 | Legal reserve | | 134,971 | 134,971 | 83,616 |
| 3350 | Unappropriated retained earnings | | 907,282 | 757,249 | 728,520 |
| | Other equity interest | | | | |
| 3400 | Other equity interest | (| <u>56,236</u>) | <u>(14,859)</u> | <u>17,980</u> |
| 3XXX | Total equity | | <u>2,553,517</u> | <u>2,444,861</u> | <u>2,397,616</u> |
| | Significant contingent liabilities and unrecognised contract commitments | | | | |
| 3X2X | Total liabilities and equity | \$ | <u>3,463,999</u> | <u>\$ 3,438,952</u> | <u>\$ 3,229,106</u> |

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

| Items | Notes | Three months ended March 31 | |
|---|-------|-----------------------------|-------------------|
| | | 2017 AMOUNT | 2016 AMOUNT |
| 4000 Operating revenue | | \$ 430,579 | \$ 455,419 |
| 5000 Operating costs | | (171,281) | (196,175) |
| 5900 Gross profit | | <u>259,298</u> | <u>259,244</u> |
| Operating expenses | | | |
| 6100 Selling expenses | | (12,224) | (12,036) |
| 6200 General & administrative expenses | | (64,292) | (60,434) |
| 6000 Total operating expenses | | (76,516) | (72,470) |
| 6900 Operating profit | | <u>182,782</u> | <u>186,774</u> |
| Non-operating income and expenses | | | |
| 7010 Other income | | 4,756 | 2,686 |
| 7020 Other gains and losses | | (5,469) | (3,956) |
| 7050 Finance costs | | (734) | (923) |
| 7000 Total non-operating revenue and expenses | | (1,447) | (2,193) |
| 7900 Profit before income tax | | <u>181,335</u> | <u>184,581</u> |
| 7950 Income tax expense | | (31,302) | (42,151) |
| 8200 Profit for the period | | <u>\$ 150,033</u> | <u>\$ 142,430</u> |
| Other comprehensive income, net | | | |
| Components of other comprehensive income that will be reclassified to profit or loss | | | |
| 8361 Exchange differences on translation | | (41,377) | (2,270) |
| 8500 Total comprehensive income | | <u>\$ 108,656</u> | <u>\$ 140,160</u> |
| Profit, attributable to: | | | |
| 8610 Owners of the parent | | <u>\$ 150,033</u> | <u>\$ 142,430</u> |
| Comprehensive income attributable to: | | | |
| 8710 Owners of the parent | | <u>\$ 108,656</u> | <u>\$ 140,160</u> |
| Basic earnings per share | | | |
| 9750 Profit for the period | | <u>\$ 1.35</u> | <u>\$ 1.28</u> |
| Diluted earnings per share | | | |
| 9850 Total diluted earnings per share | | <u>\$ 1.34</u> | <u>\$ 1.28</u> |

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Equity attributable to owners of the parent | | | | | |
|---|---|---|-------------------|--|--|---------------------|
| | | | Retained Earnings | | | |
| | Ordinary share | Capital surplus, additional paid-in capital | Legal reserve | Total unappropriated retained earnings (accumulated deficit) | Financial statements translation differences of foreign operations | Total |
| <u>For the three months ended March 31,2016</u> | | | | | | |
| Balance at January 1, 2016 | \$ 1,115,000 | \$ 452,500 | \$ 83,616 | \$ 586,090 | \$ 20,250 | \$ 2,257,456 |
| Profit for the period | - | - | - | 142,430 | - | 142,430 |
| Other comprehensive income for the period | - | - | - | - | (2,270) | (2,270) |
| Balance at March 31, 2016 | <u>\$ 1,115,000</u> | <u>\$ 452,500</u> | <u>\$ 83,616</u> | <u>\$ 728,520</u> | <u>\$ 17,980</u> | <u>\$ 2,397,616</u> |
| <u>For the three months ended March 31,2017</u> | | | | | | |
| Balance at January 1, 2017 | \$ 1,115,000 | \$ 452,500 | \$ 134,971 | \$ 757,249 | (\$ 14,859) | \$ 2,444,861 |
| Profit for the period | - | - | - | 150,033 | - | 150,033 |
| Other comprehensive income for the period | - | - | - | - | (41,377) | (41,377) |
| Balance at March 31, 2017 | <u>\$ 1,115,000</u> | <u>\$ 452,500</u> | <u>\$ 134,971</u> | <u>\$ 907,282</u> | <u>(\$ 56,236)</u> | <u>\$ 2,553,517</u> |

