

Stock code:6771

 Ping Ho Environmental
Technology Co., Ltd.

Annual Report 2025

Publication Date: March 31, 2026

**The website designated by the Financial Supervisory Commission for
information reporting: <https://mops.twse.com.tw>**

**The website for disclosing company annual report-related information:
<https://www.pinghounion.com.tw>**

Spokesperson:

Name: Yi-Sheng Chen

Title: Assistant Vice President of Management Department

Tel.: (07) 623-3690

E-mail:sam.ph@pinghounion.com.tw

Deputy Spokesperson:

Name: Ching-Yi Liu

Title: Assistant Manager of Management Department

Tel.: (07) 623-3690

E-mail:tina.ph@pinghounion.com.tw

Headquarter, Branch, Factory Address and Telephone Number

Headquarter and Factory:

Address: No.6, Bengong Rd., Gangshan Dist., Kaohsiung City

Tel.: (07) 623-3690

Branch: None.

Name of the Stock Transfer Agent, Address, Website, and Telephone Number

Name of the Agency: Stock affairs agent department of Grand Fortune Securities Co., Ltd.

Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City

Website: <http://www.gfortune.com.tw>

Tel.: (02) 2371-1658

Certified Public Accountant

Name of CPAs: CPA Kuo-Sen Hung, CPA Cheng-Chu Chen

Accounting Firm: Ernst & Young Taiwan

Address: 17F., No. 2, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City 80052

Website: https://www.ey.com/zh_tw

Tel.: (07) 238-0011

Name of the overseas securities trading platform and the procedure for accessing information: None.

Company Website: <https://www.pinghounion.com.tw/>

Table of Contents

	Pages
Chapter 1: <u>Letter to Shareholders</u>	1
Chapter 2: <u>Corporate Governance Report</u>	4
I. Information of Directors, Supervisors, President, Vice President, Assistant Vice President, and Management Team from each department and branches	4
II. Remuneration to the Directors, Supervisors, President, and Vice President in the most recent year	14
III. Implementation of Corporate Governance	21
IV. Information on CPA Fee	88
V. Information on the Replacement of CPA	88
VI. Where the company's Chairperson, President, or any Managerial Officer in charge of finance or accounting matters has held a position at the accounting firm of its certified public accountant or at an affiliated enterprises of such accounting firm in the most recent year, their name, title, and the duration of their employment at the accounting firm or its affiliated enterprises should be disclosed	88
VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	89
VIII. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another	90
IX. The shares held in the same invested company by the company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company are combined to calculate the comprehensive shareholding ratio	92
Chapter 3: <u>Fundraising Overview</u>	93
I. Capital and Shares	93
II. Status of Corporate Bonds	98
III. Status of Preferred Stock	100
IV. Status of Global Depositary Receipt	100
V. Status of Employee Stock Warrants	100
VI. Status of Restricted Stock Awards	100

	VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions	100
	VIII. Status of Financing Plans and Implementation	100
Chapter 4:	<u>Operational Highlights</u>	101
	I. Business Activities	101
	II. Market and Sales Overview	123
	III. The information of employees employed for the two most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report.	135
	IV. Environmental Protection Expenditure	135
	V. Labor Relations	135
	VI. Cyber Security Management	137
	VII. Important Contracts	138
Chapter 5:	<u>Review of Financial Conditions, Financial Performance, and Risk Management</u>	139
	I. Financial Conditions	139
	II. Financial Performance	140
	III. Analysis of Cash Flow	141
	IV. The effect upon financial operations of any major capital expenditures during the most recent year	141
	V. Investment Policy and Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year	142
	VI. The Analysis of Risk Management should evaluate the following matters for the most recent year and up to the date of the annual report printing	143
	VII. Other Important Matters	148
Chapter 6:	<u>Special Disclosure</u>	149
	I. Information of Affiliated Enterprise	149
	II. Private Placement Securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	149
	III. Other matters that require additional description	149
Chapter 7:	<u>According to Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities</u>	149

Chapter 1: Letter to Shareholders

Dear Shareholders:

In 2025, although the U.S. reciprocal tariff policies and significant exchange rate fluctuations had no direct impact on the Company, the effects on traditional industry export market clients eventually deepened in the second half of 2025. Consequently, the Company's wastewater treatment volume also experienced an impact, resulting in a slight decline in both wastewater treatment volume and revenue for the year. This led to a slight decrease in net profit in 2025 compared to 2024.

Looking ahead to 2026, despite ongoing global risks such as trade protectionism, climate change, and geopolitical tensions, the growth potential driven by innovation from emerging technologies and net-zero transition circular economy opportunities offers grounds for cautious optimism. For the Company, changes in end-market demand may impact customer production activities, and in turn, influence the volume of influent water received. The Company will continue to closely monitor customer developments and adjust strategies accordingly.

As Taiwan faces a rapid increase in various types of waste, the development of a circular economy has become an urgent and important priority. In response, the Company will not only continue to advance wastewater treatment technologies but also actively pursue expansion or investment in other project opportunities while exploring the commercialization potential of circular economy solutions.

Lastly, we extend our sincere gratitude to all shareholders and partners for their ongoing support and encouragement. Looking ahead, the Company will approach forthcoming challenges with a more proactive and rigorous stance to fulfill the expectations of our shareholders.

I. 2025 Annual Business Report

(I) The implementation results of the business plan:

The consolidated operating revenue of the company was 618,026 thousand dollars, with a consolidated operating net profit of 157,883 thousand dollars in 2025. The net profit after tax attributable to the Company was 113,344 thousand dollars, resulting in an EPS of \$3.64.

(II) Status of Budget Implementation:

The Company did not publish financial forecasts for 2025, hence the application of budget attainment is not applicable.

(III) Analysis of Financial Stability and Profitability:

Unit: In Thousands of New Taiwan Dollars

Item		2024	2025	
Financial Income and Expenses	Revenue	635,001	618,026	
	Gross Profit	292,983	290,041	
	Operating Income	162,416	157,883	
Profitability	Return on Assets (%)	9%	9%	
	Return on Equity (%)	15%	13%	
	Paid-in capital Ratio (%)	Operating Profits	52%	51%
		Income Before Tax	48%	46%
	Net Profit Margin (%)	19%	18%	
Earnings per share (NTD)		3.89	3.64	

(IV) Status of Research and Development:

Employing SBR for organic pollutant removal in wastewater: Cultivating appropriate microorganisms to decompose residual organics post-chemical coagulation. These microorganisms are subsequently introduced into the SBR for testing purposes. This method facilitates the acquisition of parameters and processes for SBR input throughout plant operation, leading to enhanced wastewater treatment efficiency and reduced operating costs.

II. Business Plan for 2026

(I) Business objectives:

The growing environmental crises worldwide and in Taiwan are having an increasingly noticeable impact on our daily lives. As a result, there has been a gradual shift away from the traditional emphasis of businesses solely prioritizing profit. The level of the Company's dedication and participation in Environmental, Social, and Governance (ESG) initiatives, along with other corporate social responsibilities, demonstrate its operational values to some degree. The Company is committed not only to advancing in the environmental protection sector but also to integrating upstream and downstream industries and organizing resource recycling, all in line with its development policy of "Integrity, Pragmatism, Sustainability." Furthermore, besides emphasizing environmental protection, the company will actively enhance corporate governance and fulfill corporate social responsibility to enhance higher shareholder value.

(II) The Company's Operational Management Strategy:

1. Consistently monitor the quality of customer water and diligently enforce process controls to ensure to regulatory standards for discharged water.
2. Visit clients periodically to understand their needs, enabling us to stay informed about industry changes and take responsive measures.

3. Enhance technological development and application to broaden the scope and diversity of customer industries.

(III) Status of Sales Forecast Plan:

The Company's sales are primarily influenced by broader economic conditions, environmental protection regulations, and changes in customer industries, with a focus on export-oriented sectors. In recent years, the Company has proactively diversified into various industry sectors, including metal surface treatment, chemicals, textiles, electronics, biotechnology and medicine...etc. We will actively pursue new projects to sustain growth momentum in our operations.

(IV) The future corporate development strategy is influenced by the external competitive, regulatory, and overall operating environments:

1. The Future Corporate Development Strategy:
 - (1) Promote resource reuse to establish mutually beneficial partnerships with customers, emphasizing environmental sustainability.
 - (2) Keep abreast of environmental regulations and industry trends, while engaging into technical applications and developments to seize market opportunities.
 - (3) Proactively evaluate the feasibility of integrating and investing in related industries to create future growth momentum for the group.
2. Influenced by the external competitive environment, regulatory framework, and overall business climate:

The operational status of the Company is easily affected by the economic cycles of our customers' industries. Hence, we have gradually expanded our customer base to encompass diverse industries, mitigating the impact of any single sector on our operational stability.

Best wishes to all shareholders

Wishing you good health and success in all endeavors

Chairman: Ming-Yang Wu

Chapter 2: Corporate Governance Report

I. Information of Directors, Supervisors, President, Vice President, Assistant Vice President, and Management Team from each department and branches

(I) Directors and Supervisors information

Unit: shares; March 29, 2026

Position (Note 1)	Nationality or Place of Incorporation	Name	Gender Age (Note 2)	Elected Date	Term	Date of First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Currently holding positions in the Company and other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relations hip	
Chairperson	Republic of China	Ming-Yang Wu	Male 61-70 years old	2025.06.25	3 years	2015.11.03	2,101,172	6.74%	2,101,172	6.74%	0	0%	0	0%	TsauGung Elementary School Honorary President of the Kaohsiung City New Chamber of Commerce	Chairman of Ping Ho Materials Technology Co., Ltd. Chairman of Walter Express Co., Ltd. Supervisor of Kaohsiung International Economy Co., Ltd.	Assistant Manager of the Technology Division	Hui-Kuo Wu	Father and son	None
Director and CEO	Republic of China	Ming-Jen Hung	Male 61-70 years old	2025.06.25	3 years	2019.05.29	1,268,420	4.07%	1,268,420	4.07%	578,637	1.86%	420,000	1.35%	Bachelor's degree of Design Marketing at TungFang Design University President of Feng Jia Industrial Co., Ltd. President of Ching Jin Industrial Co., Ltd. President of Wan Jing Industrial Co., Ltd.	Chairman of Feng Jia Industrial Co., Ltd. Chairman of Ching Jin Industrial Co., Ltd. Chairman of Wan Jing Industrial Co., Ltd. Chairman of Feng Jia Construction Co., Ltd. Chairman of Ren Xiang Investment consulting Co., Ltd. President of Ping Ho Materials Technology Co., Ltd.	None	None	None	None
Director	Republic of China	Ming- Cheng Chung	Male 51-60 years old	2025.06.25	3 years	2019.08.30	589,680	1.89%	589,680	1.89%	0	0%	0	0%	Yung-Ta Institute of Technology & Commerce Director of Dah Chuan Steel Pipe Corp.	Director of Dah Chuan Steel Pipe Corp. Director of Great River Steel Corp. Director of Cai Sheng Investment Corp. Director of Yong Chuan Brick and Tile Corp. Supervisor of Chung Yuan- Heng Steel Corp.	None	None	None	None
Director	Republic of China	Chin-Lan Huang	Female 51-60 years old	2025.06.25	3 years	2023.11.03	211,450	0.68%	211,450	0.68%	0	0%	0	0%	Associate Degree of Early Childhood Education, National Pingtung University of Education Director of Cheng Yi Steel Co., Ltd. Director of Universal Inspection Technology Co., Ltd.	None	None	None	None	None

Position (Note 1)	Nationality or Place of Incorporation	Name	Gender Age (Note 2)	Elected Date	Term	Date of First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Currently holding positions in the Company and other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relations hip	
Independent director	Republic of China	Chi-Shan Hung	Male 71-80 years old	2025.06.25	3 years	2020.03.03	0	0%	0	0%	0	0%	0	0%	Master's degree of Laws at National Cheng Kung University Consultant of Kaohsiung Certified Public Accountants Association Commissioner of National Taxation Bureau of Kaohsiung, Ministry of Finance Commissioner of National Taxation Bureau of the Southern Area, Ministry of Finance Deputy Director-general of National Taxation Bureau of the Northern Area, Ministry of Finance	Independent Director of Hua Yu Lien Development Co., Ltd. Director of Flexium Interconnect Inc. Independent Director of Nan Liu Enterprise Co., Ltd. Independent Director of Sunonwealth Electric Machine Industry Co., Ltd.	None	None	None	None
Independent director	Republic of China	Tao-Min Chen	Male 71-80 years old	2025.06.25	3 years	2022.06.15	0	0%	0	0%	0	0%	0	0%	Bachelor's degree of Business Administration at Fu Jen Catholic University Deputy Director of Investigation Bureau, Ministry of Justice Section Chief of Investigation Bureau, Ministry of Justice Senior Executive Officer of Investigation Bureau, Ministry of Justice Deputy Secretary-general of Kaohsiung City Council	None	None	None	None	None
Independent director	Republic of China	Tai-Long Chin	Male 61-70 years old	2025.06.25	3 years	2025.06.25	0	0%	0	0%	0	0%	0	0%	Master's degree at the Institute of Management, I-Shou University Part-time Lecturer at Cheng Shiu University Research Officer of Investigation Bureau, Ministry of Justice Director of Investigation Bureau, Ministry of Justice Director of the Kaohsiung City Field Division	None	None	None	None	None
Independent director (Note A)	Republic of China	Jun-An Chang	Male 61-70 years old	2022.06.15	3 years	2022.06.15	0	0%	0	0%	0	0%	0	0%	Master's degree of Chemical Engineering at University of Massachusetts Boston in the USA Engineer of Jun An Environmental Engineering Technician Office	Engineer of Jun An Environmental Engineering Technician Office Chairman of Ace Carbon Reduction Tech Co., Ltd.	None	None	None	None

Note A: Independent Director Jun-An Chang's term ended on June 25, 2025.

Note 1: Corporate shareholders should list the names of the corporate shareholders and the representatives separately (for those representing corporate shareholders, the name of the corporate shareholder should be noted) and fill in Table 1 below.

Note 2: Please provide the actual age, which can be expressed in ranges, such as 41-50 years old or 51-60 years old.

Note 3: Please fill in the date when you first assumed the position as a director or supervisor of the Company. If there are any interruptions, please provide an explanation in the Notes section.

Note 4: Experience relevant to the current position should be outlined, including any titles and responsibilities held at audit accounting firms or affiliated enterprises during the aforementioned period.

Note 5: If the Chairman and President (or equivalent senior executive) of the Company are the same person, spouses, or first-degree relatives, it is necessary to explain the reasons, rationality, necessity, and countermeasures (include increasing the number of seats for Independent Directors, ensuring that over half of the Directors do not also hold employee or manager positions), and providing other relevant information.

Table 1: Major shareholders of the institutional shareholders

March 29, 2026

Name of Institutional Shareholders (Note 1)	Major shareholders of the institutional shareholders (Note 2)
Not applicable.	Not applicable.

Note 1: For directors and supervisors acting as the representatives of institutional shareholders, this section shall indicate the names of the institutional shareholders.

Note 2: List the names and shareholding percentages of the top ten shareholders of the corporate shareholders. If the major shareholder is an institution, Table 2 should be completed.

Note 3: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders that should be disclosed are the names of people (referred to the official notice from the Judicial Yuan) who contributed or donated the capital and the ratio of their contribution or donation. If the donor has passed away, add a note "deceased".

Table 2: Table 1: Major shareholders are institutions.

March 29, 2026

Name of Institutional (Note 1)	Major shareholders of the institutional (Note 2)
Not applicable.	Not applicable.

Note 1: As shown in Table 1, if the major shareholder is an institution, the name should be filled in.

Note 2: List the names and shareholding percentages of the top ten shareholders of the entity.

Note 3: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders that should be disclosed are the names of people (referred to the official notice from the Judicial Yuan) who contributed or donated the capital and the ratio of their contribution or donation. If the donor has passed away, add a note "deceased".

(I) Directors and Supervisors information (continued)

1. Professional qualifications analysis of directors and supervisors and independence of independent directors:

March 31, 2026

Qualification Name	Professional Qualifications and Experience (Note 1)	Independence Criteria (Note 2)	Number of concurrent independent directorships at other publicly listed companies
Chairperson Ming-Yang Wu	The current Chairman of Ping Ho Materials Technology Co., Ltd. and Chairman of Walter Express Co., Ltd., has previously served as the President of the Kaohsiung City New Chamber of Commerce. Possessing extensive work experience essential for company operations, including business acumen and management skills, he is a professional in leadership, operational management, and strategic planning. There is no circumstance outlined in Article 30 of the Company Law.	Non-Independent Director - Not applicable.	0
Director Ming-Jen Hung	Also holding the position of CEO in the Company. He brings over a decade of hands-on experience in both the environmental protection sector and corporate management. Specializing in market strategy, business development, and well-versed in the current landscape of the industry, contributing to the formulation of comprehensive operational strategies. There is no circumstance outlined in Article 30 of the Company Law.	Non-Independent Director - Not applicable.	0
Director Ming- Cheng Chung	Currently serving as a Director of Dah Chuan Steel Pipe Corp. and Great River Steel Corp., demonstrating abilities in business and corporate governance. There is no circumstance outlined in Article 30 of the Company Law.	Non-Independent Director - Not applicable.	0
Director Chin-Lan Huang	Served as a Director of Cheng Yi Steel Co., Ltd. and Universal Inspection Technology Co., Ltd., demonstrating strong business and corporate governance capabilities. There is no circumstance outlined in Article 30 of the Company Law.	Non-Independent Director - Not applicable.	0

Qualification Name	Professional Qualifications and Experience (Note 1)	Independence Criteria (Note 2)	Number of concurrent independent directorships at other publicly listed companies
Independent director Chi-Shan Hung	Serving as the convener of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee for the Company, an Independent Director for Hua Yu Lien Development Co., Ltd., a Director for Flexium Interconnect Inc., an Independent Director of Nan Liu Enterprise Co., Ltd., and an Independent Director of Sunonwealth Electric Machine Industry Co., Ltd. Previously served as the Commissioner of National Taxation Bureau of Kaohsiung, Ministry of Finance and a Consultant of Kaohsiung Certified Public Accountants Association. With over five years of experience in finance, accounting, and the required business operations, specializing in financial and accounting affairs. There is no circumstance outlined in Article 30 of the Company Law.	As an Independent Director, he meets the criteria for independence, including but not limited to, neither himself, his spouse, nor any immediate family member up to the second degree of kinship has served as a Director, supervisor, or employee of the Company or its affiliated enterprises. He doesn't hold any shares of the Company nor served as a Director, supervisor, or employee of a company that has a specific relationship with the Company. He has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.	3
Independent director Tao-Min Chen	Served as a member of the Audit Committee, Remuneration Committee, and Nomination Committee for the Company, and has previously held positions as a Senior Executive Officer of Investigation Bureau, Ministry of Justice, with over five years of experience in business, legal affairs, and company operations necessary for the role, capable of providing timely professional legal opinions for the Company. There is no circumstance outlined in Article 30 of the Company Law.	As an Independent Director, he meets the criteria for independence, including but not limited to, neither himself, his spouse, nor any immediate family member up to the second degree of kinship has served as a Director, supervisor, or employee of the Company or its affiliated enterprises. He doesn't hold any shares of the Company nor served as a Director, supervisor, or employee of a company that has a specific relationship with the Company. He has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.	0

Qualification Name	Professional Qualifications and Experience (Note 1)	Independence Criteria (Note 2)	Number of concurrent independent directorships at other publicly listed companies
Independent director Tai-Long Chin	Serving as a member of the Audit Committee and Remuneration Committee for the Company, and a Part-time Lecturer at Cheng Shiu University. Previously held positions as Director of Investigation Bureau, Ministry of Justice, and Director of the Kaohsiung City Field Division. With over five years of experience in business, legal affairs, and company operations necessary for the role, capable of providing timely professional opinions on R&D and process technology for the Company. There is no circumstance outlined in Article 30 of the Company Law.	As an Independent Director, he meets the criteria for independence, including but not limited to, neither himself, his spouse, nor any immediate family member up to the second degree of kinship has served as a Director, supervisor, or employee of the Company or its affiliated enterprises. He doesn't hold any shares of the Company nor served as a Director, supervisor, or employee of a company that has a specific relationship with the Company. He has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.	0

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

The Company's directors bring expertise from various fields such as industry, finance, and management. To achieve optimal corporate governance, Article 20 of the "Corporate Governance Best Practice Principles" outlines two main standards that the Company's operations, business model, and development should adhere to:

- A. Basic Qualification and Values: Gender, age, nationality, and culture, among others.
- B. Professional Knowledge and Skills: Professional background (e.g., Law, Accounting, Industry, Finance, Marketing, or Technology), professional skills, and industry experience, among others.

In addition to the aforementioned criteria, members of the Board of Directors should generally possess the knowledge, skills, and professional acumen necessary to carry out their duties. To achieve the ideal goal of corporate governance, the Board of Directors should collectively possess the following capabilities:

- A. Operational Judgment Capability.
- B. Accounting And Financial Analysis Capability.
- C. Management Capability.
- D. Crisis Management Capability.

- E. Industry Knowledge.
- F. International Market Insight.
- G. Leadership Capability.
- H. Decision-Making Capability.

The current implementation of diversification among the Board of Directors at the Company is as follows:

The current Board of Directors of the Company consists of 7 directors, including 3 Independent Directors and 4 regular directors. Currently, there is only one female director on the board, which does not meet the one-third threshold. This is mainly due to the nature of the industry. Moving forward, the Company will actively seek female candidates with professional qualifications and strengthen career planning and development for female executives to increase the pool of future female board candidates.

Diversity of the Board of Directors

Position	Basic Composition								Diversification Core Item									
	Name	Nationality	Gender	Currently holding an employee status in the Company	Age				Tenure of Independent Director		Operational Judgment	Accounting and Finance	Management	Crisis Management	Industry Knowledge	International Market Insight	Leadership Capability	Decision-Making Capability
					50 years old Below	51 to 60 years old	61 to 70 years old	71 to 80 years old	Three years Below	More than three years								
Chairperson	Ming-Yang Wu	Republic of China	Male			V				V		V	V		V	V	V	
Director	Ming-Jen Hung	Republic of China	Male	V			V			V		V	V	V	V	V	V	
Director	Ming-Cheng Chung	Republic of China	Male		V					V		V	V	V		V	V	
Director	Huang Chin-Lan	Republic of China	Female		V					V		V	V		V	V	V	
Independent director	Chi-Shan Hung	Republic of China	Male				V		V	V	V	V	V		V	V	V	
Independent director	Tao-Min Chen	Republic of China	Male				V	V		V			V		V			
Independent director	Tai-Long Chin	Republic of China	Male			V		V		V			V		V			

(2) Board of Directors Independence:

The Company's Board of Directors consists of 7 members including 3 Independent Directors, 1 Female Director, and 1 Director with group employee status (accounting for 42.9%, 14.3%, and 14.3% of the entire board members, respectively). This aligns with the management objective of the diversity policy for board members. The Board guides company strategy, oversees management, and is accountable to the Company and shareholders. All operations and arrangements in the corporate governance system are conducted in accordance with laws, the Corporate Charter, or resolutions of the Shareholders Meeting. The Company's Board of Directors emphasizes independent and transparent operation. Both directors and independent directors are considered independent entities and exercise their authority autonomously. The three Independent Directors also adhere to relevant legal regulations and collaborate with the Audit Committee to review the Company's control mechanisms for existing or potential risks. This ensures effective oversight of the implementation of internal controls, the selection (and dismissal) of accounting auditors, and the proper preparation of financial statements with independence and fairness. In addition, in accordance with the Company's "Procedure for Appointment of Director," the selection of directors and independent directors follows a cumulative voting system and candidate nomination system, aiming to encourage shareholder participation. Shareholders holding a certain number of shares can nominate candidates, subject to confirmation of their qualifications and compliance with the provisions listed in Article 30 of the Company Act. All relevant acceptance procedures are carried out and announced in accordance with the law, ensuring the protection of shareholders' rights and preventing the monopolization or excessive use of nomination rights, thus maintaining independence. Moreover, the Company's Independent Directors have not held consecutive terms exceeding three periods. The Company's directors and independent directors do not have any spousal or second-degree kinship relationships among them. Hence, none of the situations specified in Section 3 and Section 4 of Article 26-3 of the Securities and Exchange Act apply.

Note 1: Professional Qualifications and Experience: The professional qualifications and experiences of each director and supervisor should be outlined. If they serve as members of the Audit Committee and possess expertise in accounting or finance, their accounting or financial background and work experience should be detailed. Additionally, it should be clarified whether they are free from the situations specified in Article 30 of the Company Law.

Note 2: The Independent Director should disclose their compliance with independence criteria, including but not limited to whether they, their spouse, or relatives within two degrees of kinship serve as Directors, supervisors, or employees of the Company or its affiliated enterprises. The extent of shareholding by themselves, their spouse, or relatives within two degrees of kinship (or held under others' names); whether they hold positions in companies with specific relationships with the Company (referencing regulations 5-8 of Article 3, Paragraph 1 in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies), and the remuneration received for business, legal, financial, or accounting services provided to The Company or its affiliated enterprises in the last two years.

Note 3: Please refer to the best practice examples on the Corporate Governance Center website of the Taiwan Stock Exchange for the disclosure method.

(II) Information on President, Vice President, Assistant Vice President, and Management Team from each department and branches

Unit: Shares; March 29, 2026

Position (Note 1)	Nationality	Name	Gender	Elected Date of Elected	Shareholding		Shares held by spouse and minor children		Shareholding by Nominee Arrangement		Experience (Education) (Note 4) (Note 2)	Currently holding positions in other companies	Manager who is spouses or within two degrees of kinship			Remarks (Note 3)
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relationship	
CEO	Republic of China	Ming-Jen Hung	Male	2022.06.29	1,268,420	4.07%	578,637	1.86%	420,000	1.35%	Bachelor's degree of Design Marketing at TungFang Design University President of Feng Jia Industrial Co., Ltd. President of Ching Jin Industrial Co., Ltd. President of Wan Jing Industrial Co., Ltd.	Chairman of Feng Jia Industrial Co., Ltd. Chairman of Ching Jin Industrial Co., Ltd. Chairman of Wan Jing Industrial Co., Ltd. Chairman of Feng Jia Construction Co., Ltd. Chairman of Ren Xiang Investment consulting Co., Ltd. President of Ping Ho Materials Technology Co., Ltd.	None	None	None	None
President	Republic of China	Hung-Chieh Huang	Male	2022.06.29	67,089	0.22%	360	0.0%	380	0%	Master's Program at National Kaohsiung University of Science and Technology Vice President of Feng Jia Industrial Co., Ltd. Vice President of Ching Jin Industrial Co., Ltd. Vice President of Wan Jing Industrial Co., Ltd. Vice President of Ping Ho Materials Technology Co., Ltd.	Director of Feng Jia Industrial Co., Ltd. Director of Wan Jing Industrial Co., Ltd. Director of Ching Jin Industrial Co., Ltd. Director of Ping Ho Materials Technology Co., Ltd. Chairman of Hung Sheng Investment Co., Ltd.	None	None	None	None
Financial and Accounting Supervisor cum Assistant Vice President	Republic of China	Yi-Sheng Chen	Male	2016.10.01	50,137	0.16%	0	0%	0	0%	Department of Accountancy at National Cheng Kung University Assistant Vice President of Mildex Optical Inc. Vice President of DaBomb Protein Biotech Corp.	None	None	None	None	
Assistant Manager of the Technology Division	Republic of China	Hui-Kuo Wu	Male	2023.02.01	29,829	0.10%	0	0%	0	0%	Department of Electronic Engineering at China University of Science and Technology Manager of Walter Express Co., Ltd.	None	Chairperson	Ming-Yang Wu	Father and son	None
Audit Supervisor	Republic of China	Yi-Chen Lin	Female	2019.03.18	4,000	0.01%	0	0%	0	0%	Master of Accounting at National Chung Hsing University Accountant of Mercuries & Associates Holding, Ltd. Auditor of Deloitte Touche Tohmatsu Limited Passed the Certified Public Accountant Examination	None	None	None	None	

Note 1: This should include the information on the President, Vice President, Assistant Vice President, and Management Team from each department and branches, as well as individuals holding positions equivalent to the President, Vice President, or Assistant Vice President, regardless of their job title, should also be disclosed.

Note 2: Experience relevant to the current position should be outlined, including any titles and responsibilities held at audit accounting firms or affiliated enterprises during the aforementioned period.

Note 3: When the President or equivalent position (the highest manager) and the Chairman are the same individual, spouses, or first-degree relatives, the relevant information regarding the reasons, rationale, necessity, and response measures (such as increasing the number of Independent Director seats, and ensuring that over half of the directors do not hold dual roles as employees or managers, etc.) should be disclosed.

(III) If the Chairman and the President (or an equivalent top Managerial Officer) are the same person, spouses, or first-degree relatives, the reason, rationale, necessity, and response measures should be described: None.

II. Remuneration to the Directors, Supervisors, President, and Vice President in the most recent year

(I) The remuneration of Directors (including Independent Directors), Supervisors, President, and Vice President

1. Remuneration of General Directors and Independent Directors:

Unit: NT\$ thousand; December 31, 2025

Position	Name	Directors' Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income		Part-time employees receive relevant remuneration								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income		Receiving remuneration from entities outside of the subsidiary or from the parent company
		Remuneration (A)		Retirement Pension (B)		Directors' Remuneration (C)		Business Execution Expenses (D)				Salaries, Bonuses, and Special Expenses, etc. (E)		Retirement Pension (F)		Employee Remuneration (G)						
		The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company		All companies in the Financial Statements		The Company	All companies in the Financial Statements	
														Cash Amount	Stock Amount	Cash Amount	Stock Amount					
Director	Ming-Yang Wu	0	0	0	0	1,511	1,511	168	168	1,679	1,679	1,714	3,140	0	0	793	0	808	0	4,186	5,627	0
Director and CEO	Ming-Jen Hung																					
Director	Ming-Cheng Chung																					
Director	Chin-Lan Huang																					
Independent director	Chi-Shan Hung	1,080	1,080	0	0	0	0	114	114	1,194	1,194	0	0	0	0	0	0	0	0	1,194	1,194	0
Independent director	Tao-Min Chen																					
Independent director	Tai-Long Chin																					
Independent director (Note)	Jun-An Chang																					

- Please describe the Independent Directors' remuneration payment policies, systems, standards, and structure are established based on their responsibilities, risks, time commitment, and contribution to the Company: The Board of Directors authorizes the remuneration of directors according to their degree of involvement and contribution to the Company's operations, with industry standards serving as a reference. The remuneration for independent directors of the Company is determined by the Board of Directors, taking into account industry standards, but they are not involved in the allocation of director's remuneration.
- In addition to the disclosure provided in the table above, remuneration received by the directors of the Company for providing services to all entities listed in the financial statements in the most recent fiscal year (such as acting as consultants for the parent company, all entities within the financial statements, or unaffiliated investment enterprises): None.

Note: Independent Director Jun-An Chang's term ended on June 25, 2025.

*Please list the information related to the Directors (non-Independent Directors) and Independent Directors respectively

Remuneration Range Table

Range of Remuneration for Directors of the Company	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the Financial Statements (H)	The Company	All companies in the Financial Statements (I)
Less than \$1,000,000	Ming-Yang Wu, Ming-Jen Hung, Ming-Cheng Chung, Chin-Lan Huang, Chi-Shan Hung, Tao-Min Chen, Tai-Long Chin, Jun-An Chang	Ming-Yang Wu, Ming-Jen Hung, Ming-Cheng Chung, Chin-Lan Huang, Chi-Shan Hung, Tao-Min Chen, Tai-Long Chin, Jun-An Chang	Ming-Yang Wu, Ming-Cheng Chung, Chin-Lan Huang, Chi-Shan Hung, Tao-Min Chen, Tai-Long Chin, Jun-An Chang	Ming-Yang Wu, Ming-Cheng Chung, Chin-Lan Huang, Chi-Shan Hung, Tao-Min Chen, Tai-Long Chin, Jun-An Chang
\$1,000,000 (inclusive) - \$2,000,000 (exclusive)	0	0	0	0
\$2,000,000 (inclusive) - \$3,500,000 (exclusive)	0	0	Ming-Jen Hung	0
\$3,500,000 (inclusive) - \$5,000,000 (exclusive)	0	0	0	Ming-Jen Hung
\$5,000,000 (inclusive) - \$10,000,000 (exclusive)	0	0	0	0
\$10,000,000 (inclusive) - \$15,000,000 (exclusive)	0	0	0	0
\$15,000,000 (inclusive) - \$30,000,000 (exclusive)	0	0	0	0
\$30,000,000 (inclusive) - \$50,000,000 (exclusive)	0	0	0	0
\$50,000,000 (inclusive) - \$100,000,000 (exclusive)	0	0	0	0
Greater than or equal to \$100,000,000	0	0	0	0
Total	8Person	8Person	8Person	8Person

2. Supervisors' Remuneration: Not applicable.
3. Remuneration of the President and Vice President

Unit: NT\$ thousand; December 31, 2025

Position	Name	Salary (A)		Retirement Pension (B)		Bonuses and Special Expenses, etc. (C)		Employee Remuneration (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Receiving remuneration from entities outside of the subsidiary or from the parent company
		The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company		All companies in the Financial Statements		The Company	All companies in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO	Ming-Jen Hung	3,480	6,031	108	108	1,066	1,366	2,221	0	2,250	0	6,875 6.07%	9,755 8.61%	0
President	Hung-Chieh Huang													

*Disclosures must be made for all persons in positions equivalent to President or Vice President, regardless of job title (e.g., President, Chief Executive Officer, Chief Administrative Officer...etc.)

Remuneration Range Table

Range of Remuneration for the Presidents and Vice President of The Company	Name of the President and Vice President	
	The Company	All companies in the financial statements (E)
Less than \$1,000,000	0	0
\$1,000,000 (inclusive) - \$2,000,000 (exclusive)	0	0
\$2,000,000 (inclusive) - \$3,500,000 (exclusive)	Ming-Jen Hung	0
\$3,500,000 (inclusive) - \$5,000,000 (exclusive)	Hung-Chieh Huang	Ming-Jen Hung
\$5,000,000 (inclusive) - \$10,000,000 (exclusive)	0	Hung-Chieh Huang
\$10,000,000 (inclusive) - \$15,000,000 (exclusive)	0	0
\$15,000,000 (inclusive) - \$30,000,000 (exclusive)	0	0
\$30,000,000 (inclusive) - \$50,000,000 (exclusive)	0	0
\$50,000,000 (inclusive) - \$100,000,000 (exclusive)	0	0
Greater than or equal to \$100,000,000	0	0
Total	2Person	2Person

4. Name of the manager responsible for distributing employee bonuses and details of the distribution:

Unit: NT\$ thousand; December 31, 2025

	Position	Name	Stock Amount	Cash Amount	Total	Ratio of Total Remuneration to Net Income (%)
Manager	CEO	Ming-Jen Hung	0	3,172	3,172	2.80%
	President	Hung-Chieh Huang				
	Assistant Vice President	Yi-Sheng Chen				

(II) If any of the circumstances listed below applies to the Company, it shall individually disclose the remuneration paid to each director and supervisor:

1. If any financial statements or individual financial statements that posted an after-tax deficit in any of the three most recent fiscal years shall disclose the names and remuneration paid to each directors and supervisors. However, it shall not apply if financial statements or individual financial statements have posted net income after tax for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits: None.
2. If the shares held by directors are insufficient for more than three consecutive months in the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual supervisors: None.
3. If the average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month: None.
4. If the total amount of remuneration received by all of the directors and supervisors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT\$15 million, the Company shall disclose the remuneration paid to that individual director or supervisor: None.
5. Companies that have been fall into the bottom two levels in the most recent annual corporate governance evaluation, or have experienced changes in trading methods, suspension of trading, delisted from the Taiwan Stock Exchange or the Taipei Exchange, or other circumstances deemed unsuitable for evaluation by the Corporate Governance Evaluation Committee within the most recent fiscal year and up to the publication date of the annual report: None.
6. For the Company is listed on the Taiwan Stock Exchange or the Taipei Exchange, if the average annual salary of the full-time non-management employees is less than NT\$500,000 in the most recent fiscal year: None.

7. Listed companies whose net income increased by more than ten percent in the most recent fiscal year, but the average annual salary of full-time non-management employees did not increase compared to the previous year: None.
 8. Listed companies that experienced a decline in net income of more than ten percent and exceeding NT\$5 million in the most recent fiscal year, as well as an increase in the average remuneration per director (excluding remuneration for employees holding dual roles) of more than ten percent and exceeding NT\$100,000: None.
- (III) If the circumstance in item 1 or 5 of the preceding point applies to the Company listed on the TWSE or the TPEX, it shall disclose the individual remuneration paid to each of its five most senior management personnel: None.

(IV) Please provide a comparative analysis of the total remuneration paid to the Company's Directors, Supervisors, President, and Vice President in the last two years, both by the Company and all entities included in the consolidated financial statements. This analysis should present the remuneration as a proportion of each entity's net income in their respective financial statements. Additionally, please clarify the policies, standards, and composition of remuneration payments, the procedures for determining remuneration, and their correlation with operational performance and future risks:

1. The analysis of the total remuneration paid to Directors, Supervisors, President, and Vice President of the Company and all companies included in the consolidated financial statements for the last two years, as a proportion of net income in individual or separate financial statements:

Position	Ratio of Total Remuneration to Net Income for 2024		Ratio of Total Remuneration to Net Income for 2025	
	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements
Director	4.44%	5.40%	4.74%	6.01%
President and Vice President	5.65%	7.54%	6.07%	8.61%

2. The policies, standards, and combinations of remuneration, along with the procedures for determining remuneration, and their relationship with business performance and future risks:
 - (1) Director: The remuneration for directors of the Company is governed by the Corporate Charter. In years where the company registers profits, up to 3% of the pre-tax net income, after deducting employee bonuses and director remuneration, is allocated as director remuneration. However, if the company has accumulated losses, provisions are made in advance to cover these deficits.
 - (2) The remuneration of the President and Vice President: includes salary, bonuses, and employee remuneration. Salary levels are determined based on the position held within the company, the responsibilities undertaken, and the contributions to the Company, with consideration given to industry standards. The distribution criteria for employee remuneration adhere to the Corporate Charter, approved by the Board of Directors, and reported at Shareholders Meetings. The process of determining remuneration not only refers to the overall operational performance of the company, but also takes into account individual performance achievement rates and contributions to the company's performance, thereby providing reasonable remuneration.
 - (3) The Company will periodically review the remuneration system based on actual operational conditions and relevant regulations to achieve a balance between sustainable operations and risk management.
 - (4) In summary, the policies and procedures for determining remuneration paid to Directors, Supervisors, the President, and Vice President by the

Company exhibit a positive correlation with operating performance.

III. Implementation of Corporate Governance

(I) Information on Board of Directors Operations:

1. The total of 7 meetings (A) were held in the fiscal year 2025 with the attendance of directors as follows:

Position	Name	Actual Attendance Times B	Number of times attended by proxy The number of times.	Actual Attendance Rate (%) 【B/A】 (Note 1)	Note
Chairperson	Ming-Yang Wu	7	0	100%	Re-elected
Director	Ming-Jen Hung	7	0	100%	Re-elected
Director	Ming-Cheng Chung	7	0	100%	Re-elected
Director	Chin-Lan Huang	7	0	100%	Re-elected
Independent director	Chi-Shan Hung	7	0	100%	Re-elected
Independent director	Tao-Min Chen	7	0	100%	Re-elected
Independent director	Tai-Long Chin	4	1	80%	Newly appointed
Independent director	Jun-An Chang	1	1	50%	Former

Other mentionable items:

- I. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Board Meeting Date (Session)	Content of the motion	All Independent Directors' opinions	Response of the opinions from Independent Directors by the Company
2025.03.11 (1st meeting in 2025)	<ol style="list-style-type: none"> The Company's internal control system effectiveness evaluation and internal control system statement for the year ended December 2024. The Company's amendment to the "Corporate Charter". The Company's amendments to internal control-related regulations (Payroll Cycle). Intend to reconfirm the process and general policy of prior consent for Assurance-related Non-Assurance Services and list of Non-Assurance Services for Ernst & Young Taiwan and its affiliates. 	No opinion	Not applicable.

	<ol style="list-style-type: none"> 5. The case of the change and remuneration of the Company's certified public accountant. 6. Evaluating the independence and suitability of the Certified Public Accountant for the Company for 2025. 7. The Company's Business Report and Financial Statements in 2024. 8. The Company Report on the Distribution of Employee Bonus and Directors' Remuneration in 2024. 9. The Company's application for a bank guarantee facility for the first domestic issuance of secured convertible bonds. 10. The company's planned issuance of the first domestic secured convertible bond financing. 11. The Company's plan to subscribe to the cash capital increase of its subsidiary Ping Ho Materials Technology Co., Ltd. 12. Comprehensive re-election of the Company's directors. 13. The nomination of directors (including independent directors) candidates. 14. The acceptance period for shareholder proposals and nominations. 15. Release the prohibition on the Company's newly appointed Directors from participation in competitive business. 16. Proposing the date, venue, purposes of convening, and related matters for the 2025 Annual Shareholders' Meeting of the Company. 		
2025.05.12 (2nd meeting in 2025)	<ol style="list-style-type: none"> 1. The Company's Consolidated Financial Statements for the first quarter of the year 2025. 2. The Company's Profits Distribution in 2024. 3. The Company's cash dividend distribution of earnings for the year 2024. 	No opinion	Not applicable.
2025.06.25 (3rd meeting in 2025)	<ol style="list-style-type: none"> 1. The case of electing the Chairman. 	No opinion	Not applicable.
2025.07.04 (4th meeting in 2025)	<ol style="list-style-type: none"> 1. Appointment of the members of the third Remuneration Committee for the Company. 2. Appointment of the members of the second Sustainability Development Committee for the Company. 	No opinion	Not applicable.

<p>2025.08.08 (5th meeting in 2025)</p>	<ol style="list-style-type: none"> 1. The Company's Consolidated Financial Statements for the second quarter of the year 2025. 2. The Company's case on the definition and scope of "grassroots employees". 3. The Company's adjustment of the organizational structure. 4. The revision of certain provisions of the Company's "First Domestic Secured Convertible Bond Issuance and Conversion Regulations". 5. The Company's amendments to internal control-related regulations (Director, Functional Committee, and Manager Performance Evaluation and Remuneration Method, Sustainability Development Committee Charter). 6. The Company's 2024 Sustainability Report. 7. The Company's application for a credit limit from the bank. 	<p>No opinion</p>	<p>Not applicable.</p>
<p>2025.11.05 (6th meeting in 2025)</p>	<ol style="list-style-type: none"> 1. The Company's Consolidated Financial Statements for the third quarter of the year 2025. 2. The Company's amendments to internal control-related regulations (Sustainable Development Best Practice Principles, Level of Authority Table). 3. The Company's application for a credit limit from the bank. 	<p>No opinion</p>	<p>Not applicable.</p>
<p>2025.12.23 (7th meeting in 2025)</p>	<ol style="list-style-type: none"> 1. The Company's Budget and Operational Plan for the Year 2026. 2. The Company's Audit Plan for the year 2026. 3. The Company's amendments to internal control-related regulations (Procedures for Handling Material Inside Information and Prevention of Insider Trading Management Operating Procedure, Procedures for Ethical Management and Guidelines for Conduct). 4. The Company's proposal to establish the "Nomination Committee Charter." 5. The Company's establishment of the Nomination Committee and appointment of its members. 6. Review the Company's "Remuneration Committee Charter" and the "Director, Functional Committee, and Manager Performance Evaluation and 	<p>No opinion</p>	<p>Not applicable.</p>

	Remuneration Method".		
	7. The remuneration for the Directors and Managers of the Company.		
	8. The Company's Manager Year-End Bonus for the Fiscal Year 2025.		

(II) Other than the aforementioned matters, there are no recorded or documented resolutions at Board of Directors meetings in which the Independent Director expressed opposition or reservations: None.

II. The execution status of directors recusing themselves from conflict of interest matters should be detailed, including the director's name, the agenda item, reasons for recusal due to potential conflicts of interest, and their participation in the voting process:

Board Meeting Date	Name of Directors	Content of the motion	Reasons for recusal due to potential conflicts of interest	Involvement in voting
2025.03.11	Ming-Yang Wu Ming-Jen Hung Ming-Cheng Chung Chin-Lan Huang	The Company Report on the Distribution of Employee Bonus and Directors' Remuneration in 2024.	In cases involving personal interests, individuals should recuse themselves according to the law and abstain from participating in discussions and voting.	Directors Mr. Ming-Yang Wu, Mr. Ming-Jen Hung, Mr. Ming-Cheng Chung, and Ms. Chin-Lan Huang recused themselves in accordance with the law and did not participate in the discussion or voting of this matter. The remaining directors present unanimously approved the case without any objections.
2025.12.23	Ming-Jen Hung Chi-Shan Hung Tao-Min Chen Tai-Long Chin	The remuneration for the Directors and Managers of the Company.	In cases involving personal interests, individuals should recuse themselves according to the law and abstain from participating in discussions and voting.	Directors Ming-Jen Hung, Chi-Shan Hung, Tao-Min Chen, and Tai-Long Chin each legally recused themselves and did not participate in the discussion and vote of this matter. The remaining attending directors passed the case without objection.
2025.12.23	Ming-Jen Hung	The Company's Manager Year-End Bonus for the Fiscal Year 2025.	In cases involving personal interests, individuals should recuse themselves according to the law and abstain from participating in discussions and voting.	Director Ming-Jen Hung adhered to legal requirements by abstaining and refraining from participating in the discussion or voting of this matter. The remaining directors present unanimously

approved the case
without objection.

III. TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out “Implementation Status of Board Evaluations”:

Evaluation Cycle	Evaluation Period	Scope of evaluation	Evaluation Method	Evaluation content	Evaluation results
Execute once a year	2025.01.01 to 2025.12.31	Board of Directors	Internal self-evaluation by the Board of Directors	There are a total of 45 measurement indicators for five major aspects, includes level of participation in company operations, the quality of Board of Directors’ decisions, Board of Directors’ composition and structure, appointment of Board of Directors and their continued development, and internal controls.	91 points
Execute once a year	2025.01.01 to 2025.12.31	Individual Directors Members	Self-evaluation of the Board of Directors Members	There are a total of 23 measurement indicators for six major aspects, includes grasp of company goals and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.	90 points
Execute once a year	2025.01.01 to 2025.12.31	Audit Committee	Internal self-evaluation of the Committee	There are a total of 22 measurement indicators for five major aspects, includes level of participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees and member selection, and internal controls.	91 points
Execute once a year	2025.01.01 to 2025.12.31	Remuneration Committee	Internal self-evaluation of the Committee	There are a total of 19 measurement indicators for four major aspects, includes level of participation in company operations, understanding of the responsibilities of functional	90 points

				committees, improvement of the decision-making quality of functional committees, composition of functional committees and member selection.	
Execute once a year	2025.01.01 to 2025.12.31	Sustainability Development Committee	Internal self-evaluation of the Committee	There are a total of 18 measurement indicators for four major aspects, includes level of participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees and member selection.	91 points
<p>(I) The Company has concluded the self-evaluation of the Board of Directors and functional committees' performance for 2025 and submitted the evaluation results to the Board of Directors on March 6, 2026, as the basis for review and improvement.</p> <p>IV. Evaluation of the objectives to strengthen the functions of the Board of Directors in the current and previous years (such as establishing an Audit Committee, enhancing information transparency, etc.) and evaluation of their implementation status:</p> <p>(I) Objective: The Company adheres to the principle of operational transparency, strengthens corporate governance, and continually enhances the professional competence of the Directors. The communication channel between the auditor and the governance units has been functioning well.</p> <p>(II) Implementation Status:</p> <ol style="list-style-type: none"> 1. The Company has established an Audit Committee, which reviews relevant proposals within its authority and submits them to the Board of Directors for resolution, thereby assisting the Board of Directors in fulfilling its supervisory duties. 2. The company engaged instructors from professional institutions to conduct courses on corporate governance and regulations, aiding directors in their continuous education. All directors complied with legal requirements regarding training hours for 2025, with a total training duration of 60 hours. 3. The accountant attends the Board of Directors irregularly and communicates with directors on important audit matters, audit conditions, key audit matters, and the latest legal revisions before each board meeting. In 2025, the accountant reported before the Board of Directors on 5 occasions and attended the Shareholders' Annual Meeting. 4. The Company renewed its "Directors and Officers Liability Insurance" on March 6, 2026, and will continue to evaluate whether the insurance remuneration amount and coverage range meet its needs. 5. The Company is dedicated to improving information transparency. In addition to appointing spokespersons and deputy spokespersons, we have assigned personnel responsible for public information disclosure and other related matters. Furthermore, our website features an investor section to ensure the timely update of company information, enabling investors to access relevant information about the Company in real-time. 					

Note 1: The actual attendance is calculated based on the number of times the Director actual attends during their tenure.

2. The total of 7 meetings held in the fiscal year 2025 with the attendance of independent directors at the board meetings is as follows:

Position	Name	Meeting Date						
		2025.03.11	2025.05.12	2025.06.25	2025.07.04	2025.08.08	2025.11.05	2025.12.23
Independent director	Chi-Shan Hung	V	V	V	V	V	V	V
Independent director	Tao-Min Chen	V	V	V	V	V	V	V
Independent director	Tai-Long Chin	(Note 1)		V	V	⊙	V	V
Independent director	Jun-An Chang	⊙	V	(Note 2)				

V: Attend in person; ⊙: Attend by proxy; X: Not attended.

Note 1: Independent Director Tai-Long Chin was newly appointed on June 25, 2025.

Note 2: Independent Director Jun-An Chang's term ended on June 25, 2025.

(II) The operational status of the Audit Committee or the participation of supervisors in the Board of Directors:

Information on the operation status of the Audit Committee: The Audit Committee was established on March 3, 2020. The total of 5 meetings held in the fiscal year 2025 with the attendance of independent directors at the board meetings is as follows:

Position	Name	Actual Attendance Times(B)	Number of times attended by proxy	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Note
Independent director	Chi-Shan Hung	5	0	100%	Convenor
Independent director	Tao-Min Chen	5	0	100%	–
Independent director	Tai-Long Chin	2	1	67%	Note 1
Independent director	Jun-An Chang	1	1	50%	Note 2

Note 1: Independent Director Tai-Long Chin was newly appointed on June 25, 2025.

Note 2: Independent Director Jun-An Chang's term ended on June 25, 2025.

Other mentionable items:

I. Audit Committee's Annual Priorities

1. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. evaluation of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of an attesting CPA, or the remuneration given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
11. Any other material matter so required by the company or the Competent Authority.

II. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' objections, reservations, or significant suggestions, and the Company's response to the Audit Committee should be specified:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Audit Committee Date (Session)	Content of the motion	Audit Committee Resolution	Response of the opinions from Audit Committee by the Company
2025.03.11 (14th meeting of the 2nd term)	1. The Company's internal control system effectiveness evaluation and internal control system statement for the year ended December 2024. 2. The Company's amendment to the	Passed without objection	Submitted to the Board of Directors and approved by the attending

	<p>"Corporate Charter".</p> <ol style="list-style-type: none"> 3. The Company's amendments to internal control-related regulations (Payroll Cycle). 4. Intend to reconfirm the process and general policy of prior consent for Assurance-related Non-Assurance Services and list of Non-Assurance Services for Ernst & Young Taiwan and its affiliates. 5. The case of the change and remuneration of the Company's certified public accountant. 6. Evaluating the independence and suitability of the Certified Public Accountant for the Company for 2025. 7. The Company's Business Report and Financial Statements in 2024. 8. The Company's application for a bank guarantee facility for the first domestic issuance of secured convertible bonds. 9. The company's planned issuance of the first domestic secured convertible bond financing. 10. The Company's plan to subscribe to the cash capital increase of its subsidiary Ping Ho Materials Technology Co., Ltd. 		directors.
2025.05.12 (15th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. The Company's Consolidated Financial Statements for the first quarter of the year 2025. 2. The Company's Profits Distribution in 2024. 	Passed without objection	Submitted to the Board of Directors and approved by the attending directors.
2025.08.08 (1st meeting of the 3rd term)	<ol style="list-style-type: none"> 1. The Company's Consolidated Financial Statements for the second quarter of the year 2025. 2. The Company's adjustment of the organizational structure. 3. The revision of certain provisions of the Company's "First Domestic Secured Convertible Bond Issuance and Conversion Regulations". 4. The Company's amendments to internal control-related regulations (Director, Functional Committee, and Manager Performance Evaluation and Remuneration Method, Sustainability Development Committee Charter). 5. The Company's 2024 Sustainability Report. 	Passed without objection	Submitted to the Board of Directors and approved by the attending directors.

2025.11.05 (2nd meeting of the 3rd term)	<ol style="list-style-type: none"> 1. The Company's Consolidated Financial Statements for the third quarter of the year 2024. 2. The Company's amendments to internal control-related regulations (Sustainable Development Best Practice Principles, Level of Authority Table). 	Passed without objection	Submitted to the Board of Directors and approved by the attending directors.
2025.12.23 3rd meeting of the 3rd term	<ol style="list-style-type: none"> 1. The Company's Budget and Operational Plan for the Year 2026. 2. The Company's amendments to internal control-related regulations (Procedures for Handling Material Inside Information and Prevention of Insider Trading Management Operating Procedure, Procedures for Ethical Management and Guidelines for Conduct). 3. The Company's proposal to establish the "Nomination Committee Charter." 	Passed without objection	Submitted to the Board of Directors and approved by the attending directors.

(II) Apart from the aforementioned matters, there were no other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

III. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

IV. Communications between the independent directors, the Company's chief internal auditor and CPAs (should include significant matters, methods, and resolutions regarding communication on the financial and operational status of the company):

(I) The Internal Audit Supervisor: The audit supervisor submits the audit report (or tracking report) to the Audit Committee for review by the end of the month following the completion of audit items (or tracking items). In 2025, the audit supervisor attended 5 meetings of the Audit Committee and 5 meetings of the Board of Directors, engaging the communication with the Independent Directors and reporting the latest audit results in person.

Date	Items Discussed	
2025/03/11	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen
	Key Discussion Points	Audit status for the audit plan implemented from November 2024 to January 2025.
	Discussion Outcome	The Company's independent directors had no objections regarding the implementation of the audit work.
2025/05/12	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	Audit status for the audit plan implemented from February 2025 to March 2025.
	Discussion Outcome	The Company's independent directors had no objections regarding the

		implementation of the audit work.
2025/08/08	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen
	Key Discussion Points	Audit status for the audit plan implemented from April 2025 to June 2025.
	Discussion Outcome	The Company's independent directors had no objections regarding the implementation of the audit work.
2025/11/05	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Tai-Long Chin
	Key Discussion Points	Audit status for the audit plan implemented from July 2025 to August 2025.
	Discussion Outcome	The Company's independent directors had no objections regarding the implementation of the audit work.
2025/12/23	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Tai-Long Chin
	Key Discussion Points	Audit status for the audit plan implemented in October 2025 and the audit plan for 2026.
	Discussion Outcome	The Company's independent directors had no objections regarding the implementation of the audit work and the audit plan.

(II) Accountant: The accountant attended a total of 5 Audit Committee meetings and 5 Board meetings in 2025. Before each Board meeting, they communicated with the Independent Director regarding important audit matters, audit status, key audit matters, and updates on amendments to laws and regulations. The Independent Director had no comments on the aforementioned topics.

Date	Items Discussed	
2025/03/11	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen
	Key Discussion Points	1. Audit results of the 2024 financial statements. 2. Audit results of the key audit matter (revenue recognition). 3. Internal control recommendations for 2024.
	Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.
2025/05/12	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	The review results of the Company's financial statements for the first quarter of 2025.

		Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.
2025/08/08		Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen
		Key Discussion Points	The review results of the Company's financial statements for the second quarter of 2025.
		Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.
2025/11/05		Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Tai-Long Chin
		Key Discussion Points	The review results of the Company's financial statements for the third quarter of 2025.
		Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.
2025/12/23		Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Tai-Long Chin
		Key Discussion Points	The audit schedule and key audit matters for 2026.
		Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.

Note 1: If an Independent Director resigns before the end of the fiscal year, the resignation date should be noted in the Remarks column. The actual attendance rate (%) should then be calculated based on the number of Audit Committee meetings held during their tenure and their actual attendance.

Note 2: Before the end of the fiscal year, in case of a re-election of an Independent Director, both the new and former Independent Directors should be listed. In the Remarks column, it should be specified whether the Independent Director is former, newly-elected, or re-elected, along with the date of re-election. The actual attendance rate (%) should then be calculated based on the number of Audit Committee meetings held during their tenure and their actual attendance.

(III) The operation of corporate governance within the Company and its variances compared to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, along with the reasons for these differences:

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company, in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," established the Corporate Governance Best-Practice Principles by resolution of the Board of Directors on March 20, 2020, and disclosed the latest version of the principles on the Company's website.	None.
II. Shareholding structure & shareholders’ rights				
(I) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(I) In addition to appointing a spokesperson and deputy spokesperson, The Company also engages the professional Stock Affairs agency "Grand Fortune Securities Co., Ltd." to address shareholders' concerns and suggestions. In the event of legal matters, The Company's legal advisors will be enlisted for assistance; furthermore, The Company's website also features an Investor Relations section and an investor contact window for shareholders/investors to provide feedback or inquiries.	None.
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(II) The Company adheres to regulations by monthly reporting changes in share ownership among insiders, ensuring a comprehensive understanding of the shareholding status of major shareholders.	None.
(III) Does the company establish and execute the risk management and firewall system within its affiliated?	V		(III) The Company clearly delineates the responsibilities for asset and financial management between the Company and its affiliates. In cases where there are business transactions	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		<p>between the Company and affiliated enterprise, they are treated as independent third parties. The Company has established relevant protocols such as "Management Measures for Transactions with Related Parties, Specific Companies, and Group Enterprises" and "Supervision and Governance of Subsidiaries" to ensure compliance and implement risk control and firewall mechanisms for affiliated enterprises.</p> <p>(IV) The Company has established “Operating Procedures for Internal Major Information Processing and Prevention of Insider Trading” and periodically advises insiders against trading securities based on undisclosed information. In addition, the Company values shareholders' right to information and prevents insider trading by amending Article 9 of the "Procedures for Handling Material Inside Information and Prevention of Insider Trading Management Operating Procedure." It stipulates that Directors and Managers are prohibited from trading their stocks during the blackout period of thirty days before the annual financial report announcement and fifteen days before the quarterly financial report announcement. The Company adopts amendments to internal control regulations to enhance corporate governance and prevent insider trading in advance. The Company's stock affairs department also reminds Directors and Managers to adhere to this regulation before the aforementioned blackout periods.</p>	None.
III. Composition and Responsibilities of the Board				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>of Directors</p> <p>(I) Does the Board of Directors develop a diversified policy, concrete management objectives, and implement them effectively?</p>	V		<p>(I) The "Corporate Governance Best Practice Principles" established by the Company in Article 20 clearly outlines the diversity policy for directors and implements a candidate nomination system for the Company's directors (including Independent Directors). The Board of Directors comprises industry elites and financial experts, in addition to shareholders. Among the seven directors, one is female. Diversity of the Board of Directors, please refer to the professional qualifications, experience, and independence of Independent Directors. For details, please refer to Chapter II. Corporate Governance Report I. Information of Directors, Supervisors, President, Vice President, Assistant Vice President, and Management Team from each department and branches (I) Directors-related content.</p>	None.
<p>(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p>	V		<p>(II) In addition to legally establishing a Remuneration Committee and an Audit Committee, the Company has also established the following functional committees as approved by the Board of Directors:</p> <ol style="list-style-type: none"> 1. To achieve the Company’s sustainability development goals and enhance sustainable governance, the establishment of the "Sustainability Development Committee" was approved by the Board of Directors on December 24, 2024. 2. To enhance the functionality of the Board of Directors and strengthen the management mechanism, the establishment of the "Nomination Committee" was 	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(III) Does the company establish a standard to measure the performance of the Board of Directors, implement regular annual performance evaluations, submit the evaluation results to the Board of Directors, and used them as references for individual directors’ remuneration and re-nomination?	V		<p>approved by the Board of Directors on December 23, 2025.</p> <p>(III) The Company established the "Board of Directors Performance Evaluation Method" as approved by the Board of Directors on December 12, 2019, and amended it on August 7, 2020. Based on this method, an internal performance evaluation of the Board of Directors is executed once a year, covering the performance evaluation of the overall Board of Directors, individual directors, and functional committees. The internal performance evaluation method of the Company is implemented through internal assessment, overseen by the corporate governance officer and the management department, using internal questionnaires. The evaluation results for the Board of Directors for 2025 were reported at the Board of Directors meeting on March 6, 2026.</p> <p>The evaluation results of the Board of Directors, self-evaluation of the Board of Directors Members, and internal self-evaluation of functional committees are as follows:</p> <ol style="list-style-type: none"> 1. The evaluation items for the performance of the Board of Directors include the following five major aspects: <ol style="list-style-type: none"> (1) Level of participation in company operations. (2) Enhancing the quality of Board of Directors’ decisions. (3) Composition and Structure of the Board of Directors. 	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>(4) Appointment of Directors and their continued development.</p> <p>(5) Internal control. Evaluation results: The self-evaluation score of the Board of Directors' performance is 91 out of 100.</p> <p>2. The evaluation items for the performance of Individual Directors Members include the following six major aspects:</p> <p>(1) Grasp of company goals and missions. (2) Understanding of Directors' Responsibilities. (3) Level of participation in company operations. (4) Internal relationship management and communication. (5) Director's specialty and continued development. (6) Internal control. Evaluation results: The overall average self-evaluation score for Individual Directors Members' performance is 90 out of 100.</p> <p>3. The evaluation items for the performance of the Audit Committee include the following five major aspects:</p> <p>(1) Level of participation in company operations. (2) Understanding of Directors' Responsibilities. (3) Enhancing the quality of Audit Committee decisions. (4) Composition and selection of Audit Committee members. (5) Internal control.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>Audit Committee Resolution: The overall average self-evaluation score for the Audit Committee's performance is 91 out of 100.</p> <p>4. The evaluation items for the performance of the Remuneration Committee include the following four major aspects:</p> <ol style="list-style-type: none"> (1) Level of participation in company operations. (2) Understanding of Directors' Responsibilities. (3) Enhancing the quality of Remuneration Committee decisions. (4) Composition and selection of Remuneration Committee members. <p>Evaluation results: The overall average self-evaluation score for the Remuneration Committee's performance is 90 out of 100.</p> <p>5. The evaluation items for the performance of the Sustainability Development Committee include the following four major aspects:</p> <ol style="list-style-type: none"> (1) Level of participation in company operations. (2) Understanding of Directors' Responsibilities. (3) Increasing the decision-making quality of the Sustainability Development Committee. (4) Composition and selection of Audit Committee members. <p>Evaluation results: The overall average self-evaluation score for the Sustainability Development Committee's performance is 91 out of 100.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(IV) Does the company regularly evaluate the independence of CPAs?	V		<p>6. The evaluation items for the performance of the Nomination Committee include the following four major aspects:</p> <p>(1) Level of participation in company operations. (2) Understanding of Directors' Responsibilities. (3) Improving the decision-making quality of the Nomination Committee. (4) Composition and selection of Audit Committee members.</p> <p>Evaluation results: The Company’s Nomination Committee was established on December 23, 2025, so there is no performance evaluation for 2025. The performance evaluation will be conducted in 2026. Additionally, the Company has established a "Director, Functional Committee, and Manager Performance Evaluation and Remuneration Method." Relevant procedures are conducted according to the performance evaluation standards outlined in the method. The performance and remuneration of directors and managers will be submitted to the Remuneration Committee for deliberation.</p> <p>(IV) In accordance with the "Corporate Governance Best Practice Principles," the Company annually evaluates the independence of the Certified Public Accountant by the Audit Committee and then reports the evaluation results to the Board of Directors. The Company establishes the independence evaluation items by referring to Article 47 of</p>	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>the CPA Act and Bulletin No. 10 of the Code of Professional Ethics, "Integrity, Objectivity, and Independence." Important items for evaluating the auditor's independence and suitability are as follows:</p> <ol style="list-style-type: none"> 1. The accountant themselves or their spouse and minor children have no investment or shared financial interest relationships with the Company. 2. Neither the accountant nor the audit team members have any relationship of spouse, direct relatives by blood or marriage, or collateral relatives within the second degree of kinship with the Company's Directors, Managers, or personnel holding positions that have a significant influence on the audit cases. 3. The accountant does not lack or lose independence, which affects their honest and impartial stance. 4. In the past two years, the accountant has had no disciplinary records from the Accountants Disciplinary Committee. <p>In addition to requiring the Certified Public Accountant to provide the "independence declaration" and "Audit Quality Indicators (AQIs)," the disclosure framework and template for AQI issued by the Financial Supervisory Commission of the Executive Yuan on August 19, 2021, serves as an objective reference indicator for enterprises and the Audit Committee when selecting Certified Public Accountants. It has been confirmed that, except for expenses related to</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			certification and tax cases, the accountant has no other financial interests or business relationships with the Company, and the accountant's family members also do not violate independence requirements. The annual evaluation of independence and suitability, with the most recent year's evaluation results, was discussed and approved by the Audit Committee on March 6, 2026, and submitted to the Board of Directors for resolution. The certified public accountants meet the Company's standards for independence and suitability and are qualified to serve as the Company's CPAs.	
IV. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		<p>The Company, by resolution of the Board of Directors on September 12, 2023, appointed Assistant Vice President Yi-Sheng Chen as the Corporate Governance Officer. He has held a supervisory position in legal affairs, finance, stock affairs, or corporate governance-related departments of a public company for more than three years, and is responsible for overseeing and executing corporate governance-related matters.</p> <p>The scope of responsibilities for the Corporate Governance Officer is as follows:</p> <ol style="list-style-type: none"> 1. Handle all meeting-related matters for the Board of Directors and Shareholders’ Meetings in accordance with laws and regulations. 2. Prepare minutes for both Board of Directors and Shareholders’ Meetings. 3. Assist directors with onboarding and continuous education. 4. Provide directors with necessary information to perform 	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>their duties.</p> <p>5. Assist directors in complying with relevant laws and regulations.</p> <p>6. Report to the Board of Directors on the review results regarding whether independent directors meet qualifications under applicable laws and regulations at nomination, appointment, and during their term.</p> <p>7. Handle matters related to changes in directors.</p> <p>8. Perform other duties as stipulated in the Company’s Articles of Incorporation or contracts.</p> <p>The continuing education status of the Corporate Governance Officer in the fiscal year 2025 is as follows, totaling 18 hours:</p> <p>1. May 23, 2025 - 2025 Insider Trading Prevention Seminar (3 hours)</p> <p>2. June 23, 2025 - Sustainability Development Committee (Chief Sustainability Officer, Working Group) Practical Operations (3 hours)</p> <p>3. August 8, 2025 - Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports (3 hours)</p> <p>4. August 21, 2025 - Enhance Climate Information Disclosure to Improve Corporate Climate Resilience (6 hours)</p> <p>5. November 5, 2025 - Corporate Control Battle and Case Analysis (3 hours)</p>	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers,	V		<p>1. The Company prioritizes communication with stakeholders and has established various communication channels. There has a "Stakeholder Area" on the Company website and assigned relevant personnel to address important corporate</p>	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?			<p>social responsibility issues raised by stakeholders adequately.</p> <p>2. The Company considers the industry attributes and operational model, utilizing the sustainable development promotion team to reference the five principles of the AA1000 Stakeholder Engagement Standard (2015) (AA1000 SES 2015): Dependency, Responsibility, Tension, Influence, and Diverse Perspectives. These principles are used to assess groups or organizations that have an impact on or are affected by Peace and Environmental Protection. Six types of stakeholders directly related to The Company have been identified, including investors, suppliers, community residents, customers, government agencies, and employees.</p> <p>3. In addition to maintaining good communication with various stakeholders, the Company has set up a "Stakeholder Area" on its website and established an email address for stakeholders to contact.</p> <p>4. For the six types of stakeholder consultation methods and results, please refer to pages 5 to 9 of the Company's 2024 Sustainability Report.</p> <p>5. The Company reported to the Board of Directors on December 23, 2025, regarding the communication with various stakeholders in 2025.</p>	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates the professional Stock Affairs agency "Stock affairs agent department of Grand Fortune Securities Co., Ltd." to handle shareholder affairs.	None.
VII. Information Disclosure				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(I) The Company has set up a website and regularly discloses the latest updates, financial information, and shareholders' meeting data in the "Investor Relations" section of the website, providing shareholders and stakeholders with relevant information for reference.	None.
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company has established both Chinese and English websites and has appointed spokespersons and deputy spokespersons. It has designated personnel responsible for information collection and discloses various financial and business information on the Market Observation Post System, as well as on the company's website. Additionally, information related to investor conferences is published on the company website.	None.
(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	(III) The Company, in accordance with legal regulations, announces and reports its annual financial statements within three months after the end of the fiscal year (the Company's 2024 financial statements were approved by the Board of Directors on March 11, 2025), and completes the announcement and reporting of the Q1, Q2, and Q3 financial statements, as well as monthly operational results, before the prescribed deadlines. On March 6, 2026, the Board of Directors of the Company approved the financial statements for the fiscal year 2025, and the annual financial report was duly announced and filed within the prescribed deadline.	Publicly announced and filed within the regulatory deadlines.
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices	V		(I) Status of employee rights and employee wellness: The Company has legally established a Employee Welfare Committee and implemented a pension system. The	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>Company has always treated employees with integrity, protecting their legal rights and interests in accordance with the Labor Standards Act, and views employees as the most important assets of the Company. The Company has established channels for employee communication and encourages direct communication between employees and management.</p> <p>(II) Investor Relations, Supplier Relationship, Rights of Stakeholders: The Company has established related corporate social responsibility policies and principles, such as the "Corporate Governance Best Practice Principles," "Supplier Corporate Social Responsibility Measures," "Sustainable Development Best Practice Principles," "Ethical Corporate Management Best Practice Principles," and "Procedures for Ethical Management and Guidelines for Conduct" to effectively promote corporate governance. For further information, please refer to the "Corporate Governance Report" section of this Annual Report under "II. Corporate Governance Report, Part Three, Implementation of Corporate Governance, (V) Implementation Status of Promoting Sustainable Development and Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies." To further enhance communication channels with the aforementioned stakeholders, the Company has set up a "Stakeholders Area" on its website, providing stakeholders with a transparent and effective communication channel for pursuing sustainable</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>business operations.</p> <p>(III) Directors’ and Supervisors’ training records: The Company schedules annual regular refresher courses for the Directors and periodically shares information about professional refresher courses organized by external entities with them. The attendance status of each Director in these courses is then announced on the Market Observation Post System. The Directors’ recent training records for the most recent year, in accordance with the "Guidelines for the Implementation of Training for Directors and Supervisors of TWSE/TPEX Listed Companies," are detailed in Note 1.</p> <p>(IV) Implementation of Risk Management Policies and Risk Evaluation Measures: The Company has established management protocols for important management indicators and implements to them accordingly.</p> <p>(V) Implementation of Customer Relations Policies: The Company strictly adheres to the contracts and related regulations signed with customers, ensuring their respective rights. The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" to comply with ethical business practices. Please refer to the "IV. Operational Highlights, Section 1, Business Activities" of this Annual Report.</p> <p>(VI) Purchasing Insurance for Directors and Supervisors:</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			The Company has obtained insurance coverage of USD 1 million from a property insurance company. The amount of insurance, premiums, and other policy details were reported to the Board of Directors on March 6, 2026.	
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures: Not applicable.				