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | <u>Notes</u> | <u>2017</u> | <u>2016</u> |
|--|--------------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Consolidated profit before tax for the period | | \$ 181,335 | \$ 184,581 |
| Adjustments to reconcile profit (loss) before tax to net cash provided by (used in) operating activities | | | |
| Income and expenses having no effect on cash flows | | | |
| Net gain on financial assets and liabilities at fair value through profit or loss | | (10) | (262) |
| Provision(reversal of provision) for bad debt expense | | 23 | (150) |
| Loss(gain) on disposal of property, plant and equipment | | 128 | (16) |
| Depreciation expense | | 35,202 | 35,474 |
| Amortization expense | | 12,977 | 11,891 |
| Interest revenue | | (1,163) | (1,391) |
| Interest expense | | 734 | 923 |
| Long-term prepaid rents transferred to expenses | | 534 | 528 |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Financial assets held for trading | | - | 1,507 |
| Notes and accounts receivable | | 36,790 | (11,504) |
| Other receivables | | (1,989) | 151 |
| Inventories | | (3,774) | 3,449 |
| Prepayments | | 7,968 | (3,288) |
| Other current assets | | 3,212 | 4 |
| Other financial assets-current | | - | (12,225) |
| Net changes in liabilities relating to operating activities | | | |
| Notes and accounts payable | | 6,404 | 11,964 |
| Other payable | | (48,995) | (29,406) |
| Receipts in advance | | 22,581 | (30,299) |
| Other currents liabilities | | 6,043 | (6,354) |
| Provision for decommissioning | | 692 | 822 |
| Deferred income | | (667) | (991) |
| Accrued pension liabilities | | (817) | (538) |
| Cash generated from operations | | 257,208 | 154,870 |
| Interest received | | 1,189 | 1,560 |
| Interest paid | | (761) | (981) |
| Income tax paid | | (3,472) | (452) |
| Net cash provided by operating activities | | <u>254,164</u> | <u>154,997</u> |

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SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | <u>Notes</u> | <u>2017</u> | <u>2016</u> |
|--|--------------|--------------------|-------------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of property, plant and equipment | | (\$ 84,921) | (\$ 25,352) |
| Proceeds from disposal of property, plant and equipment | | 175 | 186 |
| Decrease in restricted assets | | 2,854 | 1,979 |
| Increase in other non-current assets | | (19,296) | (11,732) |
| Decrease in refundable deposits | | 1,123 | 1,641 |
| Increase in deferred expense | | <u>-</u> | (<u>3,363</u>) |
| Net cash used in investing activities | | (<u>100,065</u>) | (<u>36,641</u>) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Decrease in short-term borrowings | | (50,000) | - |
| Increase in short-term borrowings | | 58,500 | 4,000 |
| Decrease in short-term notes and bills payable | | (20,992) | (1) |
| Repayments of long-term debt | | (83,051) | (20,276) |
| Increase(decrease) in guarantee deposits received | | <u>4,818</u> | (<u>3,837</u>) |
| Net cash used in financing activities | | (<u>90,725</u>) | (<u>20,114</u>) |
| Effect of exchange rate changes on cash and cash equivalents | | (<u>27,475</u>) | (<u>1,783</u>) |
| Net Increase in cash and cash equivalents | | 35,899 | 96,459 |
| Cash and cash equivalents at beginning of period | | <u>962,826</u> | <u>482,821</u> |
| Cash and cash equivalents at end of period | | <u>\$ 998,725</u> | <u>\$ 579,280</u> |