Note 1: The training status of the Company's Directors for the year 2025, in accordance with the "Guidelines for the Implementation of Training for Directors and Supervisors of TWSE/TPEX Listed Companies," is as follows:

Position	Name	Continuing Education Date	Organizer	Course Name	Training hours
Chairperson	Ming-Yang Wu	2025.08.08	The Securities and Futures Market Development Foundation, Republic of China	Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports	3hours
		2025.11.05	Chinese Corporate Governance Association	Corporate Control Battle and Case Analysis	3hours
Director	Ming-Jen Hung	2025.08.08	The Securities and Futures Market Development Foundation, Republic of China	Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports	3hours
		2025.11.05	Chinese Corporate Governance Association	Corporate Control Battle and Case Analysis	3hours
Director	Ming-Cheng Chung	2025.08.08	The Securities and Futures Market Development Foundation, Republic of China	Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports	3hours
		2025.11.05	Chinese Corporate Governance Association	Corporate Control Battle and Case Analysis	3hours
Director	Chin-Lan Huang	2025.08.08	The Securities and Futures Market Development Foundation, Republic of China	Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports	3hours
		2025.11.05	Chinese Corporate Governance Association	Corporate Control Battle and Case Analysis	3hours
Director	Chi-Shan Hung	2025.05.23	The Securities and Futures Market Development Foundation, Republic of China	2025 Insider Trading Prevention Seminar	3hours
		2025.06.19	The Taiwan Academy of Banking and Finance	Corporate Governance Forum	3hours
		2025.08.08	The Securities and	Case Studies and	3hours

			Futures Market Development Foundation, Republic of China	Legal Liability Analysis of Greenwashing and False Sustainability Reports	
		2025.08.11	Chinese Corporate Governance Association	The gender equality obligations that enterprises should fulfill under the ESG framework	3hours
		2025.08.29	Chinese Corporate Governance Association	Sustainability Development Promotion Meeting - Kaohsiung Session	3hours
		2025.11.05	Chinese Corporate Governance Association	Corporate Control Battle and Case Analysis	3hours
		2025.11.07	Chinese Corporate Governance Association	How can companies and directors avoid inadvertently engaging in insider trading?	3hours
Director	Tao-Min Chen	2025.08.08	The Securities and Futures Market Development Foundation, Republic of China	Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports	3hours
		2025.11.05	Chinese Corporate Governance Association	Corporate Control Battle and Case Analysis	3hours
Director	Tai-Long Chin	2025.08.21	Corporation Sustainability Development Association	Enhance Climate Information Disclosure to Improve Corporate Climate Resilience	6hours
		2025.08.29	Chinese Corporate Governance Association	Sustainability Development Promotion Meeting - Kaohsiung Session	3hours
		2025.11.05	Chinese Corporate Governance Association	Corporate Control Battle and Case Analysis	3hours

(IV) If the company has established a Remuneration Committee or a Nomination Committee, its composition and implementation status should be disclosed:

1. Composition of the Remuneration Committee:

March 31, 2026

Identity (Note 1)	Qualification	Professional Qualifications and Experience (Note 2)	Independence Criteria (Note 3)	Number of positions in other public companies as a member of Remuneration Committee
	Name			
Independent director Convenor	Chi-Shan Hung	(Note A)		3
Independent director	Tao-Min Chen			0
Independent director	Tai-Long Chin			0

Note A: For the professional qualifications, experience, and independence of Independent Directors, please refer to Chapter II. Corporate Governance Report I. Information of Directors, Supervisors, President, Vice President, Assistant Vice President, and Management Team from each department and branches (I) Directors-related content.

Note 1: Please specify in the table the relevant years of work experience, professional qualifications, and independence of each Remuneration Committee member. Identify whether they are an Independent Director or Others (if they are the convenor, please add a note).

Note 2: Professional Qualifications and Experience: Describe the professional qualifications and experience of each member of the Remuneration Committee.

Note 3: Independence Status: The members of the Remuneration Committee are in compliance with independence criteria, including but not limited to whether they, their spouse, or relatives within two degrees of kinship serve as Directors, supervisors, or employees of the Company or its affiliated enterprises. The extent of shareholding by themselves, their spouse, or relatives within two degrees of kinship (or held under others' names); whether they hold positions in companies with specific relationships with the Company (referencing Article 6, Section 1, Paragraph 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange), and the remuneration received for business, legal, financial, or accounting services provided to The Company or its affiliated enterprises in the last two years.

Note 4: Please refer to the best practice examples on the Corporate Governance Center website of the Taiwan Stock Exchange for the disclosure method.

Authority of the Remuneration Committee:

- (1) Periodically review this regulation and propose revisions as necessary.
- (2) Establish and periodically review the policy, system, standards, and structure for the performance evaluation and remuneration of the Company's directors and managers.
- (3) Periodically evaluate the content and amount of remuneration for the directors and managers of the Company.

Operations of the Remuneration Committee:

- (1) The Remuneration Committee of the Company comprises three members, all of whom are Independent Directors. Details about the members can be found in "II. Information of Directors, Supervisors, General Manager, Vice President, Assistant Vice President, and Management Team from each department and branches (1) Information of Directors and Supervisors".
- (2) The term of this committee: from July 4, 2025, to June 24, 2028. In 2025, a total of 3 meetings (A) were held. The attendance of the committee members is as follows:

Position	Name	Actual Attendance (B)	Number of times attended by proxy	Actual attendance rate (%) (B/A)	Note
Independent director	Chi-Shan Hung	3	0	100%	Convenor
Independent director	Tao-Min Chen	3	0	100%	–
Independent director	Tai-Long Chin	1	1	50%	Note 1
Independent director	Jun-An Chang	0	1	0%	Note 2

Note 1: Independent Director Tai-Long Chin was newly appointed on June 25, 2025.

Note 2: Independent Director Jun-An Chang's term ended on June 25, 2025.

Other mentionable items:

- I. If the Board of Directors decides not to adopt or amend the recommendations of the Remuneration Committee, the board should specify the dates of the meetings, sessions, contents of motion, the result of the board's resolution, and the company's response to the opinion of the Remuneration Committee (if the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons should be stated): None.
- II. The decisions made by the Remuneration Committee should be documented. In cases where a member expresses dissenting or reserved opinions, which are recorded or provided in writing, the minutes of the Remuneration Committee should specify the dates of the meetings, sessions, contents of motion, all members' opinions and response: None.
- III. Discussion topics and resolutions of the Remuneration Committee, and response of the opinions from Remuneration Committee by the Company:

Remuneration Committee Date (Session)	Content of the motion	Remuneration Committee Resolution	Response of the opinions from Remuneration Committee by the Company
2025.03.11 (6th meeting of the 2nd term)	1. The Company Report on the Distribution of Employee Bonus and Directors' Remuneration in 2024.	Passed without objection Approved	Submitted to the Board of Directors and approved by the attending directors.
2025.08.08 (1st meeting of the 3rd term)	1. The Company's case on the definition and scope of "grassroots employees".	Passed without objection Approved	Submitted to the Board of Directors and approved by the attending directors.
2025.12.23 (2nd meeting of the 3rd term)	1. Review the Company's "Remuneration Committee Charter" and the "Director, Functional Committee, and Manager Performance Evaluation and Remuneration Method". 2. The remuneration for the Directors and Managers of the Company.	Passed without objection Approved	Submitted to the Board of Directors and approved by the attending directors.

	3. The Company's Manager Year-End Bonus for the Fiscal Year 2025.		
--	---	--	--

2. Composition, responsibilities, and implementation status of the Nomination Committee:

Information of the Nomination Committee members:

To enhance the functionality of the Board of Directors and strengthen the management mechanism, in accordance with Article 27, Paragraph 3 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," the establishment of the "Nomination Committee" under the organizational structure of the Board of Directors was approved by the Board of Directors on December 23, 2025, along with the establishment of the "Nomination Committee Charter." The committee is appointed by the Board of Directors and composed of at least three Directors, with more than half being Independent Directors. The current members consist of three individuals, comprising the CEO and two Independent Directors.

The committee, under the authorization of the Board of Directors, shall act with the care of a good manager and submit its recommendations to the Board of Directors for discussion.

Authority of the Remuneration Committee:

- (1) Establish the standards for the diverse backgrounds and independence of members of the Board of Directors and senior Managers, including their professional knowledge, skills, experience, and gender, and use these criteria to search for, review, and nominate candidates for directors and senior Managers.
- (2) Construct and develop the organizational structure of the Board of Directors and various committees, conduct performance evaluations of the board, each committee, directors, and senior managers, and assess the independence of Independent Directors.
- (3) Establish and periodically review the development plan for directors and the succession plan for both directors and senior managers.
- (4) Establish the Company's Corporate Governance Best-Practice Principles.

Implementation Status of the Nomination Committee:

- (1) The term of this committee: from December 23, 2025, to June 24, 2028. In 2025, a total of 1 meeting (A) was held. The professional qualifications and experience of the committee members, their attendance, and the matters discussed are as follows:

Position	Name	Professional Qualifications and Experience	Actual Attendance (B)	Number of times attended by proxy	Actual attendance rate (%) (B/A)	Note
Independent director	Chi-Shan Hung	Note 1	1	0	100%	Convenor
Independent director	Tai-Long Chin		1	0	100%	-
Director	Ming-Jen Hung		1	0	100%	-

Note 1: For the professional qualifications, experience, and independence of Directors, please refer to Chapter II. Corporate Governance Report I. Information of Directors, Supervisors, President, Vice President, Assistant Vice President, and Management Team from each department and branches (I) Directors-related content.

Other mentionable items:

- I. Specify the meeting dates, sessions, content of the motion, suggestions or objections from Nomination Committee members, the resolutions of the Nomination Committee, and the Company's response to the opinions of the Nomination Committee:

Nomination Committee Date (Session)	Content of the motion	Nomination Committee Resolution	The Company's response to the opinions of the Nomination Committee
2025.12.23 (1st meeting of the 1st term)	1. Elect the Chairperson and Convenor.	Passed without objection	Submitted to the Board of Directors and approved by the attending directors.

Content of suggestions or objections from Nomination Committee members: None.

The Company's response to the opinions of the Nomination Committee Situation: None.

3. Composition, responsibilities, and implementation status of the Sustainability Development Committee:

Information of the Nomination Committee members:

To achieve the Company's sustainability development goals and enhance sustainable governance, in accordance with Article 27, Paragraph 3 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Article 9, Paragraph 1 of the "Sustainability Best-Practice Principles for TWSE/TPEX Listed Companies," the Sustainability Development Committee was established. It was approved by the Board of Directors on July 4, 2025, under the organizational structure of the Board of Directors, and the "Sustainability Development Committee Charter" was formulated. The Board of Directors appointed at least three members, including at least one director. Currently, the committee comprises three members: the Director and CEO, President, and Chief Financial Officer.

Authority of the Sustainability Development Committee:

- (1) Formulate, promote, and strengthen the Company's sustainable development policies, Year plans, and strategies.
- (2) Review, monitor, and revise the implementation status and effectiveness of sustainability initiatives.
- (3) Supervising the disclosure of sustainability information and reviewing the sustainability report.
- (4) Supervise the execution of the Company's sustainable development guidelines or other sustainability-related tasks as resolved by the Board of Directors.

Implementation Status of the Sustainability Development Committee:

- (1) The term of this committee: from July 4, 2025, to June 24, 2028. In 2025, a total of 2 meetings (A) were held. The professional qualifications and experience of the committee members, their attendance, and the matters discussed are as follows:

Position	Name	Professional Qualifications and Experience	Actual Attendance (B)	Number of times attended by proxy	Actual attendance rate (%) (B/A)	Note
President	Hung-Chieh Huang	Note 1	2	0	100%	Convenor
Director and CEO	Ming-Jen Hung		2	0	100%	–
Chief Financial Officer	Yi-Sheng Chen		2	0	100%	–

Note 1: For the professional qualifications, experience, and independence of Directors, please refer to Chapter II. Corporate Governance Report I. Information of Directors, Supervisors, President, Vice President, Assistant Vice President, and Management Team from each department and branches (I) Directors-related content.

Other mentionable items:

I. Specify the meeting dates, sessions, content of the motion, suggestions or objections from Sustainability Development Committee members, the resolutions of the Sustainability Development Committee, and the Company's response to the opinions of the Sustainability Development Committee:

Sustainability Development Committee Date (Session)	Content of the motion	Resolutions of the Sustainability Development Committee	The Company's response to the opinions of the Sustainability Development Committee
2025.01.02 (1st meeting of the 1st term)	1. The case of electing the Chief Sustainability Officer.	Appointing Hung-Chieh Huang as the Chief Sustainability Officer.	Submitted to the Board of Directors and approved by the attending directors.
2025.08.08 (1st meeting of the 2nd term)	1. The case of electing the Chief Sustainability Officer. 2. The Company's 2024 Sustainability Report.	Appointing Hung-Chieh Huang as the Chief Sustainability Officer, the remaining case was passed without objection.	Submitted to the Board of Directors and approved by the attending directors.

Content of suggestions or objections from Sustainability Development Committee members: None.

The Company's response to the opinions of the Sustainability Development Committee Situation: None.

(V) The differences and reasons between implementation status of Sustainable Development and Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
I. Does the company possess a governance framework aimed at advancing sustainable development, and has it established a dedicated (or part-time) unit for this purpose, managed by senior executives authorized and overseen by the Board of Directors? (TWSE/TPEX listed companies are required to report on their implementation status, rather than adherence or interpretation.)	V		1. To realize the concept of sustainable operation and achieve sustainable development goals, the Company established the "Sustainability Development Committee" on December 24, 2024, under the Board of Directors. This committee is composed of three members, including Directors and senior management, with the President serving as the chairperson. It guides and supervises the development of global environmental, social, and governance (ESG) strategies, reporting to the Board of Directors at least once a year. The report includes (1) current policies, regulations, and organizational structure; (2) the status of sustainability initiatives; and (3) management approaches for significant sustainability issues. The Board of Directors supervises and reviews the effectiveness of these efforts. Additionally, a "Sustainable Development Group" has been established as the unit responsible for promoting sustainable development, tasked with evaluating company-wide sustainability issues and performance, coordinating and facilitating the formulation of company goals, and driving the execution of sustainability action plans, reporting directly to the committee. The major sustainability issues are divided as follows: Governance and Economic Issues - economic performance, anti-corruption; Environmental Issues - waste, water and effluents, emissions, materials; Social Issues - market presence, local communities, occupational health	None.

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
			<p>and safety.</p> <p>2. The Company established the "Sustainable Development Best-Practice Principles" in accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and it was approved by the Board of Directors on March 20, 2020, serving as the basis for the execution of related operating procedures by the Sustainability Development Working Group.</p>	
<p>II. Does the company evaluate Environmental, Social, and Governance risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2) (TWSE/TPEX listed companies are required to report on their implementation status, rather than adherence or interpretation.)</p>	V		<p>The company has formulated the "Sustainable Development Best Practice Principles", conducted related evaluations on its operational activities, and established relevant internal control methods and norms based on the principle of materiality. This ensures the provision of a safe working environment and the company's commitment to environmental responsibility and adherence to ethical norms in business operations. Furthermore, it continues to enhance and review the effectiveness of its implementation efforts. The risk management policies or strategies are outlined as follows:</p> <p>1. Environmental Aspect</p> <p>The Company operates in the wastewater treatment industry. To uphold environmental protection, in addition to effectively achieving "energy-saving", "waste reduction", and "recycling" in our core green initiatives, we are dedicated to conserving energy, reducing carbon emissions, and recycling waste. We aim to minimize paper usage in operations, regulate indoor office temperatures, and ensure compliance with environmental regulations to</p>	None.

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
			<p>achieve efficient management and results in energy conservation and waste reduction.</p> <p>2. Social Aspect</p> <p>(1) Conduct information security training sessions for employees to enhance their awareness of information security periodically, thereby reducing the risk of company and client data leakage.</p> <p>(2) The internal critical systems are protected by firewalls and isolated from the external internet, thus enhancing network security and mitigating the risk of external malicious intrusions and attacks.</p> <p>(3) Regularly convene meetings of the employee welfare committee and labor-management meetings to facilitate communication with employees, and provide timely guidance on laws and regulations to prevent labor disputes. Employees can submit suggestions through communication channels such as meetings or interviews, fostering a collaborative environment where the company works with employees to cultivate a harmonious and positive labor relationship.</p> <p>3. Governance Aspect</p> <p>(1) Training courses are arranged for directors to provide them with insights into changes in relevant laws and policies every year.</p> <p>(2) To procure directors' liability insurance for directors, reducing the risk of significant losses or litigation.</p> <p>(3) Establish communication channels including contact persons and email addresses, ensuring proactive</p>	

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
			communication. The spokesperson will handle and be responsible for responding to important issues.	
<p>III. Environmental Issues</p> <p>(I) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(III) Does the company assess the potential risks and opportunities of climate change to its current and future operations, and implement measures in response to climate-related issues?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company operates in the wastewater treatment industry and has established a reporting mechanism in compliance with environmental laws and regulations. It regularly reviews relevant procedures and submissions to ensure compliance with current legal requirements as they evolve. Additionally, the Company has established a Quality Management System in accordance with ISO 9001 standards and has successfully passed verification. The Company conducts greenhouse gas inventories in accordance with the Greenhouse Gas Protocol and tracks the effectiveness of its carbon reduction efforts.</p> <p>(II) The Company has secured relevant patents for the recycling and reuse of acidic wastes, thus mitigating environmental pollution through the reuse process. For chromium-based wastewater treatment, an automated graphical control system was introduced in 2025, along with the installation of related energy-saving variable frequency equipment, to improve energy efficiency and optimize the quality and quantity of treated wastewater. The total expenditure amounted to approximately NT\$3.7 million.</p> <p>(III) The Board of Directors serves as the planning and oversight unit for the Company's climate and sustainability matters, with a Sustainability Development Committee established under the Board to manage climate-related risks and opportunities. The Company is deeply concerned about</p>	<p>None.</p> <p>None.</p> <p>None.</p>

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies																
	Yes	No	Abstract Explanation																	
(IV) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>climate change and is dedicated to mitigating its effects. Apart from its involvement in acidic wastes recovery and recycling operations, it actively promotes energy-saving and carbon reduction activities through its management units. Furthermore, it plans to sustain its investment in industry-academia collaboration to enhance wastewater treatment efficiency and diminish environmental pollution. These efforts aim to reduce the company's environmental footprint across multiple fronts.</p> <p>(IV) The Company operates in the wastewater treatment industry, meticulously recording and submitting all related waste treatment volumes to downstream discharge units. Additionally, it periodically promotes key energy conservation and carbon reduction initiatives, such as advocating office paper recycling and reuse, transitioning to paperless operations, and utilizing solar power generation. The greenhouse gas emissions for the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1 Emission (tCO2e)</th> <th>Scope 2 Emission (tCO2e)</th> <th>Emission intensity (tCO2e/million NTD)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>35.2230</td> <td>2,592.5421</td> <td>5.0690</td> </tr> <tr> <td>2025</td> <td>27.9570</td> <td>2,253.1960</td> <td>4.4839</td> </tr> </tbody> </table> <p>The water consumption amounts for the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Water Consumption</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Year	Scope 1 Emission (tCO2e)	Scope 2 Emission (tCO2e)	Emission intensity (tCO2e/million NTD)	2024	35.2230	2,592.5421	5.0690	2025	27.9570	2,253.1960	4.4839	Year	Water Consumption			None.
Year	Scope 1 Emission (tCO2e)	Scope 2 Emission (tCO2e)	Emission intensity (tCO2e/million NTD)																	
2024	35.2230	2,592.5421	5.0690																	
2025	27.9570	2,253.1960	4.4839																	
Year	Water Consumption																			

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies																																				
	Yes	No	Abstract Explanation																																					
			<table border="1"> <thead> <tr> <th></th> <th>Thousand cubic meters (million liters)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>545.77</td> </tr> <tr> <td>2025</td> <td>509.96</td> </tr> </tbody> </table> <p>The waste generation amounts for the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Item</th> <th>Explanation</th> <th>Generation Amounts (Metric Tons)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">2024</td> <td>Hazardous industrial wastes</td> <td>Hazardous sludge</td> <td>622.23</td> </tr> <tr> <td rowspan="2">Non-hazardous industrial wastes</td> <td>Non-hazardous sludge</td> <td>6,817.21</td> </tr> <tr> <td>Spent activated carbon</td> <td>210.65</td> </tr> <tr> <td colspan="3">Total amount</td> <td>7,650.09</td> </tr> <tr> <td rowspan="3">2025</td> <td>Hazardous industrial wastes</td> <td>Hazardous sludge</td> <td>644.94</td> </tr> <tr> <td rowspan="2">Non-hazardous industrial wastes</td> <td>Non-hazardous sludge</td> <td>6,939.06</td> </tr> <tr> <td>Spent activated carbon</td> <td>201.94</td> </tr> <tr> <td colspan="3">Total amount</td> <td>7,785.94</td> </tr> </tbody> </table>		Thousand cubic meters (million liters)	2024	545.77	2025	509.96	Year	Item	Explanation	Generation Amounts (Metric Tons)	2024	Hazardous industrial wastes	Hazardous sludge	622.23	Non-hazardous industrial wastes	Non-hazardous sludge	6,817.21	Spent activated carbon	210.65	Total amount			7,650.09	2025	Hazardous industrial wastes	Hazardous sludge	644.94	Non-hazardous industrial wastes	Non-hazardous sludge	6,939.06	Spent activated carbon	201.94	Total amount			7,785.94	
	Thousand cubic meters (million liters)																																							
2024	545.77																																							
2025	509.96																																							
Year	Item	Explanation	Generation Amounts (Metric Tons)																																					
2024	Hazardous industrial wastes	Hazardous sludge	622.23																																					
	Non-hazardous industrial wastes	Non-hazardous sludge	6,817.21																																					
		Spent activated carbon	210.65																																					
Total amount			7,650.09																																					
2025	Hazardous industrial wastes	Hazardous sludge	644.94																																					
	Non-hazardous industrial wastes	Non-hazardous sludge	6,939.06																																					
		Spent activated carbon	201.94																																					
Total amount			7,785.94																																					
IV. Social Issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company respects human rights and fosters a harmonious working environment as the foundation of sustainable business operations. It supports and adheres to the principles disclosed in international human rights conventions such as the "Universal Declaration of Human Rights," "United Nations Global Compact," and "Declaration on Fundamental Principles and Rights at Work." The Company	None.																																				

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>complies with relevant labor laws and has formulated the "Human Rights Policy Management Measures" to safeguard the labor rights of employees, including adherence to statutory working hours, compliance with legal wages and benefits, and the provision of humane and non-discriminatory treatment.</p> <p>The Company designated the management department as the responsible unit to formulate the "Human Rights Policy Management Measures," which was implemented after approval by the Chairman.</p> <p>Human rights protection related training: In 2025, enhanced human rights related educational training includes "Personal Data Protection Act" and "Workplace Sexual Harassment," totaling 41 hours.</p> <p>(II) Employee Remuneration: According to Article 23 of the Corporate Charter: If the company generates profits during the current year, it should allocate no less than 1% of the pre-tax profit, after deducting employee bonuses and director remuneration, as employee bonuses, and not more than 3% as director remuneration. However, if the company still has accumulated losses, a reserve should be set aside in advance to cover accumulated deficits. The determination of the distribution ratio for employee bonuses and director remuneration, as well as the decision on whether employee bonuses should be in the form of stocks or cash, is made by the Board of Directors. This decision requires a resolution by more</p>	None.

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
			<p>than two-thirds of the directors present, with the presence of more than half of the directors. It should be reported at the shareholders' meeting. The recipients eligible to receive employee bonuses in the form of stock or cash may include employees of controlled or subsidiary companies who meet specific conditions. In the aforementioned employee remuneration amount, no less than one-third should be allocated as remuneration distribution for grassroots employees. In 2025, 70% of the allocated employee remuneration was designated for grassroots employees.</p> <p>In addition, the Company has implemented various measures such as work rules, salary and attendance management policies, and evaluation management procedures to ensure that employees understand relevant labor laws and their basic rights. Additionally, the Company reviews the connection between its salary and benefits measures and the market, providing a competitive and incentivizing compensation and benefits system. Based on the company's overall operational status and individual performance, as well as considering the nature of the position, supervisors conduct quarterly employee performance evaluations to motivate employees' work performance.</p> <p>Employee welfare measures: The current welfare provisions of The Company are outlined below. Additionally, The Company has also established an Employee Welfare Committee, which</p>	

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
			<p>will continue to actively plan and promote various welfare measures based on actual conditions.</p> <ol style="list-style-type: none"> 1. Year-end bonus. 2. Annual salary adjustments are based on performance evaluations. 3. Employee cash dividends. 4. Labor insurance, health insurance, labor pension contributions, and group insurance. 5. Departmental occasional gatherings. 6. Regular medical examination for employees. 7. Vouchers for festival and birthday. <p>Retirement system: If any of the following conditions applies to the employees of the Company, they may apply for retirement:</p> <ol style="list-style-type: none"> 1. Employees who have worked for more than ten years and are over sixty years old. 2. Employees who have worked for more than fifteen years and are over fifty-five years old. 3. Employees who have worked for more than twenty-five years. <p>The Company contributes six percent of the monthly salary to each employee's Individual labor pension accounts under the Labor Pension Act (new fund system). For those who voluntarily contribute to their pension, the voluntary contribution rate is deducted from the employee's monthly salary and paid to the personal pension account at the Bureau of Labor</p>	

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
(III) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>Insurance. When employees meet the retirement conditions, they can apply for the pension according to the retirement procedures to support their post-retirement life.</p> <p>(III) The Company organizes education and training courses periodically to ensure that employees have a comprehensive understanding of operational tasks and to promote knowledge and adherence to work safety regulations during these sessions. Additionally, all employees undergo health examinations every two years to ensure a safe and healthy work environment. The Company has not encountered any incidents of fire or occupational accidents in the past fiscal year.</p>	None.
(IV) Does the company provide its employees with career development and training sessions?	V		<p>(IV) The Company designs capability development programs tailored to employee needs according to job categories and position requirements. Supervisors and senior colleagues from the respective units organize internal or external training courses to assist new employees in enhancing their career capabilities and identifying future development directions.</p> <ol style="list-style-type: none"> 1. New Employee Training: New employees receive pre-service training and orientation sessions, supplemented by a mentorship program to aid their integration into the work environment and company culture. 2. Professional / Functional Training: The abilities required for work include skills in Production, 	None.

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
(V) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		<p>Research and Development, Finance, Management, Procurement, Information, etc.</p> <p>3. Liberal Education Training: Company's mission, corporate culture, company values, quality awareness, and occupational safety and health.</p> <p>4. Direct Personnel Training: Training on the indispensable knowledge, skills, and operational methods required for on-site in their work.</p> <p>In 2025, there were a total of 79 internal and external training sessions, amounting to a cumulative total of 279 hours, with total expenditures of NT\$90,000.</p> <p>(V) The Company operates in the wastewater treatment industry, adhering to environmental regulations, and regularly reviews the related reporting operations to ensure compliance with current legal requirements as laws evolve. The Company has established an ISO 9001 Quality Management System and successfully passed verification. Additionally, the company's website features an investor section, offering a communication channel for both consumers and investors.</p>	None.
(VI) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		<p>(VI) The Company conducts regular evaluations of suppliers and evaluates the environmental impact of procurement activities. It also requires key raw material suppliers to provide a Corporate Social Responsibility Commitment. In the event of any violations by suppliers of relevant environmental, Occupational Safety and Health, or Labor Rights</p>	None.

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
			regulations, the Company will evaluate the severity of the violation and reconsider the terms and possibilities of cooperation.	
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	V		The Company prepares its sustainability report in accordance with the Global Reporting Initiative (GRI) Standards guidelines published by the GRI. The aforementioned report has obtained third-party assurance in compliance with TWSAE3000, with the assurance provider being Green Mountain Sustainability CPA Firm, and it will be uploaded to the Market Observation Post System and the Company's website by August 18, 2025.	None.
VI. If the company has its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe their operation and differences from the set principles: The Company has established the "Sustainable Development Best Practice Principles" to strengthen the implementation of corporate social responsibility and regularly reviews the implementation situation based on these principles for improvement.				
VII. Other important information that contributes to understanding the implementation status of sustainable development: None.				

Note 1: If "Yes" is checked under implementation, please describe the key policies, strategies, and measures and results adopted. If "No" is checked under implementation, please give reasons and describe relevant strategies and measures to be adopted in the future under the "Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" column.

Note 2: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

Note 3: Please refer to the best practice examples on the Corporate Governance Center website of the Taiwan Stock Exchange for the disclosure method.

(VI) Implementation Status of Climate-Related Information:

Item	Implementation Status
<p>1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>In response to the high uncertainty of climate change and the rapid shifts in policies and market conditions, the Company regularly convenes senior executives from various departments to identify major climate-related risks and opportunities. Additionally, the Company evaluates potential risks to its operational sites posed by floods, droughts, typhoons, and high temperatures. These efforts aim to enhance awareness of external climate changes and market dynamics, and to incorporate such considerations more comprehensively into overall business strategy planning.</p> <p>The Board of Directors has established the "Sustainable Development Committee," chaired by the President, which convenes at least once a year. The Committee is responsible for formulating, promoting, and strengthening key action plans and capital expenditures related to sustainable development (including climate-related issues) across the Group. The committee also reviews, monitors, and revises the implementation and effectiveness of sustainability initiatives, and reports the results to the Board of Directors. The committee is further supported by a working group composed of first-tier executives, which includes the following subgroups: Sustainable Governance Subgroup, responsible for legal compliance in corporate governance, establishing reasonable remuneration policies and employee performance evaluation systems, conducting training programs, and managing stakeholder communication mechanisms; Environmental Sustainability Subgroup, responsible for environmental management systems, compliance with environmental regulations and international standards, evaluation of sustainable transition strategies, improving resource utilization efficiency, climate change response mechanisms, and establishing dedicated environmental management units or personnel; Social Sustainability Subgroup, responsible for human rights management policies and procedures, compliance with human rights-related laws and international norms, establishing internal and external communication channels among all organizational members (e.g., employees, subsidiaries, joint ventures) and key value chain partners, evaluating related risks and management mechanisms, and promoting community and cultural development.</p>

<p>2. Describe how the identified climate-related risks and opportunities impact the company’s business, strategy, and financial planning (short, medium, and long term).</p>	<p>The Company actively develops solutions aimed at reducing the operational and financial impacts brought about by climate change, thereby enhancing organizational climate resilience. The Company also defines short term as 1–5 years, medium term as 6–10 years, and long term as over 10 years. It evaluates the potential operational and financial impacts of identified climate-related risks and opportunities across these timeframes, and develops corresponding action plans to address them.</p>			
	<p>Type of risk and opportunity</p>	<p>Short-term (1–5 years)</p>	<p>Medium-term (6–10 years)</p>	<p>Long-term (more than 10 years)</p>
<p>Risk</p>	<p>Transition risk Risks arising from efforts to shift toward a low-carbon economy. The transition risks include policy, legal, technological, market, and reputational risks.</p>	<p>Setting a greenhouse gas total reduction goal of 1%</p>	<p>Transitioning to low-carbon and plastic reduction technologies, with new renewable energy regulations being introduced</p>	<p>Trend toward achieving net zero emissions</p>
	<p>Physical risks Immediate physical risks arise from weather-related events such as storms, floods, droughts, or heatwaves, with increasing severity and frequency. Long-term physical risks stem from prolonged changes</p>	<p>Extreme changes in climate patterns cause increased flooding, damaging company operational assets</p>	<p>Increased droughts cause disruptions in the supply chain.</p>	<p>Rising average temperatures</p>

		in climate patterns, including shifts in precipitation and temperature, which may lead to sea-level rise, reduced water availability, loss of biodiversity, and changes in soil productivity.			
	Opportunities	Positive impacts arising from climate change on the organization. Efforts to mitigate and adapt to climate change can create climate-related opportunities for the organization.	Research and innovation in new low-carbon services	Improving resource use efficiency	Enhancing corporate reputation

The Company has evaluated the above risks and identified climate-related risks and opportunities that may cause significant financial impacts, along with corresponding response strategies as follows:

Transition risks / Climate opportunities		
R (Risk) / O (Opportunity)	Financial Impact: - / +	Response Strategy:
R: Introduction of new renewable energy regulations O: Construction of renewable energy facilities	—Increased operating costs due to the purchase of renewable energy certificates —Fines and penalties incurred from non-compliance with regulations, increasing	Improve energy efficiency and invest in green energy equipment

		operating expenses + Increased revenue from electricity sales	
	R: Trend toward achieving net zero emissions	—Increased costs for installation and operation of carbon reduction equipment	<ul style="list-style-type: none"> · Continue implementing greenhouse gas reduction measures · Encourage suppliers to take climate mitigation and adaptation actions
	R: Extreme changes in climate patterns cause increased flooding Risk: Supply chain disruption (drought)	<ul style="list-style-type: none"> —Operational sites may halt, leading to revenue decline —Damage to machinery and equipment causing asset losses 	<ul style="list-style-type: none"> · Consider flood risk when selecting locations for new operational sites · Evaluate flood risk at existing production sites and implement mitigation measures · Seek suppliers in alternative regions
3. Describe the financial impacts of extreme climate events and transition actions.	Through internal discussions, inventory, and evaluations, the Company has identified potential risks to product operations and service phases posed by floods, droughts, changes in precipitation patterns, and extreme shifts in climate patterns.		
4. Describe how the identification, evaluation, and management of climate risks are integrated into the overall risk management system.	The Board of Directors serves as the highest decision-making body for risk control across all subsidiaries within the Group, directly overseeing the risk governance framework of each subsidiary. To enhance risk evaluation and strengthen management capabilities, the Sustainability Development Committee conducts an annual risk re-identification. Based on the results, each department develops response strategies to integrate and manage risks that may impact operations and profitability. The committee reports to the Board of Directors at least once a year, aiming to reinforce the Company’s overall resilience.		
5. If scenario analysis is used to evaluate resilience to	Although scenario analysis does not predict the future, it enables companies to better		

<p>climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts should be disclosed.</p>	<p>understand how climate change may affect them. In essence, scenario analysis is a critical tool for strategic planning, risk management, and evaluating the resilience of a company's strategy. The Company conducts both qualitative and quantitative climate modeling analyses across the value chain to evaluate our resilience to climate-related risks under varying external conditions.</p> <p>Parameters, assumptions, and analytical factors</p> <ol style="list-style-type: none"> 1. The Company's current operations and value chain status are based on a model constructed using historical data. As a result, the model does not account for the potential impact of future actions outlined in the Company's recently announced "Net Zero Roadmap." 2. The model integrates both physical and business data specific to the Company: 3. Physical data includes the quantity and sourcing locations of raw materials, the locations of operational sites, as well as the treatment volume and transportation methods. 4. Business data includes sales revenue and profit segmented by market. 5. The scenario analysis is based on publicly available data sources, including evaluations and reports on energy net-zero emission pathways published by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). 6. In light of the complexity and uncertainty surrounding the interrelation of risks, each risk factor is evaluated through a standalone model, without incorporating interdependencies or potential offsets among risks. 7. The timeframe used spans from 2025 to 2050. 8. The Company adopts risk classifications aligned with the recommendations of the TCFD, and conducts simulations to evaluate the potential impacts of both transition and physical risk factors on the business. <p>Transition risk</p> <p>Under transition risks, the shift toward a low-carbon economy may involve extensive changes in policies, regulations, technologies, and changes in market conditions. Depending on the nature, pace, and focus of these developments, factors such as total greenhouse gas emissions caps, carbon pricing, renewable energy regulations, and shifts in consumer demand and preferences could potentially increase operating costs or reduce market sales over the analysis timeframe. The Company continues to focus on research, innovation, and diversification of related product lines. As market sales are not significantly impacted under the various scenarios, the Company places emphasis on</p>
---	---

analyzing the effects on operating costs. According to the evaluation reports published by the IPCC, four Representative Concentration Pathways (RCPs) are proposed to describe possible climate change scenarios, summarized as follows 1:

- (1) RCP2.6: A low-emissions scenario, aiming to limit global warming to below 2°C compared to pre-industrial levels. This pathway is expected to result in approximately 1.7°C of warming.
 - (2) RCP4.5 is a medium-emissions scenario, which does not meet the 2°C limit or the 1.5°C goal. This pathway is expected to result in approximately 2.1°C of warming.
 - (3) RCP6.0 is a medium-high emissions scenario, in which greenhouse gas emissions peak around 2060 and begin to decline toward the end of the century. This pathway may lead to 2.5°C of warming.
 - (4) RCP8.5 is a high-emissions scenario that aligns with current policy trajectories, with potential warming reaching 4.3°C. It is also referred to as the business-as-usual scenario.
1. In 2021, the IPCC released its Sixth evaluation Report (AR6), which considered combinations of Shared Socioeconomic Pathways (SSPs) and RCPs, along with additional scenarios. However, for the purpose of this analysis, the emissions scenarios from the Fifth evaluation Report are used as the basis of discussion. Evaluation of Key Financial Impacts Under Different Transition Risk Scenarios
The Company has selected two distinct climate change scenarios for evaluation, as outlined below:

Scenario	Estimated Potential Financial Impact
<p>RCP8.5 – High Emissions Scenario No additional carbon reduction measures beyond current national policies. Global carbon price 2: US\$ 15-25 per metric ton (estimated to 2030)</p>	No material impact identified
<p>RCP2.6 – Low Emissions Scenario Net-zero emissions globally by 2050 Global carbon price 2: US\$ 730-980 per metric ton (target value)</p>	No material impact identified

2. The carbon prices are based on scenario parameters published by the NGFS, using the REMIND-MAgPIE 2.1-4.2 model. The figures reflect the assumed global carbon prices for the year 2035. Source: [NGFS Phase 4 Scenario Explorer \(iiasa.ac.at\)](https://www.iiasa.ac.at/ngfs-scenario-explorer). The Company plans to address these transition risks by implementing energy-saving and carbon reduction initiatives aimed at minimizing the impact of its operations and supply chain on climate change, specifically targeting reductions in energy consumption, water usage, and waste generation. Efforts will also focus on improving energy efficiency, investing in green energy technologies, and dedicating resources to research and development of innovative green products that meet evolving consumer demands.
- Physical risks.
- Physical risks may manifest as either immediate or long-term impacts. Immediate risks are already occurring, such as increased flooding caused by extreme shifts in climate patterns, leading to operational disruptions at business sites and resulting in revenue declines or financial losses. Similarly, heightened drought frequency is causing supply chain interruptions, with expectations that these events will become more severe and frequent. Long-term risks are more likely to emerge around mid-century and beyond. Forecasting climate changes beyond 2050 presents significant challenges. A reasonable assumption is that long-term (and potentially irreversible) changes in climate patterns, such as rising average temperatures, will intensify over time.
- The Company conducts physical risk scenario analyses to evaluate the potential impacts of climate change on its operations and resource allocation under the SSP5-8.5 and SSP1-1.9 scenarios. Under the high-emission SSP5-8.5 scenario, rising temperatures, along with increased frequency and intensity of extreme weather events, such as floods, droughts, and heavy rainfall, may exacerbate uncertainties related to water resources and agricultural conditions critical to the Company. Given that the Company operates in regions where water is a key production factor, fluctuations in water availability could directly threaten production stability, subsequently affecting cost control and supply chain coordination.
- Conversely, under the more optimistic SSP1-1.9 scenario, global efforts to aggressively reduce greenhouse gas emissions result in a smaller increase in temperature and a lower likelihood of extreme weather events. Accordingly, risks related to water resources, infrastructure, and operational efficiency are comparatively manageable. However, even under low-risk scenarios, proactive

	<p>adaptation measures are necessary to enhance resilience. Based on a comprehensive evaluation, the financial impact of physical risks on the Company will vary depending on the scenario and climate developments. Nevertheless, continuous monitoring and the implementation of appropriate strategies remain essential in the long term.</p>
<p>6. If transition plans are in place to address climate-related risks, describe the plan's details, including the key indicators and goals used to identify and manage both physical and transition risks.</p>	<p>Regarding the transition plans for managing climate-related risks, the Company is currently closely monitoring and evaluating the situation. Details will be provided once the plans are finalized. Ultimately, to achieve net-zero emissions, the Company will develop a comprehensive low-carbon transition plan targeting reductions in direct emissions from operations (Scope 1), indirect emissions from energy use (Scope 2), and indirect emissions across the value chain (Scope 3). The implementation plan includes:</p> <p>Enhancing operational efficiency: Improving energy productivity and usage efficiency to minimize carbon emissions during the manufacturing process.</p> <p>Investing in renewable energy: Committing to renewable energy investments and participating in carbon offset projects to compensate for unavoidable emissions or those limited by current reduction technologies.</p>
<p>7. If internal carbon pricing is used as a planning tool, describe the basis for setting the price.</p>	<p>Currently, the Company has no plans to implement an internal carbon pricing mechanism and will await further clarification of greenhouse gas-related regulations or guidelines from government authorities.</p>
<p>8. If climate-related goals have been established, describe the activities covered, the scopes of greenhouse gas emissions included, the planned timeline, and annual progress toward achieving these goals; if carbon offsets or Renewable Energy Certificates (RECs) are used to meet these goals, describe the sources and quantities of the offsets or the number of RECs involved.</p>	<p>The Company is committed to environmental protection in the long term, aiming to create a green operation model that "maximizes production efficiency while minimizing environmental impact," thereby achieving a harmonious balance between economic and environmental goals. The sources and quantities of carbon offsets or Renewable Energy Certificates (RECs) will be disclosed and planned in accordance with regulatory requirements.</p>
<p>9. Greenhouse gas inventory and verification status, reduction goals, strategies, and specific action plans.</p>	<p>Please refer to the table below.</p>

1-1 Recent two-year company greenhouse gas inventory and verification status

1-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emissions for the most recent two years (in metric tons of CO ₂ e), intensity (metric tons of CO ₂ e per million NT dollars), and the scope of data coverage.			
The emissions data for the most recent two years are as follows:			
Year	Scope 1 Emission(tCO ₂ e)	Scope 2 Emission(tCO ₂ e)	Emission intensity (tCO ₂ e/ million NTD)
2024	35.2230	2,592.5421	5.0690
2025	27.9570	2,253.1960	4.4839

1-1-2 Greenhouse gas assurance information

Describe the assurance status for the most recent two years, including the scope of assurance, assurance provider, assurance standards, and assurance opinion.
The Company continues to implement greenhouse gas reduction management. In 2024 and 2025, inventories covering all sites of individual companies and consolidated subsidiaries were conducted under ISO 14064-1:2018 and the GHG Protocol. Reports were verified by Green Mountain Sustainability CPAs Firm in accordance with TWSAE 3000, confirming compliance with GRI Standards. Scope 1 and Scope 2 were assured under TWSAE 3410, with results indicating limited assurance, resulting in a reasonable assurance level for Scope 1 and 2.

1-2 Greenhouse gas reduction goals, strategies, and specific action plans

Describe the baseline year and data for greenhouse gas emissions, reduction goals, strategies, specific action plans, and progress toward achieving the reduction goals.
For chromium-based wastewater treatment, an automated graphical control system was introduced in 2025, along with the installation of related energy-saving variable frequency equipment, to improve energy efficiency and optimize the quality and quantity of treated wastewater. The total expenditure amounted to approximately NT\$3.7 million.

(VII) The differences and reasons between Fulfillment of Ethical Corporate Management and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p>	V		<p>(I) The Company conducts its business activities based on the principle of integrity. To fulfill operations integrity policy and proactively prevent dishonest behavior, the Company, in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," approved the establishment of the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" at the Board of Directors' meeting on March 20, 2020. These measures aim to foster a sustainable operational environment. Both the Board of Directors and management are committed to actively implementing the integrity operating policy and regularly educating directors on relevant integrity management regulations.</p>	None.
<p>(II) Does the company have mechanisms in place to evaluate the risk of unethical conduct, and perform regular analysis and evaluation of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and</p>	V		<p>(II) The Company's "Procedures for Ethical Management and Guidelines for Conduct" specify preventive measures for business activities with a higher risk of dishonest behavior within the scope of business. These measures are in accordance with Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for</p>	None.

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
<p>ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(III) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	V		<p>TWSE/GTSM Listed Companies" or other relevant guidelines. Relevant units are required to fully implement these measures, and they are subject to periodic audits by the auditing units.</p> <p>(III) The Company clearly outlines the practices of integrity management and prevention schemes against dishonest behaviors in relevant operating standards such as the "Fulfillment of Ethical Corporate Management", "Procedures for Ethical Management and Guidelines for Conduct" and "Work Rules". These include operational procedures, behavior guides, whistleblowing systems, punishment and appeal systems, all of which are effectively implemented.</p>	None.
<p>II. Fulfill operations integrity policy</p> <p>(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(II) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p>	V	V	<p>(I) The Company mandates primary raw material suppliers to provide a Corporate Social Responsibility Commitment. In the event of any dishonest conduct, the Company reserves the right to terminate the transaction.</p> <p>(II) The Company, in accordance with the "Procedures for Ethical Management and Guidelines for Conduct," designated the Sustainability Development Committee as the dedicated unit to implement the relevant policies and report the implementation status to the Board of Directors annually. This assists the Board in evaluating the effectiveness of the integrity management</p>	<p>None.</p> <p>None.</p>

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			<p>prevention measures established by the Company. The Board of Directors completed the report on the implementation status of ethical management for 2025 on March 6, 2026.</p> <p>The implementation status for the year 2025 is as follows:</p> <ol style="list-style-type: none"> 1. Promotion and Educational Training: To prevent insider trading, avoid improper information disclosure, and other inappropriate actions that harm the Company's interests, the Company periodically promotes regulations related to integrity management during monthly operational meetings. On December 23, 2025, before the Board of Directors meeting, the senior management of the Company also provided guidance on relevant integrity management regulations to each Director. 2. Whistleblowing System: <ol style="list-style-type: none"> (1) Establish and publicize an internal independent whistleblowing mailbox and hotline, or entrust Other external independent organizations to provide a whistleblowing mailbox and hotline for use by internal and external personnel of the Company. (2) Appoint dedicated personnel or a unit to handle whistleblowing reports. If the case 	

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			<p>involves Directors or senior Managers, it should be reported to the Independent Director. Additionally, establish categories for the whistleblowing matters and their corresponding standard Operating Procedures for investigation.</p> <p>(3) After the completion of the investigation of whistleblowing cases, appropriate follow-up actions based on the severity of the situation should be taken. If necessary, the matter should be reported to the Competent Authority or referred to judicial authorities for investigation.</p> <p>(4) Record and preservation of the acceptance, investigation process, investigation results, and related document production for whistleblowing cases.</p> <p>(5) Confidentiality of the whistleblower's identity and the content of the report, allowing anonymous reporting.</p> <p>(6) Measures to protect the whistleblower from improper treatment due to whistleblowing activities.</p> <p>(7) Whistleblower reward measures.</p> <p>If the dedicated personnel or unit handling whistleblowing reports discovers any significant violations or potential significant</p>	

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		<p>harm to the Company, they should immediately prepare a report and notify the Independent Director in writing.</p> <p>3. During the Board of Directors meeting, the directors who had conflicts of interest related to certain agenda items had recused themselves and did not participate in discussions or voting.</p> <p>4. As of the publication date, no complaints have been received.</p> <p>(III) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and the "Regulations Governing Procedure for Board of Directors Meetings" to regulate the handling details of conflicts of interest.</p>	None.
(IV) Has the company established effective accounting and internal control systems to fulfill operations integrity? Does the internal audit unit develop relevant audit plans based on the evaluation results of unethical conduct risk, and audit the compliance of programs against unethical conduct, or commission a CPA to perform audits?	V		<p>(IV) To ensure the implementation of honest business operations, the Company has established effective accounting and internal control systems. The Company's internal auditing unit regularly audits the compliance of these systems, prepares audit reports for the Board of Directors, and has not discovered any internal control deficiencies that violate honest business operations.</p>	None.
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		<p>(V) The Company's Board of Directors regularly invites external specialists to conduct corporate governance courses at the Company, and the senior management of the Company provides guidance on the related regulations of integrity management to</p>	None.

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons																
	Yes	No	Abstract Explanation																	
			<p>each director before Board of Directors meetings and to employees during internal meetings. The education and training status for 2025 is as follows:</p> <table border="1"> <thead> <tr> <th>Course Name</th> <th>Date</th> <th>Hours</th> <th>Person-times</th> </tr> </thead> <tbody> <tr> <td>Prevention of Insider Trading</td> <td>2025/12/22</td> <td>1</td> <td>10</td> </tr> <tr> <td>Prevention of Insider Trading</td> <td>2025/12/23</td> <td>1</td> <td>18</td> </tr> <tr> <td colspan="3">Total</td> <td>28</td> </tr> </tbody> </table>	Course Name	Date	Hours	Person-times	Prevention of Insider Trading	2025/12/22	1	10	Prevention of Insider Trading	2025/12/23	1	18	Total			28	
Course Name	Date	Hours	Person-times																	
Prevention of Insider Trading	2025/12/22	1	10																	
Prevention of Insider Trading	2025/12/23	1	18																	
Total			28																	
<p>III. The Implementation Status of the Company's Whistleblowing System</p> <p>(I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(II) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(III) Does the company provide proper whistleblower protection?</p>	V		<p>(I) The Company has established a clear whistleblowing system in its "Procedures for Ethical Management and Guidelines for Conduct", and there is a whistleblowing channel in the stakeholder section on the company's website. The company assigns appropriate dedicated personnel to handle reports regarding the accused parties.</p> <p>(II) As per Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct", there is a confidentiality mechanism implemented for handling whistleblowing cases commitment to protecting, and from any improper treatment resulting from their whistleblowing activities.</p> <p>(III) The Company has a designated person in charge of handling whistleblowing cases, who is also responsible for maintaining the confidentiality of</p>	<p>None.</p> <p>None.</p> <p>None.</p>																

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			the whistleblower's identity.	
IV. Strengthening information disclosure Does the company disclose the content of its ethical corporate management policies and the effectiveness of its implementation on company's website and the Market Observation Post System? The content of its ethical corporate management policies and the effectiveness of its implementation?	V		The Company has established the "Fulfillment of Ethical Corporate Management" and disclosed it on the company's website and the Market Observation Post System. A dedicated unit is responsible for promoting related policies of ethical management.	None.
V. If the company has established the ethical corporate management policies based on the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the policies and their implementation: There have been no differences.				
VI. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): None.				

(VIII) Other important information that can enhance understanding of the corporate governance operation: The Company's continuous efforts to enhance corporate governance practices and ensures timely disclosure of corporate governance information, simultaneously on both the Market Observation Post System and the Company's corporate website.

(IX) Internal Control Systems:

1. Internal Control Statement:

Please refer to the Market Observation Post System at: <https://mops.twse.com.tw> > Single Company > Corporate Governance > Company Rules > Internal Control / Internal Control Statement Announcements. Enter the relevant year and company code to search for the internal control statement announcements.

2. Those who entrust accounting professionals with the special audit of internal control systems should disclose the Auditors' Report:

Please refer to the Market Observation Post System at:

<https://mops.twse.com.tw> > Single Company > Corporate Governance > Company Rules > Internal Control / Internal Control Project Review Reports. Enter the relevant year and company code to search for the internal control project review reports.

(X) Important resolutions of the Shareholders Meeting and Board of Directors for the most recent year and up to the date of the annual report printing:

1. Important Resolution at the Shareholders Meeting:

Date	Session	Resolution Contents/Resolution Results/Implementation Status																
2025.06.25	Shareholders' Annual Meeting	<p>(I) The Company's Business Report and Financial Statements in 2024. Resolution Results: The proposal was approved by the attending shareholders. Implementation Status: The resolution results have been adhered to.</p> <p>(II) Acknowledge the Company's Profits Distribution in 2024. Resolution Results: The proposal was approved by the attending shareholders. Implementation Status: The ex-dividend date was July 2, 2025, and the distribution was completed on July 22, 2025. (Cash Dividend of NT\$3.5 per share).</p> <p>(III) Approved The Company's amendment to the "Corporate Charter". Resolution Results: The proposal was approved by the attending shareholders. Implementation Status: The resolution results have been adhered to, and approval for the change of registration was obtained from the Kaohsiung City Government on July 15, 2025.</p> <p>(IV) Comprehensive re-election of the Company's directors. Election results: The list of elected Directors is as follows.</p> <table border="1" data-bbox="651 1169 1374 1525"> <thead> <tr> <th>Position</th> <th>Title (or Name)</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td>Ming-Yang Wu</td> </tr> <tr> <td>Director</td> <td>Ming-Jen Hung</td> </tr> <tr> <td>Director</td> <td>Ming-Cheng Chung</td> </tr> <tr> <td>Director</td> <td>Chin-Lan Huang</td> </tr> <tr> <td>Independent director</td> <td>Chi-Shan Hung</td> </tr> <tr> <td>Independent director</td> <td>Tao-Min Chen</td> </tr> <tr> <td>Independent director</td> <td>Tai-Long Chin</td> </tr> </tbody> </table> <p>Implementation Status: Approval for the re-election of directors and change of registration was obtained from the Kaohsiung City Government on July 15, 2025.</p> <p>(V) Release the prohibition on the Company's newly appointed Directors from participation in competitive business. Resolution Results: The proposal was approved by the attending shareholders. Implementation Status: The resolution was approved, releasing Ming-Yang Wu, Ming-Jen Hung, Ming-Cheng Chung, and Chi-Shan Hung from the prohibition on participation in competitive business.</p>	Position	Title (or Name)	Director	Ming-Yang Wu	Director	Ming-Jen Hung	Director	Ming-Cheng Chung	Director	Chin-Lan Huang	Independent director	Chi-Shan Hung	Independent director	Tao-Min Chen	Independent director	Tai-Long Chin
Position	Title (or Name)																	
Director	Ming-Yang Wu																	
Director	Ming-Jen Hung																	
Director	Ming-Cheng Chung																	
Director	Chin-Lan Huang																	
Independent director	Chi-Shan Hung																	
Independent director	Tao-Min Chen																	
Independent director	Tai-Long Chin																	

2. Important Resolution of the Board of Directors:

Date	Resolution Contents
2025.03.11	(I) The Company's internal control system effectiveness evaluation and internal control system statement for the year ended December 2024. (II) The Company's amendment to the "Corporate Charter". (III) The revision proposal for the Company's internal control measures. (IV) Intend to reconfirm the process and general policy of prior consent for Assurance-related Non-Assurance Services and list of Non-Assurance Services for Ernst & Young Taiwan and its affiliates. (V) The case of the change and remuneration of the Company's certified public accountant. (VI) Evaluating the independence and suitability of the Certified Public Accountant for the Company for 2025. (VII) The Company's Business Report and Financial Statements in 2024. (VIII) The Company's distribution plan for employee remuneration and directors' remuneration for 2025 (IX) The Company's application for a bank guarantee facility for the first domestic issuance of secured convertible bonds. (X) The company's planned issuance of the first domestic secured convertible bond financing. (XI) The Company's plan to subscribe to the cash capital increase of its subsidiary Ping Ho Materials Technology Co., Ltd. (XII) Comprehensive re-election of the Company's directors. (XIII) The nomination of directors (including independent directors) candidates. (XIV) The acceptance period for shareholder proposals and nominations. (XV) Release the prohibition on the Company's newly appointed Directors from participation in competitive business. (XVI) Proposing the date, venue, purposes of convening, and related matters for the 2025 Annual Shareholders' Meeting of the Company.
2025.05.12	(I) The Company's Consolidated Financial Statements for the first quarter of the year 2025. (II) The Company's Profits Distribution in 2024. (III) The Company's cash dividend distribution of earnings for the year 2024.
2025.06.25	(I) The case of electing the Chairman.
2025.07.04	(I) Appointment of the members of the third Remuneration Committee for the Company. (II) Appointment of the members of the second Sustainability Development Committee for the Company.
2025.08.08	(I) The Company's Consolidated Financial Statements for the second quarter of the year 2025. (II) The Company's case on the definition and scope of "grassroots employees". (III) The Company's adjustment of the organizational structure. (IV) The revision of certain provisions of the Company's "First Domestic Secured Convertible Bond Issuance and Conversion Regulations". (V) The revision proposal for the Company's internal control measures. (VI) The Company's 2024 Sustainability Report. (VII) The Company's application for a credit limit from the bank.
2025.11.05	(I) The Company's Consolidated Financial Statements for the third quarter of the year 2025. (II) The revision proposal for the Company's internal control measures. (III) The Company's application for a credit limit from the bank.
2025.12.23	(I) The Company's Budget and Operational Plan for the Year 2026.

Date	Resolution Contents
	(II) The Company's Audit Plan for the year 2026. (III) The revision proposal for the Company's internal control measures. (IV) The Company's proposal to establish the "Nomination Committee Charter." (V) The Company's establishment of the Nomination Committee and appointment of its members. (VI) Review the Company's "Remuneration Committee Charter" and the "Director, Functional Committee, and Manager Performance Evaluation and Remuneration Method". (VII) The remuneration for the Directors and Managers of the Company. (VIII) The Company's Manager Year-End Bonus for the Fiscal Year 2025.
2026.03.06	(I) The Company's internal control system effectiveness evaluation and internal control system statement for the year ended December 2025. (II) The revision proposal for the Company's internal control measures. (III) Intend to reconfirm the process and general policy of prior consent for Assurance-related Non-Assurance Services and list of Non-Assurance Services for Ernst & Young Taiwan and its affiliates. (IV) The case of the remuneration of the Company's certified public accountant. (V) Evaluating the independence and suitability of the Certified Public Accountant for the Company for 2026. (VI) The Company's Business Report and Financial Statements in 2025. (VII) The Company's adjustment of the organizational structure. (VIII) The Company's distribution plan for employee remuneration and directors' remuneration for 2025. (IX) The Company's Profits Distribution in 2025. (X) The Company's cash dividends distribution from profits for the year 2025. (XI) Acceptance of Shareholder Proposals Period. (XII) Proposing the date, venue, purposes of convening, and related matters for the 2026 Annual Shareholders' Meeting of the Company.

(XI) For the most recent fiscal year and up to the date of the annual report printing, there were no recorded or written statements of disagreement with significant resolutions passed by the Board of Directors from any Director or Supervisor: None.

IV. Information on CPA fees

Information on CPA fees

Unit: In Thousands of New Taiwan Dollars

Accounting Firm Name	Name of Accountant	Audit Period	Audit Fees	Non-Audit Fees	Total	Note
Ernst & Young Global Limited	Kuo-Sen Hung	2025/01/01-	2,670	1,175	3,845	None
	Chen, Cheng-Chu	2025/12/31				

Note: The non-audit fees services of the Company for the fiscal year 2025 include Tax Compliance Audit, Internal Control Reviews, and Business Registration.

- (I) If the audit fees paid in the year of changing the accounting firm are less than the audit fees in the year before the change, the amounts of audit fees before and after the change, and the reason for the change should be disclosed: None.
- (II) If audit fees decrease by more than 10% over the previous year, the reduction amount, percentage, and reason should be disclosed: None.

V. Information on the Replacement of CPA: None.

VI. Where the company's Chairperson, President, or any Managerial Officer in charge of finance or accounting matters has held a position at the accounting firm of its certified public accountant or at an affiliated enterprises of such accounting firm in the most recent year, their name, title, and the duration of their employment at the accounting firm or its affiliated enterprises should be disclosed : None.

VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

(I) Changes in the Shareholding of Directors, Supervisors, Managers, and Major Shareholders:

Unit: Shares

Title (Note 1)	Name	2025		As of March 31, 2026	
		Increase (Decrease) the Number of Shares Held	Increase (Decrease) the Number of Pledged Shares	Increase (Decrease) the Number of Shares Held	Increase (Decrease) the Number of Pledged Shares
Chairperson	Ming-Yang Wu	0	0	0	800,000
Director and CEO	Ming-Jen Hung	0	0	0	0
Director	Ming-Cheng Chung	0	0	0	0
Director	Chin-Lan Huang	0	0	0	0
Independent director	Chi-Shan Hung	0	0	0	0
Independent director	Tao-Min Chen	0	0	0	0
Independent director	Tai-Long Chin	0	0	0	0
Independent director (Note A)	Jun-An Chang	0	0	0	0
President	Hung-Chieh Huang	0	0	0	0
Assistant Vice President	Yi-Sheng Chen	0	0	0	0

Note 1: Shareholders holding more than ten percent of the Company's total shares should be noted as major shareholders and listed separately.

Note A: Independent Director Jun-An Chang's term ended on June 25, 2025.

(II) The counterparty involved in equity transfer and equity pledge is a related party: None.

VIII. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another.

Unit: Shares; March 29, 2026

Name (Note 1)	Shares hold		Shares held by spouse and minor children		Shareholding by Nominee Arrangement in total		If among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another, their names, and relationship of another, their names, and relationship (Note 3)		Note
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or Name)	Relationship	
Ming-Yang Wu	2,101,172	6.74%	0	0%	0	0%	None	None	None
Yu-Chen Chung	1,587,324	5.09%	0	0%	929,550	2.98%	Shu-Fang Liu	Mother & Son	None
							Yu-Jyun Jhong	Brothers	None
Shu-Fang Liu	1,496,260	4.80%	0	0%	0	0%	Yu-Chen Chung	Mother & Son	None
							Yu-Jyun Jhong	Mother & Son	None
							Ming-Cheng Chung	Brother & Sister-in-law	None
Ming-Jen Hung	1,268,420	4.07%	578,637	1.86%	420,000	1.35%	Fang-Mei Chan	Spouse	None
Cai Chiu Investment Co., Ltd.	929,550	2.98%	Not applicable.	Not applicable.	0	0%	None	None	None
Cai Chiu Investment Co., Ltd. Representative: Yu-Chen Chung	1,587,324	5.09%	0	0%	0	0%	Shu-Fang Liu	Mother & Son	None
							Yu-Jyun Jhong	Brothers	None
Yung-Chiu Lo	905,000	2.90%	115,500	0.37%	0	0%	None.	None	None
Yu-Jyun Jhong	682,556	2.19%	0	0%	0	0%	Shu-Fang Liu	Mother & Son	None
							Yu-Chen Chung	Brothers	None
OmniGains Investment Co.	628,650	2.02%	Not applicable.	Not applicable.	0	0%	None	None	None
OmniGains Investment Co. Representative:- (Note 4)	0	0%	0	0%	0	0%	None	None	None
Ming-Cheng Chung	589,680	1.89%	0	0%	0	0%	Shu-Fang Liu	Brother & Sister-in-	None

								law	
Fang-Mei Chan	578,637	1.86%	1,268,420	4.07%	0	0%	Ming-Jen Hung	Spouse	None

Note 1: All of the top ten shareholders should be listed. If a shareholder is a legal entity, the name of the legal entity and the name of its representative should be listed separately.

Note 2: The calculation of shareholding ratio refers to calculate the percentage of shares held under one's own name separately, spouse's name, minor children's names, or using others' names.

Note 3: The aforementioned shareholders, including both legal entities and natural persons, should disclose their relationships with each other in accordance with the rules for preparing the issuer's financial reports.

Note 4: As of the publication date, there is no representative information.

IX. The shares held in the same invested company by the company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company are combined to calculate the comprehensive shareholding ratio.

Comprehensive Shareholding Ratio

Unit: Thousand Shares; December 31, 2025

Investment Business Reconfiguration (Note)	The Company's Investment		Investments by Directors, Supervisors, and Managers, under Direct or Indirect Control of the Business		Comprehensive Investment	
	Number of Shares	Percentage of ownership	Number of Shares	Percentage of ownership	Number of Shares	Percentage of ownership
Ping Ho Materials Technology Co., Ltd.	60,962	98.33%	0	0%	60,962	98.33%
Ching Jin Industrial Co., Ltd.	2,470	100%	0	0%	2,470	100%
Wan Jing Industrial Co., Ltd.	900	100%	0	0%	900	100%
Feng Jia Industrial Co., Ltd.	6,351	100%	0	0%	6,351	100%
Greenstone Applied Materials Co., Ltd.	220	20%	0	0%	220	20%

Note: It represents the Company's long-term equity investment accounted by using the equity method.

Chapter 3: Fundraising Overview

I. Capital and Shares

(I) Source of Capital:

1. Formation of Share Capital:

Unit: Thousand shares/NT\$ thousand

Year / month	Issue price (\$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Contributed by Assets Other than Cash	Others
2006.08	10	3,000	30,000	3,000	30,000	Authorized capital at \$30,000 thousand	None	Note 1
2011.11	10	3,750	37,500	3,750	37,500	Cash Capital Increase of \$7,500 thousand.	None	Note 2
2014.03	10	6,000	60,000	6,000	60,000	Cash Capital Increase of \$22,500 thousand	None	Note 3
2014.06	10	9,000	90,000	9,000	90,000	Cash Capital Increase of \$30,000 thousand	None	Note 4
2015.11	10	30,000	300,000	12,000	120,000	Cash Capital Increase of \$30,000 thousand	None	Note 5
2016.01	30	30,000	300,000	15,000	150,000	Cash Capital Increase of \$30,000 thousand	None	Note 6
2017.03	40	30,000	300,000	18,000	180,000	Cash Capital Increase of \$30,000 thousand	None	Note 7
2017.06	10	30,000	300,000	19,800	198,000	Capital increase through earnings of \$18,000 thousand	None	Note 8
2018.06	10	30,000	300,000	20,790	207,900	Capital increase through earnings of \$9,900 thousand	None	Note 9
2018.12	10	70,000	700,000	27,790	277,900	The merger and acquisition involved the issuance of new shares and increased capital by \$70,000 thousand	None	Note 10
2020.07	10	70,000	700,000	29,180	291,795	Capital increase through earnings of \$13,895 thousand	None	Note 11
2024.05	10	70,000	700,000	31,180	311,795	Cash Capital Increase of \$20,000 thousand	None	Note 12

Note 1: Approved by official letter CHUNG ZI No. 09532598640 issued on August 1, 2006.

Note 2: Approved by the Sihwei Commercial Administration KUNG ZI No. 10001449560 from Kaohsiung City on November 11, 2011.

Note 3: Approved by the Commercial Administration KUNG ZI No. 10350700700 from Kaohsiung City on March 3, 2014.

Note 4: Approved by the Commercial Administration KUNG ZI No. 10351966700 from Kaohsiung City on June 6, 2014.

Note 5: Approved by the Commercial Administration KUNG ZI No. 10454485600 from Kaohsiung City on November 16, 2015.

Note 6: Approved by the Commercial Administration KUNG ZI No. 10550333200 from Kaohsiung City on January 25, 2016.

Note 7: Approved by the Commercial Administration KUNG ZI No. 10650696300 from Kaohsiung City on March 2, 2017.

Note 8: Approved by the Commercial Administration KUNG ZI No. 10652171400 from Kaohsiung City on

June 13, 2017.

Note 9: Approved by the Commercial Administration KUNG ZI No. 10752041810 from Kaohsiung City on June 13, 2018.

Note 10: Approved by the Commercial Administration KUNG ZI No. 10754869200 from Kaohsiung City on December 20, 2018.

Note 11: Approved by the Commercial Administration KUNG ZI No. 10952829100 from Kaohsiung City on July 28, 2020.

Note 12: Approved by the Commercial Administration KUNG ZI No. 11352049500 from Kaohsiung City on May 29, 2024.

2. Type of Shares:

Type of Shares	Authorized Capital			Note
	Outstanding Shares (Note)	Un-issued Shares	Total	
Common stock	31,179,500 shares	38,820,500 shares	70,000,000 shares	TWSE-listed Stock

Note: Please specify whether the stock belongs to a listed company or a company listed on the over-the-counter (OTC) market (it should be annotated if trading of the stock is restricted on the stock market or OTC market).

3. Information on the Consolidated Reporting System: Not applicable.

(II) List of Major Shareholders:

List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.

Unit: Shares; March 29, 2026

Shareholding Name of major shareholder	Number of Shares Held	Percentage of ownership
Ming-Yang Wu	2,101,172	6.74%
Yu-Chen Chung	1,587,324	5.09%
Shu-Fang Liu	1,496,260	4.80%
Ming-Jen Hung	1,268,420	4.07%
Cai Chiu Investment Co., Ltd.	929,550	2.98%
Yung-Chiu Lo	905,000	2.90%
Yu-Jyun Jhong	682,556	2.19%
OmniGains Investment Co.	628,650	2.02%
Ming-Cheng Chung	589,680	1.89%
Fang-Mei Chan	578,637	1.86%

(III) The Company's Dividend Policy and Implementation Status:

1. Dividend Policy:

The Company will consider its operating environment and growth stage to address future capital requirements, maintain a sound financial structure, ensure profitability, and uphold a balanced and stable dividend policy. Each year, it will allocate no less than ten percent of distributable profits as dividends to shareholders. The distribution method, whether through stock dividends or cash dividends, will be determined based on capital needs and the dilution of earnings per share. Cash dividends will constitute no less than ten percent of the total dividend distribution.

2. The proposed dividend distribution at this Shareholders Meeting is as follows:

The proposed cash dividend for 2025 is \$99,774,400 (NT\$ 3.2 per share). Calculations are rounded down to the nearest dollar, with any fractional amounts less than one dollar transferred to other income. After the distribution, the undistributed earnings at the end of the period would be \$70,603,157.

In the event of changes resulting from statutory amendments or approval changes by the competent authority, or changes to the company's share capital affecting the number of shares in circulation, leading to alterations in the dividend distribution or share distribution ratio, the Chairman is authorized to make adjustments in accordance with the Company Law or other relevant regulations.

3. Explanation of significant changes in the expected dividend policy: None.

(IV) The impact of the gratis dividends at this Shareholders Meeting on the Company's business performance and Earnings Per Share: Not applicable.

(V) Remuneration of Employees, Directors and Supervisors:

1. The percentage or range of remuneration for employees, directors, and supervisors as stipulated in the Corporate Charter:

If the company generates profits during the current year, it should allocate no less than 1% of the pre-tax profit, after deducting employee bonuses and director remuneration, as employee bonuses, and not more than 3% as director remuneration. However, if the company still has accumulated losses, a reserve should be set aside in advance to cover accumulated deficits. The determination of the distribution ratio for employee bonuses and director remuneration, as well as the decision on whether employee bonuses should be in the form of stocks or cash, is made by the Board of Directors. This decision requires a resolution by more than two-thirds of the directors present, with the presence of more than half of the directors. It should be reported at the shareholders' meeting. The recipients eligible to receive employee bonuses in the form of stock or cash may include employees of controlled or subsidiary companies who meet specific conditions.

In the aforementioned employee remuneration amount, no less than one-third should be allocated as remuneration distribution for grassroots employees.

2. The basis for estimating the remuneration of employees, directors, and supervisors, as well as the basis for calculating the number of shares in stock distribution for employee remuneration, should be specified. Additionally, the accounting treatment in case of any variance between the actual distribution amount and the estimated number should be outlined:

The Company accrues employees' remuneration and directors' remuneration based on the rates specified in the Corporate Charter each year. If there is a significant change in the distribution amount decided by the Board of Directors subsequently, the expenses for the current year should be adjusted accordingly.

3. The Board of Directors approved the distribution of remuneration:
 - (1) If there is a variance between the amount of employee remuneration and the remuneration for directors or supervisors, distributed in cash or stocks, and the estimated amount recognized for expenses for the year, the difference, reason, and handling of the situation should be disclosed: None.
 - (2) The amount of employee remuneration distributed in stocks, its proportion to the net profit after tax in the current individual or separate financial statements, and the total employee remuneration: Not applicable.

4. The actual distribution of remuneration for employees, directors, and supervisors in the previous year (including the number of shares distributed, the amount, and the stock price). Any differences from the recognized remuneration for employees, directors, and supervisors should be explained, including the variance, reasons, and how the situation was addressed:

Unit: In Thousands of New Taiwan Dollars

Item	Actual Distribution Status	Number of Accounts in 2024	Differences	Reasons for discrepancy	Situation
Employee Remuneration	10,995	10,995	0	None	Not applicable.
Directors' Remuneration	1,571	1,571	0	None	Not applicable.
Total	12,566	12,566	0	None	Not applicable.

(VI) The Company buyback its own shares: None.

II. Status of Corporate Bonds:

Status of Corporate Bonds

Type of Corporate Bonds (Note 2)	First Domestic Secured Corporate Bonds (Note 5)	
Issuance (Processing) Date:	May 8, 2025	
Par Value:	NT\$100,000	
Place of Issuance and Trading(Note 3)	---	
Issue Price	Issued at 100.5% of the par value	
Total amount	The total par value of issuance is NT\$350,000 thousand. The total issuance amount is NT\$351,750 thousand.	
Interest Rate	0%	
Term	3-year term Maturity date: May 8, 2028	
Guarantee institution	Taichung Commercial Bank Co., Ltd.	
Trustee	Chang Hwa Commercial Bank, Ltd.	
Underwriting institution	Capital Securities Corporation	
Legal counsel	Attorney Shih-Fang Chiu, Derkai Law Firm	
Certified Public Accountant	Ernst & Young Global Limited CPA Kuo-Sen Hung, CPA Tzu-Ping Huang	
Repayment method	Except for cases where the holders of these convertible bonds convert them into the company's common stock according to Article 10 of the regulations, or exercise the put option under Article 20 of the regulations, or the company redeems the bonds early according to Article 19 of the regulations, or the company repurchases and cancels the bonds through a securities firm, the company shall, within ten business days after the maturity date of the convertible bonds, repay the bondholders in cash in a lump sum at the face value of the bonds they hold.	
Outstanding Principal	NT\$350,000 thousand (as of March 31, 2026)	
Redemption or early repayment terms	Please refer to Article 19 and Article 20 of the company's First Domestic Guaranteed Convertible Bond Issuance And Conversion Regulations.	
Restrictions(Note 4)	None	
Name of credit rating agency, rating date, and corporate bond rating results	Not applicable.	
Other Attached Rights	Amount of common shares, global depositary receipt, or other securities converted (exchanged or subscribed) as of the printing date of the annual report	As of March 31, 2026, 0 bonds have been converted, amounting to NT\$0, with a cumulative total of 0 common shares converted.
	Issuance and conversion (exchange or subscription) procedures	Please refer to the Regulations for the Issuance and Conversion of the Convertible Bonds.
Issuance, conversion, exchange, or subscription procedures; issuance conditions; potential dilution of equity; and impact on existing shareholders' rights.	The conversion price at issuance was NT\$55, and the current conversion price is NT\$51.66. The maximum number of the company's ordinary shares that can be converted is approximately 6,775 thousand shares, with a maximum equity dilution of about 17.85%. Regarding	

	shareholders' equity, upon conversion to ordinary shares, there will be a reduction in liabilities, resulting in an increase in shareholders' equity. In the long term, this is beneficial to the Company's shareholders.
Name of the entrusted custodian institution for the exchange goal	None

Note 1: The status of corporate bonds includes both ongoing public and private offerings. Ongoing public offerings refer to those effective (approved) by the authority; ongoing private offerings refer to those approved by the Board of Directors.

Note 2: The number of columns varies depending on the actual number of offerings.

Note 3: Fill in for overseas corporate bonds.

Note 4: Includes restrictions such as limiting cash dividend payments, external investments, or requirements to maintain certain asset ratios.

Note 5: Private offerings should be clearly marked.

Note 6: For convertible corporate bonds, exchangeable corporate bonds, corporate bonds issued under shelf registration, or corporate bonds with attached warrant, information on convertible bonds, exchangeable convertible bonds, convertible bonds issued under shelf registration, and corporate bonds with attached warrant shall be disclosed in a tabular format according to their nature.

Convertible bonds information

Type of Corporate Bonds (Note 1)		First Domestic Secured Corporate Bonds	
Year		2025	As of March 31, 2026 (Note 4)
Item			
Convertible bonds market price (Note 2)	Highest	118.00	107.50
	Lowest	104.80	103.25
	Average	111.48	104.62
Conversion price		55.00/51.66	51.66
Issuance (Processing) Date and the conversion price at the time of issuance.		May 8, 2025 NT\$55.00	
Method of fulfilling conversion obligations (Note 3)		Issuance of new shares method converted to Ordinary Shares	

Note 1: The number of columns varies depending on the actual number of offerings.

Note 2: If there are multiple trading locations for overseas corporate bonds, list them separately by trading location.

Note 3: Delivery of issued Shares or issuance of new shares.

Note 4: The information for the current fiscal year up to the date of publication of the annual report should be completed.

III. Status of Preferred Stock: None.

IV. Status of Global Depositary Receipt: None.

V. Status of Employee Stock Warrants: None.

VI. Status of Restricted Stock Awards: None.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions:
None.

VIII. Status of Financing Plans and Implementation:

In the Year 2025, The Company issued corporate bonds to fund the capital increase of a subsidiary. This investment has been completed, and the gains and losses from the investment are reflected in the consolidated financial statements. The benefits have become evident, and therefore, it will no longer be continually disclosed in the use of funds plan.

Chapter 4: Operational Highlights

I. Business Activities

(I) Business Scope

1. Main areas of business operations

J101060 Wastewater Treatment

C801010 Basic Chemical Industrial

C802120 Manufacturing of Industrial Additives

CA01110 Smelting and Refining of Copper

CB01030 Pollution Controlling Equipment Manufacturing

F107080 Wholesale of Environmental Drugs

F107170 Wholesale of Industrial Catalyst

F107200 Wholesale of Chemical Raw Materials

F107990 Wholesale of Other Chemical Products

F199990 Other Wholesale Trade

F401010 International Trade

F113100 Wholesale of Pollution Controlling Equipment

F199010 Wholesale of Recyclable Materials

J101030 Waste Disposing

J101040 Waste Treatment

J101080 Resource Recycling

J101090 Waste Disposal

J101990 Other Environmental Sanitation and Pollution Prevention Service

C801990 Other Chemical Materials Manufacturing

ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

2. Revenue distribution of the Company

Unit: NT\$ thousand; %

Item	2024		2025	
	Sales	Percentage (%)	Sales	Percentage (%)
Manufacturing and sales of wastewater Treatment Chemicals and Consumables	52,439	8.26	54,654	8.84
Wastewater Treatment	446,124	70.25	433,949	70.21
Waste Transportation	56,371	8.88	48,305	7.82
Others	80,067	12.61	81,118	13.13
Total	635,001	100.00	618,026	100.00

Note: "Others" refers to service revenue from providing Wastewater Treatment plants on behalf of others.

3. The services from the company

Services	Explanation
Wastewater Treatment	Wastewater and Acidic Wastes Treatment

Manufacture and Wholesale of Chemical Feedstock	Manufacturing and sales of wastewater Treatment Chemicals and Consumables
Waste Transportation	The transportation of waste such as sludge and spent activated carbon generated from wastewater, acidic wastes, and wastewater treatment.
Operation of Water Management	Undertaking the operation and maintenance tasks for wastewater treatment plants in industrial areas

4. The new product (service) that the company plans to develop
 - (1) Enhancing wastewater treatment techniques, including the recycling and reuse of nickel electroplating wastewater and ammonia nitrogen wastewater, etc.
 - (2) Developing equipment for the continuous inflow of high-concentration ammonia nitrogen wastewater to recycle ammonium chloride through gas stripping.
 - (3) Applying the Sequencing Batch Reactor (SBR) for the biological treatment of wastewater to remove organic pollutants.
 - (4) Implement a reclaimed water reuse system tailored for use in actual factory settings.
 - (5) Developing a heavy metal adsorbent capable of capturing various heavy metals present in wastewater.

(II) Industry Overview

1. Current Status and Development

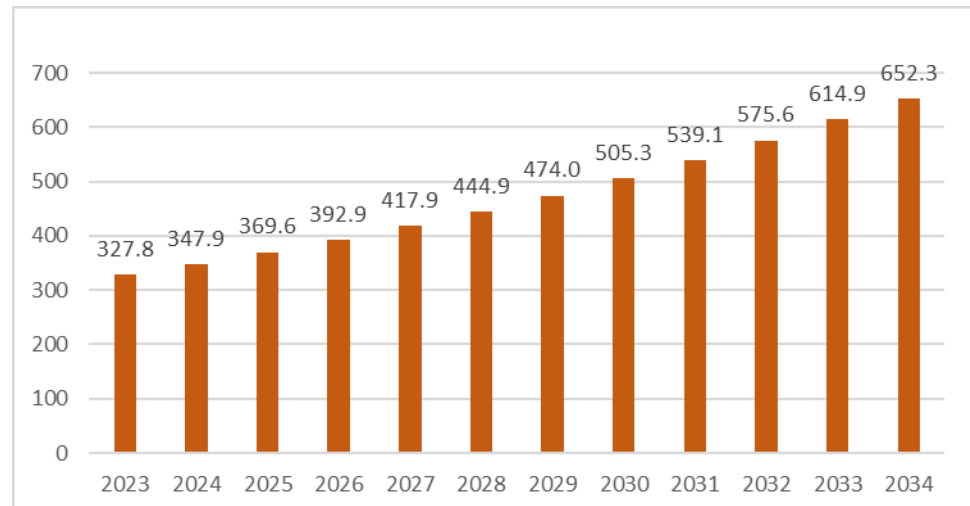
The Company primarily operates by transporting wastewater via tanker trucks or underground pipelines. It collects wastewater generated by manufacturers in industrial zones, containing general heavy metals, chromium series, nickel series, and ammonia nitrogen, and treats it to meet discharge standards through the application of chemical agents or consumables, which induce physical and chemical reactions. In addition to providing core wastewater treatment services, the company engages in purifying wastewater through delegated processing. Leveraging integration within the group's upstream and downstream operations and business specialization, it also sells wastewater treatment chemicals and consumables and offers waste removal and transportation services, providing clients with comprehensive one-stop solutions. Below is an overview of the industry in which the Company and its subsidiaries operate, focusing on three main business areas, Wastewater Treatment, Manufacturing and sales of Wastewater Treatment Chemicals and Consumables, and Waste Transportation:

(1) Wastewater Treatment Industry

The water and wastewater treatment market has experienced significant growth in recent years, driven by increasing environmental awareness and ESG (Environmental, Social, and Governance) concerns. With growing global emphasis on environmental protection, both corporate and governmental investments in water resource management and pollution control continue to rise. This trend is expected to persist in the coming years. According to market research, the global water and wastewater treatment market is estimated to be valued between US\$ 300 billion and US\$ 400 billion, and is projected to grow at a compound annual growth rate (CAGR) of approximately 6–8% from 2024 to 2030.

Global Water and Wastewater Treatment Market Size

Unit: US\$ billion



Sources: Global Communications Agency and Precedence Research, Inc.

According to market intelligence from Global Communications Agency citing a report by Precedence Research, the global water and wastewater treatment market was valued at US\$ 327.8 billion in 2023. Based on the 2024 estimate of US\$ 347.9 billion, the market is expected to grow to approximately US\$ 652.3 billion by 2034, representing a CAGR of 6.5% from 2024 to 2034. In addition, according to research by Global Information, Inc., a Japan-based market research firm, the market is projected to grow from US\$ 323.17 billion in 2023 to US\$ 559.44 billion by 2031, with an estimated CAGR of 7.10% from 2024 to 2031.

Key drivers of growth in the water treatment industry include:

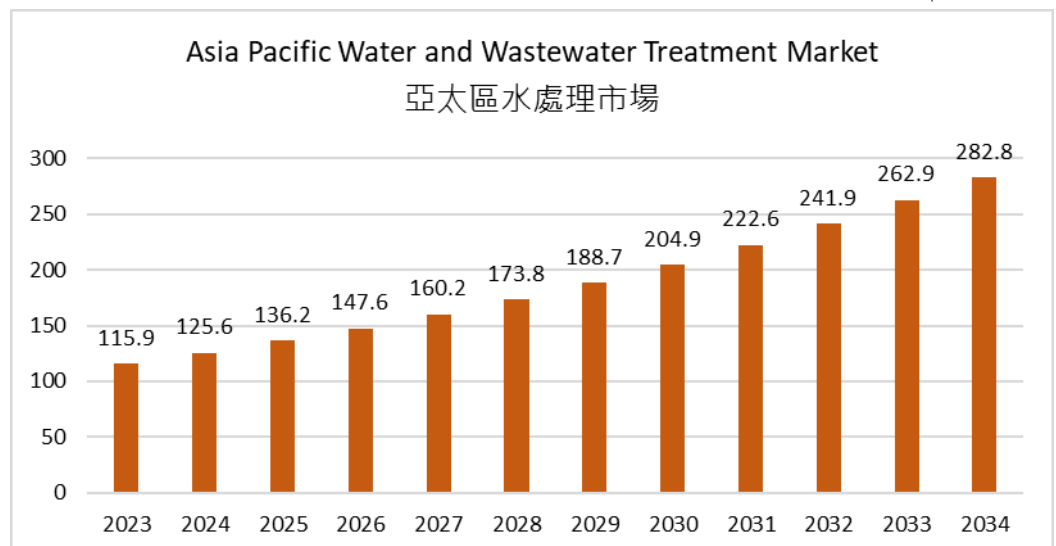
- A. **Rising public and consumer awareness, along with population growth and urbanization:** As public awareness of water quality protection continues to increase, companies are placing greater emphasis on water resource management and wastewater treatment within their production processes. In addition, rapid urbanization is driving a stronger demand for efficient water and wastewater treatment infrastructure.
- B. **Climate change, water scarcity, and pollution:** Global climate change, such as droughts and floods, has made water resource management increasingly critical. Governments and businesses around the world are allocating more resources to improve water treatment infrastructure.

- C. Environmental regulations and policy drivers: Stricter government regulations and standards on water quality and wastewater discharge, along with enhanced oversight and growing emphasis on ESG principles, are pushing industries and municipalities to increase investment in water and wastewater treatment technologies.
- D. Technological innovation and advancement: Water treatment technologies have not only improved in efficiency but have also achieved significant results in reducing energy consumption and pollutant emissions. The adoption of advanced technologies, such as reverse osmosis, membrane filtration, UV treatment, chemical processing, and innovations in monitoring systems, has made water treatment more efficient and cost-effective, further driving the growth of the wastewater treatment market.

The water and wastewater treatment market can generally be divided into three main segments: equipment, chemicals, and services. From the perspective of end users, the market is primarily categorized into municipal, industrial, and residential applications. Overall, the water and wastewater treatment industry is a dynamic and vital sector that supports global sustainable development. Its growth is primarily driven by factors such as environmental conditions, population size, and regulatory frameworks. Driven by environmental protection and sustainability, the water and wastewater treatment market is expanding not only due to increasing technological demand, but also as a result of government policies, social responsibility, and investor preferences. These multifaceted factors continue to propel the growth of the market.

According to research data on the water and wastewater treatment market in the Asia-Pacific region, the market size is expected to reach US\$ 125.6 billion in 2024, increasing from US\$ 115.9 billion in 2023 to approximately US\$ 282.8 billion by 2034, representing a CAGR of 8.6% from 2024 to 2034. According to market information, the industrial wastewater treatment market in Taiwan is estimated to be valued at approximately US\$ 300 to 600 million. Its growth prospects are primarily driven by environmental regulations, industrial expansion, and increasing attention to sustainable development.

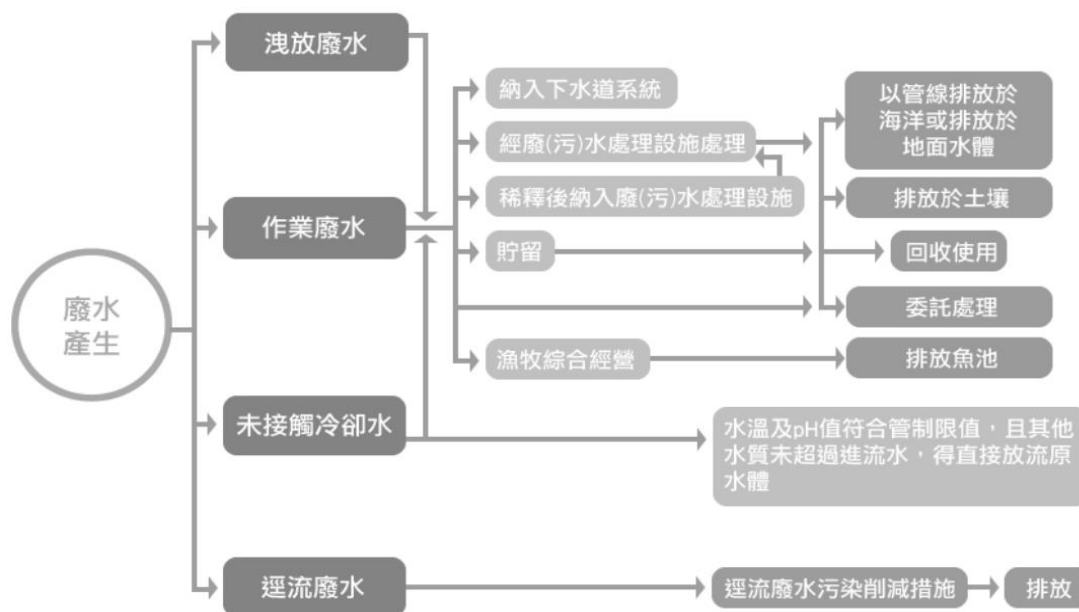
Unit: US\$ billion



According to earlier research by the Industrial Economics and Knowledge Center (IEK), the water treatment industry can be broadly categorized into equipment and devices, engineering, and services. Its applications primarily include public and governmental demand for tap water management, domestic wastewater treatment, and industrial water use. In Taiwan, water pollution prevention regulations date back to 1974. Based on information from the Ministry of Environment, wastewater can be classified by discharge category into enterprise wastewater, industrial park wastewater, livestock wastewater, and domestic sewage. Among these, industrial park wastewater and enterprise wastewater are most relevant to the core business of our company. Therefore, the following focuses on the introduction of enterprise and industrial park wastewater, along with corresponding regulatory measures.

According to the Water Pollution Control Act and relevant regulations on the classification and definition of industries under the Act, the categories of business wastewater regulated cover 64 types of industries (such as basic metal industry, textile industry, metal surface treatment industry, food industry, and livestock industry, etc.) If a business unit belongs to any of the regulated industry categories mentioned above, it must be subject to regulation under the Water Pollution Control Act and be considered as a regulated business. The wastewater generated by businesses includes discharge wastewater, operational wastewater, non-contact cooling water, and direct runoff wastewater. The possible actions regarding the generated operational wastewater are illustrated in the diagram below. Operational wastewater as defined by the "Water Pollution Control Measures and Test Reporting Management Regulations" refers to wastewater directly contacting people or objects during manufacturing, processing, repair, treatment, operation, cooling, rinsing, backwashing, treatment, service provision, livestock breeding, natural resource development, or other operations. Enterprises are required to either treat it themselves or outsource its treatment. Therefore, besides self-treatment, enterprises can also opt for operational wastewater treatment by contracted wastewater treatment businesses. Before discharging wastewater, enterprises must first submit a "Plan of Waste Pollution Prevention Measures" to the relevant environmental authorities for approval. This plan includes the design and processing flow of the wastewater treatment facility, the dimensions of the tanks, and the types of treatment units. Only after obtaining approval can they proceed with the construction of the wastewater treatment facility. Upon completion, they must apply for a discharge permit. Additionally, the wastewater produced by the enterprise must meet the "Effluent Standards" before discharge. This includes compliance with various parameters such as Biological Oxygen Demand (BOD), Chemical Oxygen Demand (COD), heavy metals, pH levels, volatile organic compounds, and semi-volatile organic compounds. These parameters must all meet emission limits before the wastewater can be discharged into the receiving waters.

Figure. Possible behavior after generating industrial wastewater.



Source: Ministry of Environment, Water Quality Protection Web

As industrial production processes continue to improve, the wastewater and the heavy metals/waste components contained therein are becoming increasingly complex across various industries. Regulations are also becoming more stringent in the context of trends toward sustainable environmental protection. Any violations such as illegally discharging high-concentration metal wastewater without treatment through wastewater treatment facilities or professional wastewater treatment companies, intentional bypass discharge, dilution discharge, or serious exceedance of effluent standards would result in heavier penalties. According to the 2025 Environmental Statistics Annual Report from the Ministry of Environment, as of the end of 2024, there were 37,225 business wastewater pollution sources under control, an increase of 10.68% compared to the previous year. Of these, 9,908 entities required discharge permits, with 8,890 permits issued by the end of 2024, achieving an issuance rate of 89.73%. Additionally, 4,096 entities were required to establish dedicated wastewater treatment units or personnel, and by year-end, 4,030 of these entities had met the establishment standards, marking a compliance rate of 98.39%, slightly up from the previous year's 97.55%.

事業廢水污染源管理情形

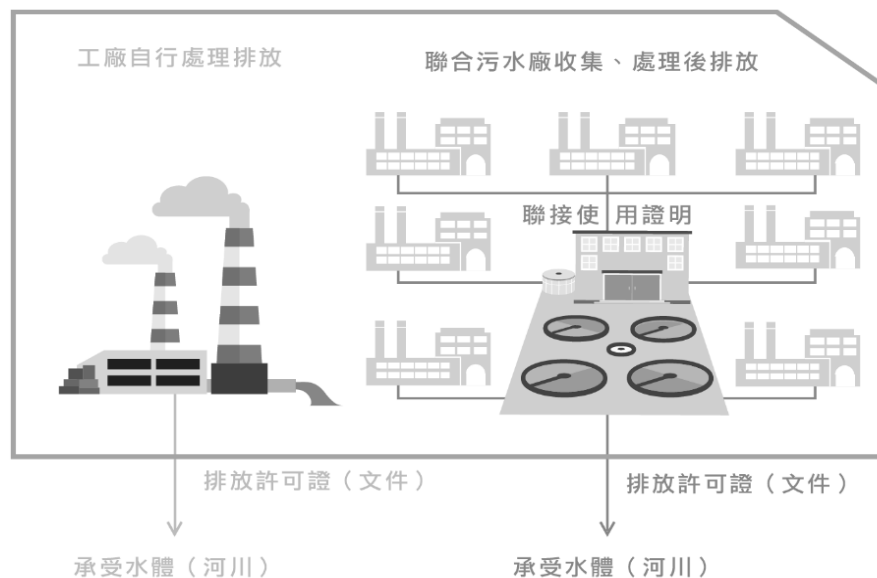
單位：家、%

年別	列管家數	排放許可證核發情形			廢水處理專責單位或人員設置情形		
		應申請家數	至年底已核發家數	核發率 (%)	應設置家數	至年底已達設置標準家數	設置率 (%)
111年	31,770	10,066	9,198	91.38	4,113	3,979	96.74
112年	33,634	10,022	8,835	88.16	4,125	4,024	97.55
113年	37,225	9,908	8,890	89.73	4,096	4,030	98.39
較上年增減率 (%) / 百分點	10.68	-1.14	0.62	1.57	-0.70	0.15	0.84

Source: Ministry of Environment, Environmental Statistics Annual Report

The Water Pollution Control Act (abbreviated as WPCA) regulates wastewater generated by listed enterprises, including discharge wastewater, operational wastewater, non-contact cooling water, and stormwater runoff. In Taiwan, the WPCA controls designated industrial zones, with a total of 78 industrial area sewer systems. Among these, 47 are managed by the Ministry of Economic Affairs, 11 by the National Science and Technology Council, 11 by local governments, 8 by private organizations, and 1 by the Ministry of Agriculture. All currently regulated industrial zones have centralized wastewater treatment plants responsible for collecting and uniformly treating wastewater generated by factories connected within the industrial zones. The industrial zone service center first reviews the wastewater characteristics of each factory within the zone and then sets different water quality standards for wastewater to be sent to the treatment plant. If heavy metals are suspected, specific heavy metal controls are imposed. Factories must carry out initial treatment on their own to meet the set water quality standards before sending the wastewater to the treatment plant for further processing. This ensures compliance with the effluent standards set by the Ministry of Environment and reduces pollution to downstream water bodies. However, if factories in the industrial zone cannot meet the required water quality standards or lack the capacity to operate wastewater treatment equipment, wastewater treatment services will be outsourced to specialized operators for handling or treatment on their behalf.

工廠廢水處理流程示意圖

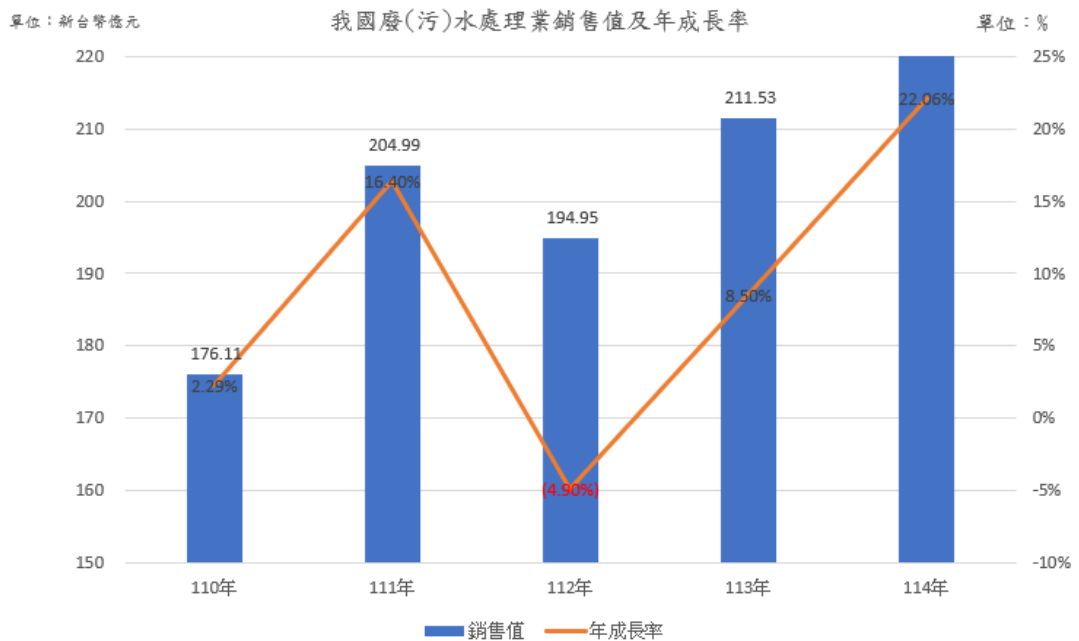


Source: Ministry of Environment, Water Quality Protection Web

The wastewater treatment-related business in Taiwan primarily revolves around the wastewater treatment engineering and equipment industry. This sector specializes in tailoring wastewater treatment equipment for clients, who then either operate the wastewater treatment themselves or outsource it to others. According to the "2025 SME White Paper" published by the Ministry of Economic Affairs, the number of small and medium-sized enterprises (SMEs) in Taiwan exceeded 1.715 million in 2024, accounting for over 98% of all enterprises. Because small and medium-sized enterprises face high costs to install wastewater treatment equipment, many cannot afford full setups. As a result, most factories only install simple treatment processes tailored to the types of wastewater they produce. However, if their operations change such as modifying processes or expanding production lines, the existing wastewater treatment equipment may become insufficient and lack flexibility. Therefore, besides planning their own wastewater treatment facilities, these companies often need to rely on specialized wastewater treatment service providers. These service providers can handle wastewater treatment on their behalf, ensuring effective processing as well as convenient monitoring and management.

Regarding the market development status of Taiwan's Wastewater Treatment Industry, according to the Ministry of Finance's monthly statistical report (see table below), as of the end of 2025, there were approximately 604 wastewater treatment operators in Taiwan. The industry's sales value grew from about NT\$17.611 billion in 2021 to approximately NT\$25.820 billion in 2025, with a compound annual growth rate (CAGR) of around 10.04%. In 2023, due to global economic influences such as monetary tightening and inflation, end-user demand weakened, and ongoing inventory adjustments in the supply chain resulted in a 4.90% decrease in the Wastewater Treatment Industry's sales value compared to 2022. In 2024, according to the Directorate-General of Budget, Accounting and Statistics, Taiwan's annual economic growth rate reached 4.59%. Although slightly lower than China's 5.0%, Taiwan's overall economic performance outpaced the US, Europe, and the global average of 2.8%. Consequently, the sales value of the Wastewater Treatment Industry grew by 8.50% compared to 2023, driven by stable revenue from outsourced operations of sewage treatment plants and increased demand for the recovery of precious metals and specific chemicals from industrial wastewater, thus increasing business with higher technical thresholds. In 2025, boosted by growth in Taiwan's technology sector, the large volumes of acidic and basic wastewater, fluoride wastewater, heavy metal wastewater, and organic solvent wastewater generated in the semiconductor supply chain contributed to significant growth in business volume for the Wastewater Treatment Industry, resulting in a 22.06% increase in sales value compared to 2024.

Looking ahead to 2026, the Ministry of Environment revised the "Effluent Standards" at the end of 2024. The revisions include newly added and stricter regulations on ammonia nitrogen, phosphorus, copper, and the reduction of excessive residual chlorine discharge. These measures aim to reduce the load of high-concentration phosphorus entering water bodies, lower copper concentrations in specific watersheds, improve water quality, and promote resource recovery and low-carbon smart wastewater treatment projects along with related subsidy applications. The revision also newly incorporates ammonia nitrogen control for wastewater from industries such as leather manufacturing, printed circuit board production, hospitals, and medical institutions. Additionally, total phosphorus discharge limits have been added for effluent from wafer fabrication, semiconductor manufacturing, optoelectronic materials production, and science park industrial areas. These measures are expected to further support the continued growth of the wastewater treatment industry.



Source: Ministry of Finance, Monthly statistics of Finance.

In addition to changes in environmental regulations and the aforementioned industry trends, the core business of Wastewater Treatment at the Company is also greatly related to its main clientele, which are screw and nut, and metal processing industries who are most troubled by environmental wastewater issues. Electroplating is one of their essential production processes which generates a large amount of wastewater, and the pickling process produces spent pickle liquor. The wastewater often contains heavy metals, which if not properly treated, significantly impacts the environment. Hence, the development status of the industries to which its main customers belong is intimately connected to the water quality and quantity that the Company must address. Therefore, we also present an overview of the screw and nut industry, as well as the metal processing industry.

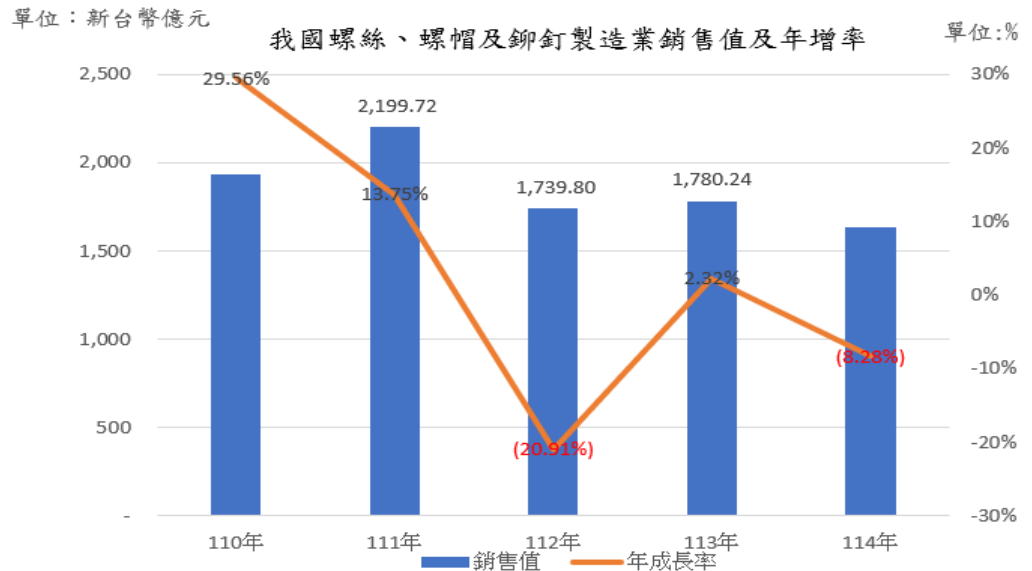
A. Screw and Nut Industry

Screw and nut products are collectively referred to as fasteners. Taiwan

ranks as the world's third-largest exporter of fasteners such as screws, nuts, and bolts. The increase in automotive orders from international car manufacturers to Taiwanese suppliers, combined with domestic efforts to raise the proportion of high-value products shipped, has helped boost the shipment share of higher-priced products like advanced automotive and aerospace fasteners, as well as special specification screws. Taiwanese manufacturers have made significant progress in developing high-end screws and nuts for automotive, aerospace, and precision equipment applications. As a result, about 75% of the industry's output value over the past five years has been for export. According to the Ministry of Economic Affairs, there are over 1,800 factories engaged in screw-related manufacturing in Taiwan. The largest industrial cluster is located in Kaohsiung, where more than 700 factories are concentrated. The screw and nut industry cluster spans from Gangshan and Luzhu districts in Kaohsiung to the Guiren district in Tainan City, making Taiwan a key global supplier. Data from the Ministry of Economic Affairs' Industrial Production and Sales Dynamic Survey shows that the sales value of Taiwan's screw and nut industry decreased from approximately NT\$193.390 billion in 2021 to about NT\$163.287 billion in 2025, with an average annual compound decline rate of about 4.14%. In 2023, the sales value declined significantly by 20.91% compared to 2022. This was primarily due to economic slowdowns in major markets such as Europe and the United States, driven by geopolitical instability. Additional contributing factors included post-pandemic inventory adjustments by European and American clients, intensified competition from Chinese exports, the implementation of the EU Carbon Border Adjustment Mechanism (CBAM), and sluggish domestic construction activity, all of which negatively affected both domestic and overseas market demand. In 2024, Taiwan's fastener industry showed signs of recovery from the previous downturn, with the overall annual sales value increasing slightly by 2.35% compared to the previous year, reflecting a relatively flat performance. The sales value in 2025 declined by 8.28% compared to 2024, due to conservative economic outlooks in major markets such as Europe, the U.S., and China. Although there was moderate growth in niche fastener shipments for electric vehicles, aerospace, and renewable energy, and demand for public works and new factory installations remained stable, the negative impact of U.S. tariff policies increased. Additionally, the decline in prices for upstream wire rods and international nickel compared to 2024 affected product pricing performance. Meanwhile, Chinese fastener companies actively expanded into overseas markets, increasing competitive pressure in both domestic and export markets, leading to relatively sluggish industry conditions in 2025.

According to the Metal Industries Research & Development Centre, the performance of fastener products is closely tied to global manufacturing activity. However, factors such as the Russia-Ukraine war and the Red Sea crisis have driven up global shipping costs and commodity prices, adding

uncertainty to the market outlook. According to a market research report by Data Bridge Market Research, the global industrial fasteners market is valued at approximately US\$ 102.58 billion in 2024 and is projected to reach US\$ 161.05 billion by 2032, with a forecasted CAGR of 5.80% from 2025 to 2032. With ongoing industry upgrades and global economic growth, Taiwan's fastener industry is expected to emerge from the downturn, despite continued competition from Southeast Asia and mainland China.

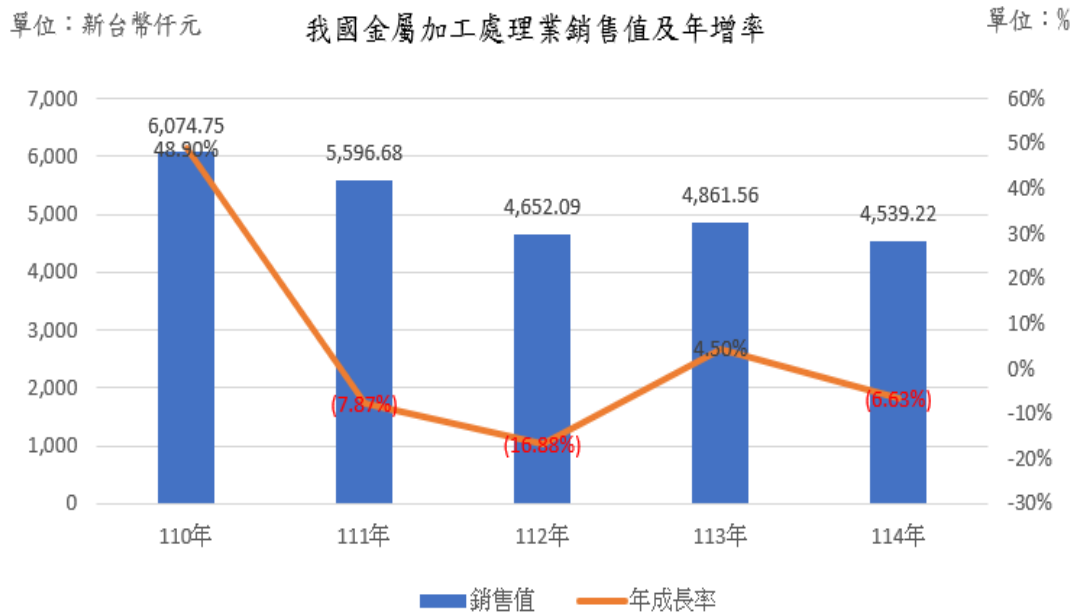


Source: Department of Statistics, Ministry of Economic Affairs

B. Metal Processing Industry

The metal processing industry encompasses various sectors, including metal forging, powder metallurgy, metal heat treatment, metal surface treatment, and other metal processing operations. According to data from the Taiwan Institute of Economic Research's Industrial Economics Database and the Ministry of Economic Affairs' Industrial Production, Sales, and Inventory Survey, the sales value of Taiwan's Metal Processing Industry decreased from NT\$607.475 billion in 2021 to NT\$453.922 billion in 2025, with an average compound annual decline rate of approximately 7.03%. In 2023, the overall surface treatment industry was mainly affected by global economic conditions, including the Russia-Ukraine war, inflation threats, and economic issues in China. These factors led to a 16.88% decline in the sales value of the Metal Processing Industry in 2023 compared to 2022. In 2024, Taiwan's economic indicators rebounded, and global economic growth reached approximately 2.8%, resulting in the Metal Processing Industry growing by around 4.50% for the year. In 2025, the Metal Processing Industry declined by approximately 6.63% due to factors such as geopolitical instability, U.S. tariff policies, and global trade tensions, which affected the economic recovery strength in European and American markets. Additionally, the sluggish real estate market, ongoing U.S.-China trade

conflicts impacting China's economy and consumer spending adversely affected downstream export performance and production demand. According to a market research report by GII Global Information, the global metal surface treatment market is projected to reach US\$ 100.69 billion in 2024 and is expected to grow to US\$ 127.17 billion by 2029, representing a CAGR of 4.78%. This suggests that the metal processing and treatment industry is poised for recovery and is likely to maintain steady growth in the coming years.



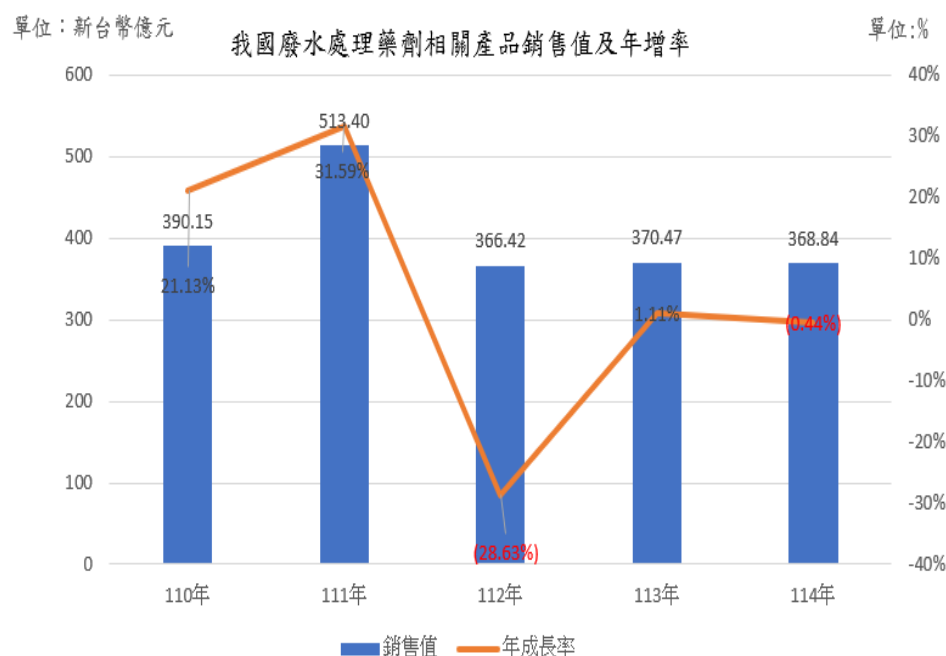
Source: Department of Statistics, Ministry of Economic Affairs

(2) Industry of Manufacturing and sales of wastewater Treatment Chemicals and Consumables

The main products sold by the Company include alkali, coagulants, and strong oxidants for Wastewater Treatment, and are predominantly sold domestically with no exports yet. Among these, sodium hydroxide is a strongly alkaline inorganic chemical with a wide range of uses and applications across various industries. In addition, sodium hydroxide can also be used in the Wastewater Treatment industry, mainly as a drug to neutralize the pH scale during the Wastewater Treatment process. It is also the main downstream application of The Company's sodium hydroxide sales; The coagulant mainly neutralizes the electric properties and bridges high molecules to promote the rapid coagulation and sedimentation of suspended particles in the wastewater, so as to achieve the effects of separation and clarification of water quality; The strong oxidant mainly degrades the organic matter in the wastewater into inorganic matter through the oxidation-reduction effect, or oxidizes the pollutants dissolved in water into substances that are insoluble in water and easy to separate from water.

According to the Industrial Production, Shipment & Inventory Statistics Survey database from the Ministry of Economic Affairs, the sales value decreased from approximately NT\$39.015 billion in 2021 to about NT\$36.884 billion in 2025, representing a CAGR of approximately (1.39%). In 2023, supply constraints arose

due to maintenance and production irregularities at sodium hydroxide plants. Coupled with the global economic slowdown caused by monetary tightening and inflationary pressures, end-market demand weakened. As a result, companies remained cautious with investments, and both consumption and capital expenditures decelerated. Ongoing inventory adjustments throughout the supply chain further dampened industry conditions, leading to a 28.03% decline in overall sales of wastewater treatment chemicals in 2023 compared to 2022. In 2024, the sodium hydroxide market in East Asia remained oversupplied. However, starting from the second quarter of 2024, several factors contributed to an increase in demand and prices. These included the closure of alumina plants in Australia due to force majeure, disruptions in bauxite exports from Guinea in West Africa, rising alumina prices, and the introduction of new alumina production capacities in China. These factors led to increased demand and higher prices for sodium hydroxide, resulting in a growth of approximately 1.1% in the overall sales value of wastewater treatment chemicals for the entire year of 2024. With the continuous commissioning of new alumina production capacities in China and nickel mining capacities in Indonesia, the demand for sodium hydroxide increased. Additionally, the spring maintenance of caustic soda plants in Japan and South Korea contributed to a slight increase in sodium hydroxide sales in our country. However, the slightly decreased sales of other industrial catalysts and additives compared to 2024 impacted the overall sales value of wastewater treatment chemicals, leading to a slight decline of approximately 0.44% in the total sales value for the entire year of 2025 compared to 2024.



Source: Department of Statistics, Ministry of Economic Affairs

Note: The data primarily reference liquid alkali (1810123) and other industrial catalysts and additives (1990090) from the Ministry of Economic Affairs' statistical database.

In 2024, the Ministry of Environment has progressively initiated revisions to three

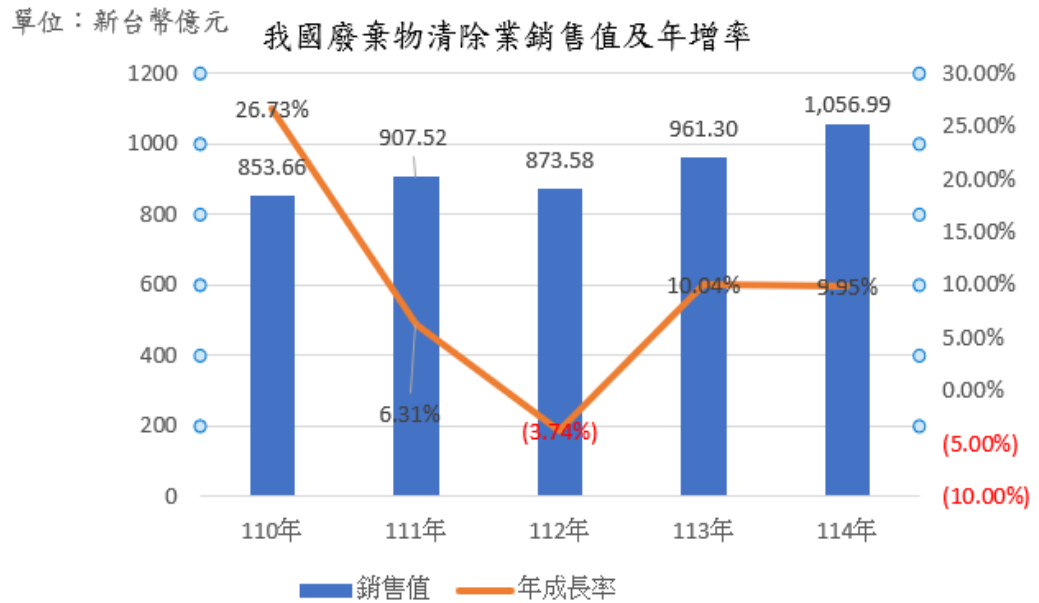
key regulations: the "Effluent Standards," the "Water Pollution Control Measures and Management Regulations," and the "Regulations Governing the Collection of Water Pollution Fee." These amendments introduce stricter control standards, including reductions in emissions of copper, phosphates, and ammonia nitrogen. The updated regulations aim to promote the resource recovery of wastewater treatment and encourage energy-saving and energy-generating developments within industrial wastewater management. According to research data from GII Global Information, the global market for water and wastewater treatment chemicals is projected to grow from US\$ 323.17 billion in 2023 to US\$ 559.44 billion by 2031, representing a CAGR of 7.10% from 2024 to 2031. The increasing demand for water supply in industries such as sugar and ethanol production, fertilizers, geothermal power generation, petrochemical manufacturing, and refining is driving the growing necessity for wastewater treatment. This, in turn, accelerates the demand for chemicals used in water and wastewater treatment processes.

(3) Waste Transportation Industry

The primary regulation for waste management is the "Waste Disposal Act (hereinafter referred to as the Waste Disposal Act)", and its competent authority is the Ministry of Environment in Taiwan. The Waste Disposal Act was enacted with the legislative objective of waste removal and environmental sanitation improvement. Concerning the definition and categorization of waste, the act classifies waste into general waste and industrial waste, with industrial waste further categorized into general industrial waste and hazardous industrial waste. As for the responsibilities of competent authorities, the Ministry of Environment formulates methods for recycling, processing, and reuse of general waste (including general industrial waste). On the other hand, the reuse of industrial waste is governed by the respective competent authorities of each industry. Each municipality/city (county or city) government is tasked with accepting and reviewing industrial waste cleaning plans, issuing control numbers for reuse organizations, and conducting inspections on these organizations.

In terms of the market development of the waste disposal industry in Taiwan, according to data from the Ministry of Finance's monthly reports (as shown in the table below), the industry's sales value has increased from approximately \$85.366 billion in 2021 to about \$105.699 billion in 2025, with a CAGR of approximately 5.49%. In recent years, the rise of green, environmental protection, energy-saving, and recycling industries, coupled with increasing environmental awareness and stricter waste disposal regulations, has contributed to the growth of domestic waste transportation needs. As a result, the sales value of the waste transportation industry has generally shown an increasing trend. However, in 2023, factors such as global monetary tightening and inflationary pressures led to weakening end-market demand, causing the industry's sales value to decline slightly by 3.74%. Due to the overall increase in environmental awareness in Taiwan, the Ministry of Environment amended the "Common Industrial Waste Reuse Management Regulations" in 2024 and the "General Waste Recycling, Collection, and Disposal

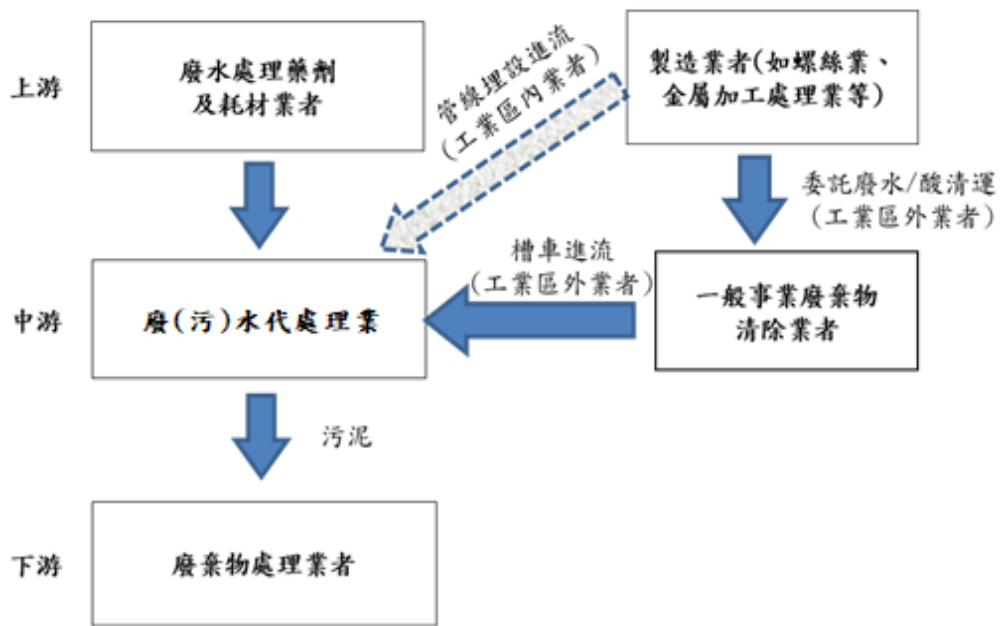
Regulations" in 2025. These amendments primarily relaxed the business scope and items of recyclable waste for recycling operators, contributing to an increase in the waste processing volumes and driving demand for waste transportation. Thus, with stable domestic economic growth in 2024 and 2025, Taiwan's manufacturing industry experienced a rebound, which in turn boosted domestic demand for waste transportation, treatment, and recycling. Consequently, the sales value of the waste transportation industry grew by 10.04% and 9.95% in 2024 and 2025, respectively.



Source: Ministry of Finance, Monthly statistics of Finance.

2. The correlation among the upstream, midstream, and downstream streams in the industry

Through vertical and horizontal integration within the industry, the Company's operations primarily encompass outsourced wastewater treatment services, the trading of upstream wastewater treatment chemicals and consumables, as well as comprehensive midstream waste disposal solutions. Below is a diagram illustrating the upstream, midstream, and downstream structure of the industry in which the Company operates:



- (1) Upstream: The upstream segment of the outsourced wastewater treatment industry primarily consists of suppliers of wastewater treatment chemicals and consumables required in the treatment of wastewater and waste acid, including liquid alkali, strong oxidizers, coagulants, and activated carbon.
- (2) Midstream: This segment consists of outsourced wastewater treatment providers who handle wastewater or waste acid on behalf of manufacturers across various industries. They assist manufacturers in meeting environmental discharge standards and regulatory limits imposed by wastewater treatment plants. Additionally, manufacturers located outside industrial zones, unable to directly connect their wastewater pipelines to treatment facilities, must rely on general industrial waste removal services. These services transport wastewater or waste acid wash liquids via tanker trucks to the outsourced wastewater treatment plants for proper processing.
- (3) Downstream: During the wastewater treatment process, outsourced wastewater treatment providers apply treatment chemicals that induce chemical reactions such as precipitation and adsorption, converting pollutants in the water into inorganic sludge to purify the water quality. The inorganic sludge generated during wastewater treatment is classified as waste and must not be disposed of or discharged arbitrarily. Instead, it requires transportation by waste removal services to downstream waste treatment operators, where it is lawfully managed through methods such as landfilling or incineration.

3. Product Trends

Due to the increasing environmental awareness in recent years, the Environmental Protection Administration of Executive Yuan has gradually tightened regulations on wastewater from for-profit enterprises, hoping to avoid damage to the environment caused by enterprise wastewater. Therefore, all enterprise wastewater must meet the requirements of the Environmental Protection Administration before it can be discharged.

The Company's primarily specializes in providing treatment services for wastewater and

acidic wastes solutions containing general heavy metals, chromium series, nickel series, and ammonia nitrogen. Following is a discussion on the trends and competitive landscape of wastewater treatment and spent pickling liquor, considering factors such as generation, legislation, management, technology, as well as their respective strengths and weaknesses:

(1) Production Aspect

A. General heavy metals, chromium compounds, nickel compounds, and wastewater containing ammonia nitrogen

In recent years, the standards set by the Environmental Protection Administration for discharged water quality have become increasingly stringent. With each industry generating different types of wastewater, and industrial waste becoming more complex, it has become essential to segregate wastewater types or quality. By doing so and selecting the appropriate treatment process, the most effective treatment and recovery efficiency can be achieved.

B. Spent Pickling Liquor

Acids serve as fundamental chemical ingredients in various industrial processes, with their functions differing depending on the specific application. In industries like metalworking, electronics, and glass manufacturing, acids are primarily utilized for surface treatment of objects. Conversely, in sectors such as petrochemicals, chemicals, and chemical products, they are often employed as consumable raw materials and for reaction processes. Consequently, when acids used in processes lose their original characteristics or functionality due to impurity infiltration or post-reaction changes, they are termed acidic wastes.

(2) Legal Aspect

The Environmental Protection Administration of the Executive Yuan established the Water Pollution Control Regulations as early as 1974, and the Ministry of Economic Affairs also set up the Regulations for the Management of Industrial Waste Recycling in 2002. In addition, as environmental awareness increases day by day, the standards of relevant environmental regulations are becoming more and more stringent. Administrative authorities are becoming increasingly strict in issuing various licenses, which consequently leads to increased technical and equipment costs for the wastewater treatment industry. Therefore, the laws and policies set by the government have a certain degree of influence on wastewater treatment operators.

In response to recent announcements or drafts revising water pollution control laws, environmental protection authorities have been continuously amending or adding various provisions to these laws. These revisions are made to align with industry best practices and the need for water quality improvement. These initiatives aim to staunchly eliminate illegal speculation and enhance the management of high-risk pollution sources. The revisions include adding, revising, and simplifying regulations for testing reporting and permit review. Moreover, there are increased stringency and integration of discharge standards for specific industries and effluent discharge. Specific standards for discharge control have been established for entities that do not meet regulatory thresholds. Additionally, each county and city has taken measures such as announcing total control zones or tightening effluent water standards within their jurisdiction for bodies of water that are unique or require special protection.

Therefore, in an integrated evaluation of the short-term trends in water pollution control, the Environmental Protection Administration will continue to review and amend discharge standards (such as adding ammonia nitrogen control for specific industries) and broaden the scope of regulated entities while strengthening the hierarchical management system for businesses (such as revising the classification definitions for regulated industries). Local governments may also expand efforts to promote total control zones or tighten effluent standards for local water bodies (such as the designation of the total control zone for the Agongdian Stream in Kaohsiung City). Consequently, with the collaborative efforts of central and local governments to tighten environmental controls, industries may face significant challenges. It is crucial for them to proactively monitor regulatory developments and stabilize economic development by upgrading pollution control equipment internally or seeking assistance from authorized businesses.

(3) Management Aspect

Due to the wide-ranging nature of wastewater treatment and spent pickling liquor services, the Company caters to clients across various industries, including metal surface treatment, electronic components, chemicals, and textiles. These industries produce significant quantities of wastewater with diverse water quality characteristics. Improper discharge of untreated wastewater directly into ground water bodies could have severe impacts on the environmental ecology. Hence, each stage of the process—from wastewater generation, storage, removal, treatment, to the final disposal of sludge—requires specific management and technical expertise.

Furthermore, as technology advances, people have become more conscious of environmental protection in Taiwan. Whether due to accidents resulting in disasters or environmental pollution, or deliberate discharge of untreated wastewater or spent pickling liquor into surface water bodies, such actions will face strong opposition from the public. Beyond significantly impacting business operations, they will irreversibly tarnish the company's image.

The Company has amassed extensive experience over the years, fostered talent, participated in environmental seminars, and collaborated with academia to innovate new technologies. We specialize in the storage equipment, transportation,

and treatment of wastewater and spent pickling liquor from industrial factories, boasting significant technical expertise and service experience in this field. In order to ensure quality management, we have implemented the ISO 9001 system to enhance the quality of our wastewater and spent pickling liquor processing techniques. Additionally, we utilize a GPS system to monitor the removal process of these substances. This allows our customers to track removal traces and monitor direction in real-time via online access. By doing so, we effectively mitigate the legal risks associated with engaging unscrupulous manufacturers.

(4) Technical Aspect

Currently, industrial wastewater is treated not only through facilities established by the business units themselves but also due to the significant quantity and diverse types of industrial wastewater produced domestically. The concentration of water quality varies greatly depending on the different industrial processes. The company has accumulated technology services for external output or improvement over many years of practical experience, mainly in the areas of wastewater treatment (including general heavy metals, chromium, nickel, ammonia nitrogen, etc.) and spent pickling liquor solutions. Below is an explanation of the service and technology offerings:

A. Wastewater Treatment

Due to the large quantity and complex types of wastewater produced by domestic businesses, our company adopts the method of wastewater diversion treatment. Below, we explain four treatment methods for general heavy metals, chromium, nickel, and ammonia nitrogen:

- a. General heavy metal wastewater and nickel-containing wastewater consist of heavy metals such as zinc, iron, and nickel. Through the chemical coagulation process, solid-liquid separation is achieved, resulting in the formation of insoluble metal hydroxides, which are then removed through sedimentation separation. By employing this processing method, the metal ions that can be removed include chromium, copper, nickel, zinc, cadmium, lead, and iron, among others. To ensure compliance with discharge water standards, the pH range for precipitating various metal ions varies. Due to the coexistence of multiple metal ions, the optimal pH range for precipitation may vary slightly, typically between 8 and 10. In practice, beaker tests should be conducted based on the characteristics of the wastewater in each factory to determine the necessary pH range.

- b. Chromium-containing wastewater is a crucial part of the pre-completion processing in the electroplating process, contributing to enhancing product attributes such as corrosion resistance, wear resistance, conductivity, and gloss. However, due to the use of toxic chemicals in certain stages of electroplating and the need for multiple part washing operations, the resulting wastewater often contains highly polluting substances, posing significant risks to human health. Typically, chromium-containing wastewater is treated using the chromium reduction method. This involves adding the reducing agent sodium bisulfite under acidic conditions to reduce hexavalent chromium to trivalent chromium. Subsequently, sodium hydroxide is added to adjust the pH level, facilitating the formation of trivalent chromium hydroxide, which precipitates and separates from the wastewater.
- c. The primary source of ammonium nitrogen in wastewater is the addition of ammonium chloride as a complexing agent in the electroplating process. To eliminate ammonium nitrogen, an air stripping method is employed. This technique utilizes mass transfer effects to separate ammonia from the water phase under alkaline conditions, typically conducted in a stripping tower. The separated gaseous ammonia can be recovered through water or acid, and it holds recycling value when its concentration is high.

B. Spent Pickling Liquor

The spent pickling liquor is a waste product generated by the metal surface treatment industry, where concentrated hydrochloric acid is used to clean metal surfaces and remove rust from iron surfaces. As a result, the waste liquid contains iron ions. In wastewater treatment plants, during the coagulation and sedimentation process, iron salt or aluminum salt coagulants are added, resulting in sludge containing iron or aluminum hydroxide after sedimentation. Additionally, an oxidizing agent is added to oxidize the organic substances in the sludge. The sludge, spent pickling liquor, and oxidant are then mixed to produce a regenerated coagulant.

In summary, pollutants in the water body are converted into sludge through chemical treatment in the wastewater treatment process, thereby achieving water purification. The sludge generated in the wastewater treatment process is considered both a waste and a resource, depending on the treatment method chosen. Classified primarily as inorganic sludge, various reduction techniques are applied to different types of sludge based on their main constituents to minimize sludge volume and reduce the costs associated with subsequent sludge treatment and disposal.

The Company has successfully combined sludge, spent pickling liquor, and oxidants to produce a regenerated coagulant, thereby reducing the volume of sludge. Furthermore, this regenerated coagulant can be utilized in the wastewater treatment process as a chemical agent for sludge coagulation and precipitation.

4. Product Competition

Currently in Taiwan, surplus wastewater treatment involves collecting wastewater generated during the production processes of public, private, or small and medium enterprises. This wastewater is categorized into general wastewater or hazardous wastewater based on the raw materials utilized in the processes. In general, public, private, or small and medium-sized enterprises may commission third parties to handle wastewater produced during their manufacturing processes in two main scenarios. Firstly, the enterprise may not have wastewater treatment facilities installed. Secondly, even if the enterprise has installed wastewater treatment facilities, the treated wastewater may not meet effluent water standards, and the enterprise may be unable to obtain or extend discharge permits for surface waters.

The Industrial Wastewater Treatment industry requires relevant practical operational experience and adherence to environmental laws and regulations. Currently, there are no publicly listed companies of a comparable scale domestically for reference in this field.

(III) Overview of Research and Development

1. The technical levels of the company's operations and research and development

The Company focuses on domestic wastewater and spent pickling liquor treatment. The technical department laboratory conducts research to improve various operations based on the concentration of incoming wastewater or acidic wastes. With accumulated experience, including treating different types and concentrations of wastewater or acidic wastes, the laboratory staff can develop specific operation modes tailored to each wastewater and acidic waste's characteristics. This ensures optimal quality assurance and control during factory operations.

2. Research and Development Personnel's Education and Experience

The Company's research and development team holds college degrees or higher and possess abundant work experience, demonstrating the Company's prioritization of the team's quality and experience.

Unit: Person

Education	Year	2024	2025	2026
				As of March 31
Doctoral and Masters		6	6	6
Bachelor's Degree (including Junior College)		7	7	6
Include and Below Senior High School		1	1	1
Total		14	14	13
Average Years of Service (years)		6.2	7.2	7.3

3. The research and development expense and the successfully developed technologies or products that were invested in each year over the past five years

(1) Investment in research and development expenses for over the past five years

Unit: In Thousands of New Taiwan Dollars

Item	Year	2021	2022	2023	2024	2025

Research and development expense	15,083	12,322	13,841	14,702	16,167
Net Operating Revenue	600,094	672,972	609,242	635,001	618,026
Percentage (%)	2.51%	1.83%	2.27%	2.32%	2.62%

(2) Successfully developed technologies or products

Year	Developed technologies or products
2022	The recycling and recovery of ammonium chloride from electroplating plant wastewater for crystallization into ammonium chloride
2023-2024	Using SBR to remove organic pollutants from wastewater

(IV) Short and Long-term Business Development Plan

1. Short-term Plan

The main reason is the incomplete early environmental regulations and insufficient public awareness of environmental protection. Pollution prevention technology in various factories was also not perfect. Consequently, in recent years, due to the transformation of industrial structures and strict enforcement by environmental bureaus in various counties and cities, there has been an increase in events such as heavy fines or continuous closures of polluting industries for failing to meet environmental regulatory standards. Assisting and guiding factories to comply with environmental regulations can bring more stable development opportunities to enterprises. This market has been a key focus of the Company's development efforts in recent years. Business volume has steadily increased annually due to the support and guidance provided to factories to comply with environmental regulations. Many major domestic corporations are compelled to seek assistance due to factors related to environmental laws. Therefore, the Company's wastewater treatment technology and waste acid rinse reutilization technology have well-established handling procedures, allowing us to offer our clients the most comprehensive services. Future environmental regulations are expected to become more stringent, leading to a predictable and continuous expansion of the market. In particular, major domestic multinational corporations are likely to emerge as key clients.

- (1) To ensure the smooth operation of processing techniques, it's essential to implement quality policy, objectives, and audits of the quality system.
- (2) Continue to deepen on developing key industries, such as the metal surface treatment sector, electronic components manufacturing, and medical chemical products production.

- (3) Strive to uphold the reputation of existing customers, enhance customer satisfaction, and promote through customer marketing efforts.
 - (4) Continuously expand the marketing scope by participating in seminars and events, including briefings organized by the Environmental Protection Administration or other regulatory authorities.
 - (5) Continuing collaboration with the academic community to develop new technologies.
2. Long-term Plan

The Company implemented the ISO 9001 quality management system in 2014, conducting rigorous QA/QC operations in the processes of wastewater treatment and the recycling and reutilization of spent pickling liquor. This ensured the high quality and compliance of the treated wastewater and the regenerated coagulant (ferric chloride) with the Sewerage Management Regulations of the industrial park and the Reutilization Management Regulations announced by the Ministry of Economic Affairs. This move aimed to achieve quality goals effectively. Furthermore, in 2016, the Company introduced the ERP system, employing a modular approach to manage key tasks across the internal value chain, including financial accounting, supply chain, operations, reporting, manufacturing, sales, and human resources activities. This facilitated collaborative efforts to establish a seamless system, enhancing the overall internal operations of the Company.

We will continue to collaborate with the academic community in research and development in the future, as well as patent strategies, to enhance our company's wastewater treatment technology and bolster our brand image. At the same time, we endeavor to maintain high-quality, efficient operations in wastewater treatment and the recycling of spent pickling liquor. Our efforts emphasize environmental protection and minimizing risks to occupational health and safety.

II. Market and Sales Overview

(I) Market Analysis

1. Main products (services) in sales (provision) regions

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2024		2025	
	Sales Amount	%	Sales Amount	%
Local	635,001	100.00	618,026	100.00
Export	—	—	—	—
Total	635,001	100.00	618,026	100.00

2. Market share

The Company's primary business revolves around wastewater treatment, comprising approximately 70% of the consolidated revenue. This includes the manufacturing and sale of wastewater treatment chemicals and consumables, as well as peripheral services such as waste transportation and disposal. Given the significance of the core business, the estimated revenue is based on the sales value of the wastewater treatment industry

in the country.

According to statistics from the Ministry of Finance's Monthly Statistical Bulletin, Taiwan's Wastewater Treatment industry had an estimated sales revenue of approximately NT\$25.82 billion in 2025. Based on our Company's individual operating revenue of NT\$509 million for the same year, our market share in Taiwan's Wastewater Treatment industry was around 1.97%. With regulations on effluent standards becoming increasingly stringent and phased control standards for ammonia nitrogen amended by environmental laws, our subsidiary, Ping Ho Materials Technology, has introduced a new process for recycling and reusing ammonia nitrogen wastewater. Looking ahead, this initiative not only allows for optimization of our product portfolio and gradual improvement in overall operational efficiency for the group but also enables us to meet the evolving needs of the environmental protection industry. By implementing a circular economy approach, we aim to create the greatest benefit for the group and provide opportunities for future growth in the Company's market share.

3. Market Future Demand and Growth

The Executive Yuan has coordinated cross-ministerial efforts to improve river water quality, with the Ministry of Environment working in collaboration with the Ministries of Economic Affairs, the Interior, and Agriculture to accelerate initiatives aimed at protecting water environments. The goal is to eliminate "all" severely polluted river sections by 2030. Measures include the modernization and enhanced management of livestock facilities promoted by the Ministry of Agriculture, and the enforcement of technological inspections and total discharge control by the Ministry of Environment to curb illegal industrial wastewater discharges. In Taiwan, consumers are increasingly attentive to sustainability issues, with particular emphasis on water pollution and clean water resources. As the principles of sustainable development continue to gain momentum, and the government actively supports businesses in upgrading their wastewater treatment capabilities through strengthened inspections and penalties to ensure compliance, enterprises are placing greater importance on ESG practices. As a result, demand in the industrial wastewater treatment market continues to rise, driven by growing ESG awareness and evolving regulatory requirements, both of which contribute to a sustained and expanding need for wastewater treatment solutions.

According to data from the Ministry of Finance, there were approximately 604 wastewater treatment companies in Taiwan as of the end of 2025. The wastewater treatment sector in Taiwan comprises numerous specialized companies offering a wide range of services tailored to various scales and industries, from domestic sewage treatment to industrial wastewater solutions. These companies adhere to environmental regulations to ensure treated water meets discharge standards. Most wastewater treatment businesses in Taiwan focus on engineering and equipment-based services. They typically provide customized wastewater treatment systems for clients, who then either operate the systems independently or outsource the operations. The Company primarily serves small and medium-sized enterprises (SMEs) through contract-based wastewater treatment services. Due to the increasingly stringent regulatory landscape and the high capital investment required to upgrade equipment in response to evolving pollutant characteristics, more SMEs are choosing to outsource their wastewater treatment operations. Effectively treating wastewater from various industries requires

extensive operational experience accumulated over years of real-world application. Each batch of wastewater may differ in composition, necessitating adjustments to treatment parameters. This flexibility allows for effective degradation of pollutants and ensures compliance with discharge standards through real-time monitoring at the outlet. In addition to wastewater treatment, we also assist clients with the design, construction, operation, and maintenance of wastewater treatment facilities, adjusting our approach based on local environmental regulations and standards. Given the importance of environmental protection and ongoing regulatory updates, the wastewater treatment industry has a notable barrier to entry in terms of equipment and technology. With increasing demand driven by environmental awareness and legal compliance, the sector is expected to attract more investment, gradually boosting overall supply capacity.

4. Competitive Advantage

(1) One-stop services to achieve economies of scale

Due to ongoing improvements in industrial production processes, the wastewater generated and the heavy metal/waste components contained therein are becoming increasingly complex across various industries. The Company plans to implement separate treatment processes for different types of wastewater or water quality. Additionally, The Company stands as the wastewater treatment operator capable of directly accepting untreated wastewater and continuously processing different industrial water systems 24 hours a day. Through neutralizing acidic and alkaline wastewater from various industries and mastering key formulae for chemical dosing, we can effectively achieve both efficiency and flexibility in wastewater treatment. The Company integrates upstream and peripheral services such as Wastewater Treatment, Manufacturing and sales of wastewater Treatment Chemicals and Consumables, and Waste Transportation. It allows us to provide one-stop services for customers and benefit from economies of scale.

(2) Resource recycling and reuse for the effectiveness of the circular economy

The Company utilizes its patented technology to transform spent pickling liquor and sludge generated during the wastewater treatment process into regenerated coagulant. This process reduces sludge volume and allows the regenerated coagulant to be used as a medication for sludge coagulation and precipitation during wastewater treatment. Not only can the regenerated coagulant be sold, but it also helps in saving costs associated with wastewater treatment medication and waste disposal. The Company also offers recycled water services that meet discharge standards to local manufacturers, temporarily alleviating water scarcity issues and promoting waste reduction and water conservation through recycling. For wastewater containing a higher concentration of ammonia nitrogen, the Company has developed a new process to recycle and regenerate the ammonia nitrogen into ammonium chloride. Additionally, it is continuously developing more waste reduction processes and other products for recycling and reuse.

(3) Systematic monitoring of water quality and automated management of chemical addition

The Company has adopted the ISO9001:2005 quality management system, implementing rigorous quality control in both the Wastewater Treatment process and the recycling process of spent pickling liquoring liquid. This ensures that the

treated wastewater meets high-quality standards and complies with relevant regulations. Through systematic information feedback and automated medication mechanisms, we can effectively monitor and control water quality. By integrating various types of information into actionable management insights, we aim to reduce operational costs and enhance efficiency.

- (4) Establish processing plants within industrial clusters to offer real-time services in close proximity

The Company's wastewater treatment facility is strategically located within the renowned screw/nut industry cluster in Gangshan District, Kaohsiung, Taiwan, Benjhou Industrial Park. This area boasts a large concentration of small and medium-sized enterprises. In addition, the Gangshan District of Kaohsiung and the Luzhu area are well-known for their screw industry clusters and numerous metal surface treatment-related manufacturers. As a result, there is a significant volume of electroplating and pickling wastewater generated in the area. For many manufacturers, the cost of setting up their own wastewater treatment facilities and hiring specialized technical personnel can be prohibitively high. By offering immediate services in close proximity, the Company assists customers in resolving their process wastewater issues. The Company has also established a subsidiary, Ping Ho Materials, in the Tainan Technology Industrial Park. Leveraging its experience in contract-based wastewater treatment services, the subsidiary aims to expand the range of wastewater treatment solutions available to manufacturers in the Tainan area. It focuses on the treatment and resource recovery of high-ammonia-nitrogen wastewater, incorporating processes that enable water reclamation and reuse. The regenerated industrial water produced will be sold for industrial use or for secondary domestic use within industrial zones.

- (5) The business of manufacturing and sales wastewater treatment chemicals and consumables benefits from economies of scale in procurement, as well as the capability to provide customized drug mixing services and recommendations.

The Company's business of manufacturing and sales wastewater treatment chemicals and consumables serves not only the wastewater treatment industry but also includes the independent development and formulation of processing chemicals for manufacturing industries requiring wastewater treatment. Additionally, the Company provides customers with relevant advice on wastewater treatment. Therefore, it can leverage economies of scale in procurement, providing cost and price advantages compared to customers sourcing from other manufacturers on their own.

- (6) The Waste Transportation Industry possesses platform matching capabilities, offering waste transportation services for a wide range of waste types nationwide. The Company's operations in the Waste Transportation Industry are managed by two subsidiaries, Ching Jin and Wan Jing Industrial Co., Ltd., both of which have been in the industry for over 15 years. They maintain excellent relationships with various waste treatment organizations. In addition to offering waste transportation services for a wide range of waste types, our platform matching capability allows us to match each customer's different waste code categories with the most suitable

downstream waste treatment organizations. Our waste transportation services cover the entire country and are not limited to specific regions.

5. Advantageous and disadvantageous of prospects and response measures:

(1) Advantageous Factors

A. Increased environmental protection awareness, emphasis on sustainable development, and tightening environmental regulations

In the early years, due to the lack of comprehensive environmental regulations, low public awareness of environmental protection, and limited attention to sustainable development, pollution-intensive industries frequently discharged wastewater and waste illegally or were heavily fined and forced to shut down for failing to meet environmental standards. However, in recent years, with growing public concern over environmental issues and the government's enactment of increasingly stringent water pollution control regulations, along with enhanced advocacy and enforcement, the incidence of illegal wastewater discharge by enterprises has improved. Companies now tend to seek legally compliant service providers to handle their wastewater treatment on their behalf. To protect water quality and promote pollutant reduction and control, the Ministry of Environment amended and promulgated the "Effluent Standards" on December 18, 2024. The amendments include the addition or tightening of controls on parameters such as ammonia nitrogen, phosphorus, copper, and free available chlorine. These measures aim to reduce the discharge load of high-concentration phosphorus into water bodies, continue lowering copper concentrations in specific river basins, improve overall water quality, and promote the resource recovery of wastewater. The Ministry emphasized that this revision aligns with international regulatory trends and the results of domestic industrial wastewater surveys, and is expected to affect approximately 3,000 enterprises. This development is favorable to the growing demand for industrial wastewater treatment and supports the expansion of the Company's business.

B. Small and medium-sized enterprises (SMEs) often lack the capability to handle wastewater treatment independently. In recent years, outsourcing has emerged as a trend in the industry.

For a long time, small and medium-sized enterprises (SMEs) have accounted for over 98% of all businesses in Taiwan. While each SME may produce a relatively small amount of wastewater (or pollutants), managing this waste requires specialized wastewater treatment techniques, equipment, and trained personnel. Therefore, SMEs often struggle with challenges such as lack of economies of scale, suitable treatment facilities, technical expertise, skilled labor, and financial resources. These challenges can diminish their willingness to invest in improving wastewater management or complying with regulatory requirements, leading to unfortunate instances of illegal discharge. In recent years, businesses have increasingly recognized the advantages of outsourcing wastewater treatment operations to

professional providers. This approach allows them to ensure compliance with legal regulations and achieve cost savings. The benefits of this specialized format have become apparent to operators, leading to the normalization of wastewater outsourcing. This trend is beneficial for the Company's future business expansion and growth in operational scale.

- C. Good customer relationships and a diverse range of industries help mitigate risks

The Company is a professional Wastewater Treatment operator with clients throughout and beyond the Benjhou Industrial Park. They have established excellent business cooperation relationships with their clients over the years, proving the affirmation of their services. In the future, they will continually leverage their professional services and outstanding treatment outcomes to strengthen business relationships with clients, meet market demands, provide clients with wastewater treatment suggestions based on user feedback, and offer recycled water to help clients reduce water usage. Additionally, the Company's clientele spans various industries, including screw and nut manufacturing, metal surface treatment, cosmetic manufacturing, and printing, among others. The diversity of industries among its customers helps mitigate the risk of overreliance on any single sector.

- (2) Disadvantageous and Response Measures

- A. The operational status is significantly influenced by the economic cycles of our customers' industries

The Company is a professional industrial wastewater treatment service provider. Although we have integrated upstream and downstream businesses, spanning services from water treatment chemicals to wastewater and sludge clearance, our main business and product remains wastewater treatment. Therefore, our operations are affected by the economic fluctuations of client industries. If a client reduces its production, the amount of production wastewater also decreases. If the overall economic situation is poor and forms a long-term event, it may continue to cause varying degrees of negative impact on all sectors. The industry in which the Company operates does not have obvious cyclical fluctuations, and the degree of impact from client-side economic changes on our operations is relatively low. However, under the influence of systemic risk in the overall economy and industry, the Company cannot remain unaffected, and its operations may also be impacted.

Response Measures:

The Company operates by handling wastewater treatment business for clients from various industries. We are planning to expand our operations by establishing a new subsidiary and factory in the Tainan Technology Industrial Park. Additionally, we aim to diversify our services by adding ammoniacal nitrogen wastewater treatment and reuse services, as well as introducing recycled water use. These initiatives are intended to diversify customer industry risks, geographical operation risks, and expand our

operations to reduce the likelihood of being affected by market shocks.

- B. The total amount of wastewater treatment and the addition of new sources for wastewater intake require approval from the competent authority. Additionally, operational growth momentum can be easily restricted by geographical constraints

While the Company has consolidated and offered upstream and peripheral services for Wastewater Treatment, its primary operational focus remains on Wastewater Treatment. However, the scale of this business operation is tied to the maximum daily wastewater treatment volume approved by regulatory authorities. Any changes in the sources of wastewater intake, adjustments to the Company's or customers' processes and capacities, require amendments to the "Water Pollution Prevention Measures Plan and Permit (Document)", which must be approved by the regulatory authorities. Considering customers' transportation costs, the Company primarily handles wastewater from customers located near the factory. If the volume of wastewater collected at the Company's processing sites is nearing the upper limit approved by local authorities, the surplus of wastewater available for treatment becomes limited. This can easily constrain the potential for operational growth.

Response Measures:

The Company remains dedicated to its current operations and serving clients within the Benjhou Industrial Park, Gangshan District, Kaohsiung. Additionally, it offers recycled water services to local factories, meeting discharge standards. This helps reduce discharge volume and increases wastewater treatment capacity. Additionally, the Company has established a facility through its subsidiary in the Tainan Technology Industrial Park. The wastewater will undergo biological treatment and purification, then be redirected into a regenerated water utilization system. The regenerated water will be sold for industrial or secondary water use in the industrial area. This introduction of recycled water not only allows for the reuse of treated water but also increases wastewater treatment capacity, reduces discharge volume, and indirectly boosts revenue. Additionally, it contributes to reducing environmental pollution and promotes the benefits of sustainable water resource recycling. Additionally, the Company is evaluating participation in the private operation of industrial water supply systems and wastewater sewerage systems in industrial parks or industrial zones of local governments in the future. This initiative aims to enhance the overall wastewater treatment capabilities. Furthermore, we plan to increase the recycling and reuse of ammonia nitrogen wastewater and introduce reclaimed water use business, diversifying our operational portfolio and contributing to the future growth momentum of operations.

- C. The cost of wastewater treatment is influenced by fluctuations in the prices of wastewater treatment chemicals

The Company primarily specializes in transporting wastewater through tank trucks or buried pipelines. It gathers wastewater generated by manufacturers

in industrial zones and uses chemical agents or consumables to achieve water quality that meets effluent standards through physical and chemical processes. Factors such as supply chain disruptions due to the pandemic, global unrest, and worldwide inflation have led to significant fluctuations in raw material prices in the recent years. As a result, the Company's operational risk has increased, particularly concerning the principal chemicals invested in Wastewater Treatment, including liquid alkali, activated carbon, and heavy metal trapping agents.

Response Measures:

The Company adjusts its procurement of goods based on changes in wastewater volume or water quality. Adopting a cautious approach, it uses the actual consumption of inventory, along with wastewater treatment volume and water quality changes, as benchmarks for procurement volume. This helps prevent over-purchasing or under-purchasing situations. Additionally, the Company regularly monitors raw material supply prices in the market to ensure the reasonableness of purchase prices. The Company has the capability to develop and formulate its own Wastewater Treatment chemicals, such as heavy metal trapping agents. It can also adjust and optimize the compositions of chemical formulas required for the Wastewater Treatment process. These developments can be applied in the purification process, potentially substituting or reducing the usage of higher-priced Wastewater Treatment chemicals or consumables. Furthermore, the Company operates a business selling Wastewater Treatment chemicals and consumables, which offers cost and price competitive advantages. In recent years, The Company has strengthened the development of wastewater treatment or downstream recycling product technologies through industry-academic cooperation or commissioned research projects with higher education institutions or external research units. This effort aims to reduce the cost of investment in Wastewater Treatment chemicals. The Company has established a reasonable pricing model that takes into account both water volume and water quality, as well as the fluctuating costs of wastewater treatment chemicals. Pricing adjustments are made promptly in response to cost increases or decreases, ensuring fees reflect current cost trends.

- D. The customer opted to establish their own wastewater treatment equipment as scale has grown

As clients' businesses have expanded and environmental regulations in our country have become more stringent, along with the promotion of sustainable development issues, clients are increasingly capable of building or adding equipment compliant with water pollution control. They can independently treat the waste water generated in their processes to meet the effluent standards set by the Environmental Protection Administration or reduce the amount of waste water discharged.

Response Measures:

The Company primarily focuses on providing Wastewater Treatment services for Small and Medium Enterprises (SMEs). Since Taiwan is largely

composed of SMEs, most businesses can only afford to set up simple wastewater treatment processes tailored to their needs. Designing and constructing a comprehensive system capable of treating various types of industrial wastewater would incur high costs. For SMEs, the design and construction of a system capable of treating most industrial wastewater involves high costs, making it difficult for them to afford the significant investment required for wastewater treatment equipment. In addition, with the tightening of environmental regulations in our country and increased scrutiny by central and local environmental authorities, as well as the growing demand for sustainable development, an increasing number of SMEs find themselves unable to treat their wastewater to discharge standards independently. As a result, they increasingly rely on professional agencies for business wastewater treatment. The Company boasts wastewater treatment technology and proprietary formulations developed in-house. With extensive experience in parameter adjustment, it can flexibly handle the water quality of each batch to meet discharge regulations, ensuring peace of mind for customers. Additionally, there have been no violations of environmental regulations or penalties related to wastewater treated by the Company in the past three years. The Company currently has limited capacity to accept wastewater, primarily focusing on Benjhou Industrial Park and surrounding areas. If there is excess capacity, it can be expanded to accommodate wastewater from other regions. Furthermore, The Company is considering participating in the private operation of industrial water supply systems and wastewater sewerage systems in local government industrial parks or zones in the future, in order to enhance the Wastewater Treatment capacity of The Company's entire operations. Additionally, we plan to expand the inclusion of reclaimed water utilization business, diversify operation items, and boost future growth momentum.

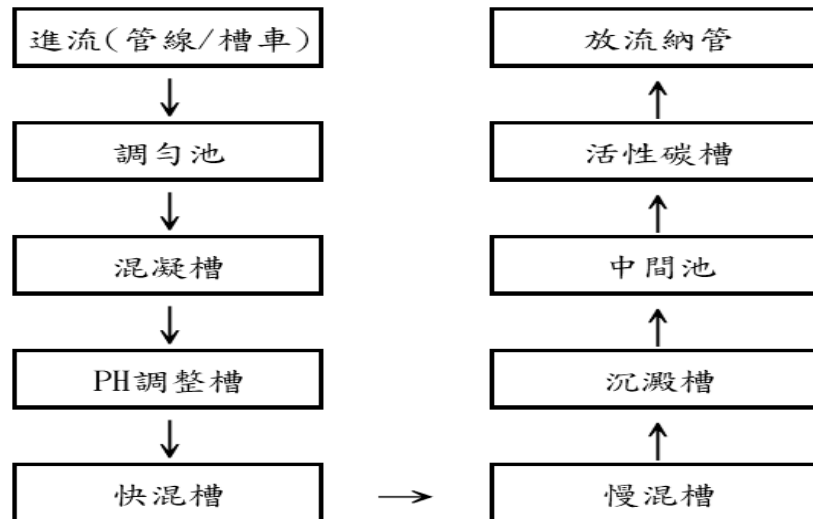
(II) Major Products and Their Production Processes and Purpose

1. Important Uses of Major Products:

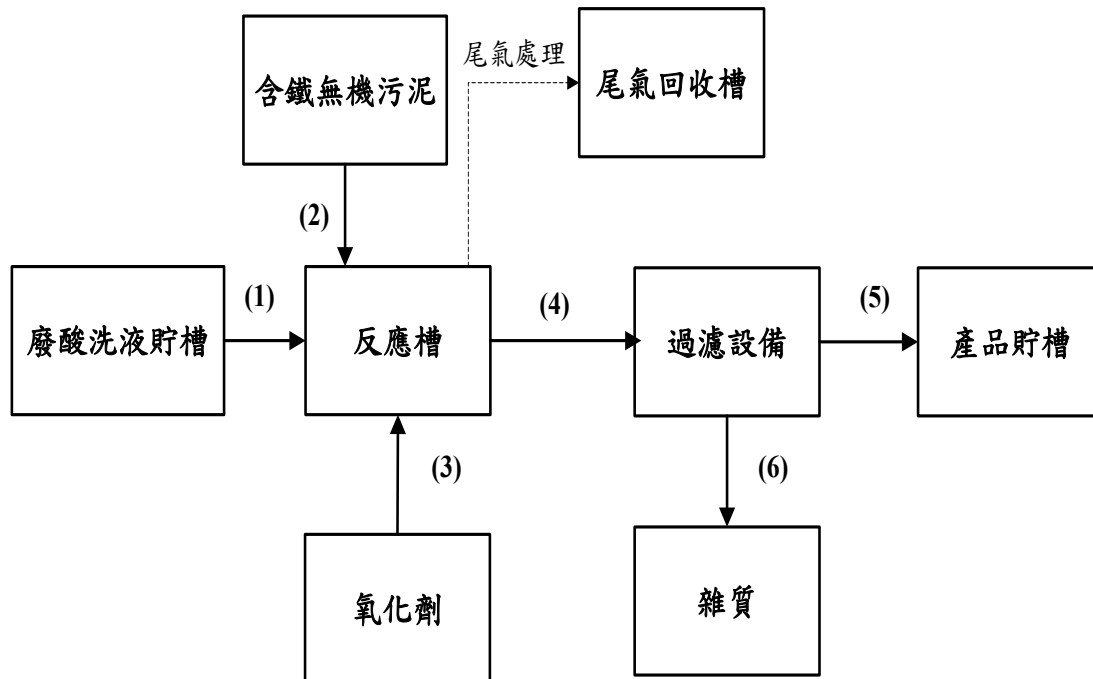
The Company's operations encompass services across the upstream and downstream segments of wastewater treatment. These services include the sale of water treatment chemicals, acidic wastes and sludge transportation, contract treatment of wastewater and acidic wastes, and maintenance and operation of wastewater treatment plants. By integrating upstream and downstream industries, the Company aims to provide comprehensive services. However, its primary focus remains on contract treatment of wastewater and waste acid, enabling customers to manage the wastewater and waste acid generated in their operations. The Company utilizes patented technology to convert acidic wastes and iron-containing sludge into ferric coagulant needed for the wastewater treatment process. This not only promotes resource reuse but also contributes positively to environmental protection.

2. The production process of the Major product:

(1) Wastewater Treatment Process



(2) Process of spent pickling liquor



(III) Supply status of the main raw materials

Name of Raw Material	Supply Situation
Sodium hydroxide	Excellent
Active Carbon	Excellent
Strong oxidizer	Excellent
Heavy metal capture agent	Excellent

The Company maintains long-standing and stable relationships with key suppliers, which should ensure the stability of raw material supply, with no reported instances of supply source interruptions. The Company also continuously monitors market trends and maintains strict quality control and delivery management to ensure the reliability of all raw material supplies.

(IV) The names of customers who accounted for over 10% of the total purchases (sales) in any of the two most recent fiscal years, along with their purchase (sales) amounts and proportions, and explanations for the reasons of increase or decrease in changes:

1. Information on suppliers of goods

Unit: In Thousands of New Taiwan Dollars

Item	2024				2025			
	Name	Amount	Ratio of net purchases for the entire fiscal year (%)	Relation with Issuer	Name	Amount	Ratio of net purchases for the entire fiscal year (%)	Relation with Issuer
1	A026	35,020	27	None	A026	41,542	34	None
2	A001	26,845	21	None	A001	18,489	15	None
3	A002	18,888	15	None	A002	11,834	10	None
4	A007	12,729	10	None	Others	50,223	41	None
5	Others	36,512	27	None				
	Net Purchase	129,994	100		Net Purchase	122,088	100	

Reason for Change: The Company's primary raw material purchases, including liquid alkali, activated carbon, strong oxidizers, and heavy metal capture agents, slightly decreased from each supplier in 2025 compared to 2024. This was primarily attributed to relatively stable prices of wastewater treatment chemicals. Overall, the changes were mainly influenced by factors such as customer demand and raw material prices.

2. Information on sales clients

Unit: In Thousands of New Taiwan Dollars

Item	2024				2025			
	Name	Amount	Ratio of net sales for the entire fiscal year (%)	Relation with Issuer	Name	Amount	Ratio of net sales for the entire fiscal year (%)	Relation with Issuer
1	C4001	80,067	13	None	C4001	81,118	13	None
2	C1002	78,862	12	None	C1002	70,213	11	None
	Others	476,072	75		Others	466,695	76	
	Net Sales	635,001	100		Net Sales	618,026	100	

Reason for Change: The primary sources of the Company's revenue include wastewater treatment services, wastewater treatment chemicals and supplies, and waste removal. In 2025, operating revenue slightly decreased compared to 2024, primarily due to a decline in wastewater treatment services. However, the rankings of the major customers have remained relatively stable over the past two years.

III. The information of employees employed for the two most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, including the number of employees, average years of service, average age, and education level composition.

March 31, 2026

Year		2024	2025	As of the current fiscal year March 31, 2026
Number of Employees	Manager	3	3	3
	General Staff	67	61	61
	Production employees	47	48	50
	Total	117	112	114
Average age		40.1	40.0	40.60
Average Years of Service		5.3	6.2	6.2
Education Level Composition	Doctoral	0.00%	0.00%	0.00%
	Master's degree	7.69%	8.04%	8.77%
	Bachelor's Degree (including Junior College)	39.32%	38.39%	36.84%
	Senior High School	45.30%	43.75%	43.86%
	Include and Below Senior High School	7.69%	9.82%	10.53%

IV. Environmental Protection Expenditure

For the latest fiscal year and up to the date of the publication of the annual report, there were no losses incurred due to environmental pollution, including remuneration and violations of environmental regulations found during environmental protection inspections. Therefore, there are no disposals to disclose, including dates, document numbers, violating regulations and provisions, contents of the violation, and disposal details. Additionally, there are no estimated amounts of losses or corresponding measures to disclose. If it is unable to make a reasonable estimate, it should explain the fact that it cannot make a reasonable estimate: None.

V. Labor Relations

(I) The range of employee welfare, continuing education, training, retirement schemes, their execution, as well as labor-management agreements and measures to maintain rights and interests within the company:

- Employee welfare measures, continuing education, and training, along with their implementation status

The Company consistently believes that satisfied employees contribute to satisfied customers. Therefore, we strive to take comprehensive care of our colleagues' physical and mental well-being, allowing them to concentrate and find enjoyment in their work. Additionally, The Company has established an employee welfare committee, comprised of staff members, to oversee the planning and implementation of various

employee welfare initiatives. The current welfare provisions of The Company are outlined below:

- (1) Year-end bonus.
- (2) Annual salary adjustments are based on performance evaluations.
- (3) Employee cash dividends.
- (4) Labor insurance, health insurance, labor pension contributions, and group insurance.
- (5) Departmental occasional gatherings.
- (6) Regular medical examination for employees.
- (7) Vouchers for festival and birthday.

2. Continuing Education and Training:

We provide courses based on job functions, ensuring that each employee possesses the professional skills and knowledge necessary for their respective positions, and ensuring their practical application in the workplace. Meanwhile, we encourage each employee to proactively share knowledge to facilitate learning and experience transfer. We have revamped our new employee training system to facilitate their rapid integration into the organization. Upon on board, we initiate education and training sessions for new hires, followed by a three-month work study and training program implemented by their respective departments. This approach enables new staff to swiftly grasp the company's operational environment and swiftly engage in their roles, thereby reducing the adaptation period. Training includes:

- (1) New Employee Training: New employees receive pre-service training and orientation sessions, supplemented by a mentorship program to aid their integration into the work environment and company culture.
- (2) Professional / Functional Training: The abilities required for work include skills in Production, Research and Development, Finance, Management, Procurement, Information, etc.
- (3) Liberal Education Training: Company's mission, corporate culture, company values, quality awareness, and occupational safety and health.
- (4) Direct Personnel Training: Training on the indispensable knowledge, skills, and operational methods required for on-site in their work.

3. Retirement system and its implementation status:

The Company contributes six percent of the monthly salary to each employee's Individual labor pension accounts under the Labor Pension Act (new fund system). When employees meet the retirement conditions, they can apply to the competent authority to withdraw this retirement fund. The Company's employee retirement plan complies with the Labor Standards Act and its related regulations.

4. The status of labor-management agreements and measures to protect employee rights and welfare:

The Company places significant importance on internal communication. Apart from holding labor-management meetings, various communication channels are available within the company. Both management and employees mutually respect each other and provide avenues for feedback and improvement, working together towards the company's growth. Up to the present moment, the labor-management relationship has been characterized by harmony, trust, and positive interaction.

The Company establishes all regulations in accordance with government laws, implementing a comprehensive system outlining various management standards. This system clearly delineates the rights, obligations, and welfare provisions for employees, with regular reviews and revisions conducted to safeguard the rights and interests of all employees.

The Company prioritizes the well-being of its employees, striving to provide timely support and maintain smooth channels for employee feedback. Through various interview mechanisms and effective communication channels, we actively identify issues and regularly review management measures and areas for improvement. Our goal is to establish an environment where employees can find joy and fulfillment in their work.

- (II) As the most recent fiscal year and up to the date of the annual report's printing, any losses incurred due to labor disputes (including violations of the Labor Standards Act identified during labor inspections, includes the date of penalty, document number of the penalty, violated regulations, contents of the violation, and details of the penalty). Information regarding current and potential future estimates of the financial impact and corresponding measures should be provided. If it is not feasible to make a reasonable estimate, an explanation of the reasons for this limitation should be included: None.

VI. Cyber Security Management

- (I) The framework for managing cyber security risks, policies governing, specific management plans, and the allocation of resources towards cyber security management:
 1. Cyber Security Risk Management Framework:

The Company has established a management department tasked with overseeing information system security management operations. This department executes information security risk evaluation mechanisms to enhance the effectiveness and timeliness of information security management, ensuring the security of various aspects such as the information environment, computer hosts, network usage, system access, and mobility, including mobile devices.
 2. Cyber Security Policy:
 - (1) System Security Standards: Establish the company's information security management system aims to standardize the operational behavior of personnel.
 - (2) Technology Application: Implementing information security management measures by establishing information security management equipment.

- (3) Personnel Training: Conduct information security training to enhance the information security awareness of all employees.
3. Specific management plan and resources invested in cyber security management:
 - (1) Commission professional computer information vendors for maintenance services.
 - (2) Network and computer system security management.
 - (3) Access control, development, and maintenance of system security management.
 - (4) Information Asset Security Management.
 - (5) Set up network firewalls, install antivirus software, and set folder access permissions.
 - (6) Performing regular monthly maintenance and virus scans on the company's computer equipment, network devices, and servers.
- (II) Please list any losses, potential impacts, and response measures resulting from significant cyber security incidents that occurred in the most recent year up to the date of the annual report's publication. If it is not possible to reasonably estimate these, please explain why. As of 2025 and up to the publication date of the annual report, the Company did not experience any significant cyber security incidents, nor did it incur related losses or impacts.

VII. Important Contracts

As of the date of the annual report publication, the effective and expiring supply contracts, technical cooperation contracts, engineering contracts, long-term borrowing contracts, and other important contracts that can affect shareholder equity for the recent year should be included. This includes information about the parties involved, the main content, restrictive clauses, and the start and end dates of the contracts.

Contract Nature	Party	Contract Period	Major contents	Restrictions
Procurement of Services Contract	Economic Development Bureau, Kaohsiung City Government	2026.01.01-2026.12.31	"Contracted Operation and Maintenance Work for the Benzhou Wastewater Treatment Plant in Gangshan, Kaohsiung City"	—
Medium and Long-term Loans	Chang Hwa Bank	2025.07.08-2030.09.17	Line of credit: \$35,000 thousand, Amortizing principal and interest monthly.	Credit Guarantee Funds
Medium and Long-term Loans	First Bank	2025.10.17-2026.01.11	Line of credit: \$10,000 thousand, Amortizing principal and interest monthly.	Credit Guarantee Funds

Chapter 5: Review of Financial Conditions, Financial Performance, and Risk Management

- I. Financial Conditions: The primary causes for significant fluctuations in assets, liabilities, and equity over the last two years and their impacts. Future response plans should be outlined, if the impact is significant.**

Analysis of Financial Status

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2024	2025	Difference	
			Amount	%
Current assets	437,390	487,909	50,519	11.55%
Property, Plant, and equipment	845,468	826,894	(18,574)	(2.20%)
Intangible assets	0	0	0	0.00%
Other assets	65,861	73,597	7,736	11.75%
Total assets	1,348,719	1,388,400	39,681	2.94%
Current liabilities	269,273	142,126	(127,147)	(47.22%)
Non-current liabilities	209,668	354,100	144,432	68.89%
Total liabilities	478,941	496,226	17,285	3.61%
Share capital	311,795	311,795	0	0.00%
Capital surplus	261,215	280,156	18,941	7.25%
Retained earnings	288,432	290,911	2,479	0.86%
Other equity interest	8,336	9,312	976	11.71%
Total equity	869,778	892,174	22,396	2.57%
<p>I. Explanation of significant changes (for variances exceeding 10,000 thousand and changes exceeding 20% in proportion): Current liabilities decreased primarily due to repayment of bank loans in 2025. Non-current liabilities increased primarily due to the issuance of domestic secured convertible bonds in 2025.</p> <p>II. Future response plans for significant impact: The aforementioned changes have no significant adverse impact on the Company, and the overall performance of the Company has not deviated significantly. Therefore, there is no need to draft a response plan.</p>				

II. Financial Performance: The primary reasons for significant changes in Operating Revenue, Operating Income, and Pre-Tax Income over the past two years, along with the expected sales volume, basis, and the potential impact on the company's future financial operations and corresponding plan.

Comparative Analysis of Financial Performance

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2024	2025	Increase (Decrease) Amount	Percentage Change (%)
Revenue	635,001	618,026	(16,975)	(2.67%)
Operating Income	162,416	157,883	(4,533)	(2.79%)
Income Before Tax	149,073	144,834	(4,239)	(2.84%)
<p>1. Analysis and explanation for changes exceeding 20% before and after, and with the amount of change reaching NT\$10 million: None.</p> <p>2. Expected sales volume, basis, and the potential impact on the company's future financial operations and corresponding plan: Since the Company did not prepare and announce financial forecasts, the expected sales volume and basis are not applicable. The overall performance of the Company has not shown any significant anomalies. Therefore, there is no need to formulate a response plan. The Company determines its sales volume for the upcoming year based on historical sales performance, anticipation of future market demand changes, and alignment the operational objectives with the Company and its production capacity scale when setting these goals.</p>				

III. Analysis of Cash Flow: Analyzing the recent annual changes in cash flow, outlining a plan to address liquidity deficiencies, and conducting an analysis of cash flow liquidity for the upcoming year:

(I) Liquidity Analysis for the Recent Two Years:

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2024	2025	Increase (Decrease) Amount	Increase (Decrease) Ratio (%)
Operating activities	168,075	170,302	2,227	1.33%
Investing activities	(40,237)	(11,906)	28,331	(70.41%)
Financing activities	(77,575)	(66,985)	10,590	(13.65%)

Analysis of change in proportion:

1. Operating Activities: Compared to the two periods, the cash flow from operating activities changed slightly and did not significantly impact the overall cash flow.
2. Investing activities: In 2024, there was a decrease due to holdings of financial assets at fair value through profit or loss, while there were no related changes in 2025.
3. Financing activities in 2025 mainly include outflows from bank borrowings, inflows from bond issuance, and outflows for dividend payments, with no significant overall difference.

(II) Liquidity Improvement Plan:

Although the Company recorded net cash outflows from both investing and financing activities in 2025, it still maintains sufficient cash on hand to support its operations. In the event of any shortfall, financing will be obtained through bank loans. Therefore, the Company is not currently exposed to liquidity risk arising from an inability to secure funding.

(III) Cash Flow Analysis for the Coming Year:

Unit: In Thousands of New Taiwan Dollars

Cash and Cash Equivalents Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (3)	Estimated Cash Surplus (Deficit)	Estimated Leverage of Cash Deficit	
			(1)+(2)-(3)	Investment Plans	Financing Plans
298,562	173,708	(163,728)	308,542	—	—

1. Analysis of Expected Cash Flow Changes for the Coming Year:
 - (1) Operating Activities: Net cash inflow is expected from operating activities, primarily due to stable revenue and profitability.
 - (2) Other Activities: Cash outflows are anticipated primarily from estimated cash dividends to shareholders, repayment of borrowings, and capital expenditures.
2. Analysis for estimated leverage of cash deficit and liquidity: Not applicable.

IV. The effect upon financial operations of any major capital expenditures during the most recent year: None.

V. Investment Policy and Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year:

(I) Shift investment policy in recent year

The company's shift investment policy is primarily established based on the requirements for sustainable management, operational growth, or diversification. The Company complies with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by the competent authority. The “Regulations Governing the Acquisition and Disposal of Assets” serve as the basis for the company's shift investment operations, allowing it to manage relevant business and financial conditions effectively. To enhance its supervision and management of shift investment companies, the Company has established supervisory and management procedures for its subsidiaries within its internal control system.

(II) The main reasons and improvement plans for profit or loss of investees in the recent fiscal year

December 31, 2025; Unit: NT\$ thousand; %

Item Company	Primary Business Activities	Investment Income in 2025	Shareholding Ratio (%)	The main reasons for profit or loss of investees	Improvement Plans	Future other investment plans
Ping Ho Materials Technology Co., Ltd.	Wastewater Treatment	(23,208)	98.33	Primarily due to the initial stage of operations, where economies of scale have not yet been achieved.	The Company is continuing to expand its business operations.	None
Ching Jin Industrial Co., Ltd.	Waste Transportation	15,562	100.00	The operation is in good condition.	None	None
Wan Jing Industrial Co., Ltd.	Waste Transportation	5,236	100.00	The operation is in good condition.	None	None
Feng Jia Industrial Co., Ltd.	Manufacture and Wholesale of Chemical Feedstock	28,691	100.00	The operation is in good condition.	None	None
Greenstone Applied Materials Co., Ltd.	Manufacture of Chemical Feedstock	(117)	20.00	Primarily due to the initial stage of operations, where economies of scale have not yet been achieved.	The Company is continuing to expand its business operations.	

(III) Investment Plan for the Coming Year:

In December 2024, the Board of Directors approved an investment project in Greenstone Applied Materials Co., Ltd. The Company will execute related investment plans in line with operational development needs.

VI. The Analysis of Risk Management should evaluate the following matters for the most recent year and up to the date of the annual report printing:

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

1. Impact of Interest Rate Fluctuations on the Company's Profit and Loss and Future Response Measures:

Unit: In Thousands of New Taiwan Dollars

Item	2024		2025	
	Amount	Percentage of consolidated net operating revenue	Amount	Percentage of consolidated net operating revenue
Consolidated Interest Expenses	9,348	1.47%	9,959	1.61%

Source: The consolidated Financial Statements certified by a CPA in 2024 and 2025.

The Group's interest expenses accounted for 1.47% and 1.61% of net operating revenue in 2024 and 2025, respectively, primarily reflecting financing costs from bank borrowings and the issuance of secured convertible bonds domestically. As the impact on overall operations remains limited, interest rate fluctuations currently have only a minor effect on the Group. The Group continues to closely monitor developments in the financial markets and interest rate trends, while maintaining strong relationships with financial institutions to secure more favorable interest terms. Flexible measures will be adopted as needed to mitigate the impact of interest rate fluctuations on the Group's profitability.

2. Impact of Exchange Rate Fluctuations on the Company's Profit and Loss and Future Response Measures:

The Company does not engage in foreign currency transactions or hold any foreign currency positions; therefore, exchange rate fluctuations are not applicable.

3. Impact of Inflation on the Company's Profit and Loss and Future Response Measures:

In the most recent year and up to the publication date of this annual report, the Company has not experienced any significant impact on its profit and loss due to inflation. When prices of major raw materials fluctuate, the Group promptly engages in discussions with customers regarding price adjustments as per the contract terms and implements necessary measures. Hence, the impact on the Group's profit and loss is limited.

- (II) Policies, main reasons for profits or losses, and future response measures for engaging in high-risk, high-leverage investment, financing provided for others, endorsements/guarantees, and derivative commodity trading:

The Group has always prioritized the development of its core business while adhering to the principle of pragmatism in its operations. Its financial policy emphasizes stability and conservatism, avoiding involvement in high-risk, high-leverage investments. When the Company engages in lending funds to others and endorsing guarantees, it follows operational procedures such as the "Operational Procedures for Loaning of Company Funds", "Operational Procedures for Endorsements and Guarantees", and "Procedure for Acquisition and Disposal of Assets". These procedures have been approved by the Shareholders Meeting and are in compliance with relevant laws and regulations. All information is promptly and accurately announced as required.

The Company does not engage in derivatives trading in principle. However, if the Company decides to engage in derivatives trading in the future, it will first establish evaluation and operational procedures. These procedures will then be submitted to the Audit Committee and the Board of Directors for approval. Subsequently, they will be implemented after receiving approval from the Shareholders Meeting.

- (III) Future Research and Development Plans and Expenditure:

1. Future R&D Plan:

Product/Business Type	Future Research and Development Direction
Wastewater Treatment	<p>A. Enhancing wastewater treatment techniques, including the recycling and reuse of nickel electroplating wastewater and ammonia nitrogen wastewater, etc.</p> <p>B. Developing equipment for the continuous inflow of high-concentration ammonia nitrogen wastewater to recycle ammonium chloride through gas stripping.</p> <p>C. Applying the Sequencing Batch Reactor (SBR) for the biological treatment of wastewater to remove organic pollution</p> <p>D. Implement a reclaimed water reuse system tailored for use in actual factory settings.</p>
Sales of Chemicals and Consumables	Developing a heavy metal adsorbent capable of capturing various heavy metals present in wastewater

2. Expected Research and Development Expenditure:

The Company primarily allocates funds to research and development expenses in accordance with legal requirements and industry dynamics. These expenses mainly cover salaries for research and development technical personnel, costs for technical research (industry-academic cooperation), water quality testing fees, experimental materials, and consumables such as laboratory testing after project feasibility completion. Additionally, depreciation of related water quality inspection and analysis equipment is included. Based on historical data, the Company's research and development expenses typically represent around 2-3% of its revenue. However, given the increasing stringency of environmental protection laws, the Company is prepared to adjust its research and development budget accordingly. It actively collaborates with various academic institutions or research units to strategically evaluate opportunities for innovative technology cooperation. This includes optimizing wastewater treatment

processes, reducing waste, and promoting recycling. These efforts aim to expand the scope of wastewater treatment while simultaneously lowering costs.

- (IV) The significant impact of domestic and international policy and legal changes on the company's financial operations and corresponding measures:

The Company conducts its daily operations in accordance with relevant domestic and international laws and regulations. It closely monitors trends in domestic and international policy development and changes in regulations to effectively adapt to market environment changes. There has been a growing stringency in the implementation of environmental regulations and policies both domestically and internationally in recent years. This trend has led to an increase in demand for environmental industry solutions. The Company has consistently monitored the impact of these policies on market development and has proactively allocated human and material resources to capitalize on potential business opportunities. The Company has not experienced any significant adverse effects on its financial affairs due to changes in domestic and foreign policies and laws as of the date of publication of the Prospectus.

- (V) The impact of technological changes (including cyber security risks) and industrial changes on the company's financial operations and the corresponding measures:

The Company consistently monitors technological advancements and evolving industry trends to swiftly adapt to industry dynamics and continuously innovate. When necessary, strategic partnerships with relevant research entities are established to foster academia-industry collaborations. Furthermore, to bolster cyber security initiatives, the Company regularly evaluates security risks, conducts training sessions, and implements audit mechanisms to ensure the effective execution of security plans. As of the publication date of the annual report, there have been no significant adverse effects on the Company's financial operations resulting from technological changes (including cyber security risks) or industry shifts.

- (VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

The Company operates in the environmental services sector and has consistently focused on nurturing a positive corporate image since its inception. It adheres to all legal regulations. As of the date of the annual report publication, there have been no instances of changes in the corporate image that would necessitate crisis management measures for the enterprise.

- (VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:

The Company did not have any merger plans for the recent fiscal year and up to the date of the annual report publication. However, in the event of future merger plans, they will be conducted in accordance with relevant legal regulations and management procedures established by the Company to ensure the effective protection of the Company's interests and shareholders' equity.

- (VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:

The Company has not planned any facility expansion for the recent fiscal year and up to the date of the annual report publication.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Sales:

1. Purchase of goods:

The Company primarily specializes in providing industrial wastewater treatment services. Its main raw materials include caustic soda, sulfuric acid, oxidizers, coagulants, heavy sub-powder, and activated carbon. Over the past three years, the Company has enjoyed stable and ample supplies of these materials. Additionally, it has maintained excellent cooperation with all suppliers, ensuring a steady and smooth flow of goods. Therefore, there have been no significant abnormalities in the Company's raw material supply. Overall, the Company has maintained long-term partnerships with its raw material suppliers, characterized by excellent quality and consistent delivery schedules. Since the main purchased items are not considered special materials, in the event of potential supply shortages or delays from existing suppliers, the Company will explore alternative suppliers to mitigate its risk.

2. Sales:

The Company specializes in providing industrial wastewater treatment services, leveraging its technological expertise, quality standards, and exceptional service to maintain stable partnerships with key clients. Its clientele includes prestigious domestic listed companies and foreign firms. Over recent years, revenue from major clients has generally experienced steady growth. However, the sales ratio fluctuates due to varying business development scenarios and is influenced by the operational conditions or strategic adjustments of individual clients, resulting in occasional increases or decreases. In addition to maintaining strong relationships with our existing clients, the Company will continue to develop new processing technologies to actively attract new clients. We are committed to establishing partnerships with other customers to diversify our sales risks.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:

There have been no significant incidents affecting the Company's operations due to extensive transfers or changes in shares by Directors or major shareholders holding more than ten percent of the Company's shares as of the end of the most recent fiscal year and the date of the annual report's publication.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights:

There have been no changes in ownership during the recent fiscal year and up to the date of publication of the annual report.

(XII) Litigation or non-litigation events should specify significant litigation, non-litigation, or administrative disputes that have been determined or are still pending involving the company and its directors, supervisors, President, actual responsible person, shareholders with a shareholding of over 10%, and subsidiaries. If the results could have a significant impact on shareholder's equity or security price, the disclosure should include the facts of dispute, the amount involved, the start date of the litigation, the main involved parties, and the progress up to the date of the annual report is printed:

The Company's Directors, President, actual responsible person, major shareholders with a

shareholding over 10%, and subsidiary companies, have not been involved in any major litigations, non-litigious, or administrative litigations that have been definitely judged or are still pending in the past two years and up to the date of the annual report publication, the results of which have a significant impact on the Company's financial condition, operations, shareholder equity, or security prices.

(XIII) Other Major Risks and Response: Disclose the Company's Cyber Security Management Measures.

1. Purpose of Preparation

To establish the cyber security inspection procedures of the company, prevent inappropriate information leakage, and ensure the security and integrity of the system and data, this management method is specially formulated for adherence.

2. Operating Procedure

(1) Security Monitoring System

- A. The company should appoint professionals to handle matters related to cyber security prevention and crisis management, aiming to prevent cybercrimes and crises and to maintain information system security.
- B. A secure control mechanism for computer network systems should be established to ensure the security of network data transmission, protect network operations, and prevent unauthorized system access, thus preventing the leakage of confidential information.
- C. For inter-company computer network systems, it is necessary to particularly strengthen network security management. Antivirus software should be installed, and outward network firewalls should be set up to prevent computer viruses and aggressive malicious software from invading internally, which could cause network system paralysis for the Company.
- D. In order to raise employees awareness of cyber security, employees should be educated the concept of correctly using legal software, enhancing their understanding of the threat of computer viruses.

(2) Division of Labor and Authority

- A. The highest level of access to the online reporting system should be carefully evaluated by responsible supervisors and entrusted to reliable personnel for management to prevent unauthorized individuals from accessing system information.
- B. The highest authority user should set up the accounts and permissions of users according to their respective business scopes and responsibilities, and shall not use them privately. Once a user leaves their original position, their account and permissions should be revoked immediately.
- C. User accounts and passwords should avoid easily guessable and decipherable passwords, and passwords should be changed regularly.

(3) Data Backup and Maintenance Methods

- A. Network system administrators are tasked with drafting network security guidelines, configuring and operating network management tools to ensure the security and integrity of both the system and its data.
- B. Personal computers and network system servers should have antivirus

scanning tools, and scan for computer viruses and update virus codes regularly .

- C. Important files and data on personal computers and network systems should be backed up regularly on a daily basis to ensure availability in case of need.
- D. The reported data should be stored on the computer and backed up separately. To facilitate management, data should be classified and stored by date, file, and department categories.

3. Control Focus

- (1) Whether the company have professional personnel responsible for handling matters related to cyber security prevention and crisis management.
- (2) Whether a security control mechanism for computer network systems has been established to ensure the safety of network data transmission and prevent unauthorized system access.
- (3) Whether anti-virus software is installed internally and the network firewall is set up externally in the inter-company computer network system.
- (4) Whether educated employees the concept of using legal software properly.
- (5) Whether the highest level of access to the online reporting system should be carefully evaluated by responsible supervisors.
- (6) Whether the company should set up the accounts and permissions of users according to their respective business scopes and responsibilities, and shall not use them privately. Once a user leaves their original position, their account and permissions should be revoked immediately.
- (7) Whether user accounts and passwords should avoid easily guessable and decipherable passwords, and passwords should be changed regularly.
- (8) Whether network system administrators are tasked with drafting network security guidelines, configuring and operating network management tools.
- (9) Whether personal computers and network system servers should have antivirus scanning tools.
- (10) Whether important files and data on personal computers and network systems should be backed up regularly on a daily basis.
- (11) Whether the reported information stored in a computer and backed up separately.

4. Appendix

This procedure shall be implemented after being submitted and approved by the Board of Directors; the same applies to any modifications.

This regulation was established on November 5, 2018.

VII. Other Important Matters: None.

Chapter 6: Special Disclosure

I. **Information of Affiliated Enterprise:**

Please refer to the Market Observation Post System at: <https://emops.twse.com.tw/server-java/t58query>, and enter the company code to search for the related corporate information.

II. **Private Placement Securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:** None.

III. **Other matters that require additional description:** None.

Chapter 7: According to Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities: None.

 Ping Ho Environmental
Technology Co., Ltd.

Chairman: Ming-Yang Wu