

**PING HO ENVIRONMENTAL TECHNOLOGY CO., LTD  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**For the years ended December 31, 2024 and 2023**

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

**Company Phone: (07) 623-3690**

*Notice to Readers*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# Consolidated Financial Statements

## Table of Contents

Item	Page
<b>I.</b> Cover Page	1
<b>II.</b> Table of Contents	2
<b>III.</b> Statement	3
<b>IV.</b> Independent Auditors' Report	4~7
<b>V.</b> Consolidated Balance Sheets	8
<b>VI.</b> Consolidated Statements of Comprehensive Income	9
<b>VII.</b> Consolidated Statements of Changes in Equity	10
<b>VIII.</b> Consolidated Statements of Cash Flows	11
<b>IX.</b> Notes to Consolidated Financial Statements	
I. History and organization	12
II. The date of authorization for issuance of the Consolidated Financial Statements and Procedures for Authorization	12
III. Application of New Standards, amendments and Interpretations	12~16
IV. Summary of Significant Accounting Policies	16~33
V. Critical accounting Judgment, Estimates and Key Sources of Assumption Uncertainty	33~34
VI. Details of Significant Accounts	34~50
VII. Related Party Transactions	50~52
VIII. Pledged Assets	53
IX. Significant Commitments and Contingent Liabilities	53
X. Significant Loss from Natural Disaster	53
XI. Significant Subsequent Events	53
XII. Others	53~58
XIII. Notes to Disclosure Items	
1. Related Information of Significant Transactions and Information on Investees	58、60~68
2. Disclosure of information on investment in Mainland China	58
3. Disclosure of information on major shareholders	58、69
XIV. Segment Information	59

## Statement

We prepared the consolidated financial statements for 2024 (from January 1, 2023 to December 31, 2024) according to the "Preparation Guidelines for Consolidated Business Reports, Consolidated Financial Statements and Relationship Reports of Related Entities", are the same as those included in the consolidated financial statements of intercompany according to IFRS 10. All related information that should be disclosed in the consolidated financial statements of the intercompany is already included in the consolidated financial statements. Therefore, we do not prepare an additional set of consolidated financial statements for intercompany.

Hereby declare

Company: Ping Ho Environmental Technology  
Co., Ltd.

Chairman: Ming-Yang Wu

March 11, 2025

## Independent Auditors' Report

To the Board of Directors and Stockholders of Ping Ho Environmental Technology Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Ping Ho Environmental Technology Co., Ltd. and subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and noted to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Statements by Certified Public Accountants and Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

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

#### Revenue Recognition

The main operating revenue of the Group comes from the wastewater treatment. Since there are numerous entrusted wastewater treatment customers, the existence and completeness of the

transactions with the customers affect the amount and timing of revenue recognition. Therefore, we identified the recognition of revenues as a key audit matter.

Our audit procedures include (but not limited to) understanding and evaluating the appropriateness of the primary internal control design related to revenue recognition and testing its effectiveness; confirming the validity of the emission qualifications approved by environmental authorities, confirming that it's a polluting factory within the zone and obtaining a triple receipt from the Environmental Protection Agency, verifying the accuracy of the report information used by management to calculate revenues, including spot-checking the billing items and handling volumes in the report to the contract content and related weigh note, as well as checking the accuracy and reasonableness of its calculations. Also, according to the terms set by the contract, as well as whether the processing volume stated in the documents reported to the external environmental agencies is consistent with the company's records, to confirm the appropriate recognition of revenue. In addition, we also considered the appropriateness of the disclosures about operating revenue in Note 4 and Note 6 of the financial statements.

### **The responsibility of the management and governance for the consolidated financial statements**

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

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

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

### **Auditors' responsibility for the audit of the consolidated financial statements**

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

As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and professional skepticism. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls related to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of the accounting policies used and the reasonableness of their accounting estimates and relevant disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters of the Group that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communicate.

## **Others**

Ping Ho Environmental Technology Co., Ltd. has prepared its individual financial statements for the years ended December 31, 2024 and 2023, and the unmodified auditors' reports have been issued for reference.

Ernst & Young Taiwan

The Competent Authority approves the public issuance of the company's financial statements.

Audit Verification	Financial-Supervisory-Securities- Auditing No.1100352201
Document Number:	Financial-Supervisory-Securities- Auditing No.1030025503

Auditor: Kuo-Sen Hung  
Tzu-Ping Huang

March 11, 2025

PING HO ENVIRONMENTAL TECHNOLOGY CO., LTD., AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Expressed in thousands of New Taiwan dollars

	ASSETS		December 31, 2024		December 31, 2023			LIABILITIES AND EQUITY		December 31, 2024		December 31, 2023	
Code	Accounting Items	Notes	AMOUNT	%	AMOUNT	%	Code	Accounting Items	Notes	AMOUNT	%	AMOUNT	%
	Current assets							Current liabilities					
1100	Cash and cash equivalents	(4)/(6).1	\$207,151	15	\$156,888	12	2100	Short-term borrowings	(6).9	\$88,000	7	\$110,000	9
1110	Current financial assets at fair value through profit or loss	(4)/(6).2	42,471	3	—	—	2150	Bills payable		22,728	2	21,093	2
1136	Current financial assets at amortized cost	(4)/(6).3	25,000	2	60,000	5	2170	Accounts payable		9,928	0	9,283	0
1150	Bills receivable, net	(4)/(6).4	28,284	2	27,517	2	2200	Other payables		79,091	6	76,928	6
1170	Accounts receivable, net	(4)/(6).5	94,619	7	86,133	7	2220	Other payables - related parties	(7)	2,051	0	3,019	0
1180	Accounts receivable - related parties	(4)/(6).5/(7)	3,313	0	1,215	0	2230	Current tax liabilities	(4)/(6).19	22,202	2	18,392	1
1200	Other receivables	(4)	6,110	1	4,222	0	2322	Long-term borrowings - current portion	(6).10	45,209	3	48,679	4
1210	Other receivables - related parties	(4)/ (7)	345	0	84	0	2399	Other current liabilities		64	0	1,066	0
1220	Current tax assets	(4)/(6).19	6	—	—	—	21xx	Total current liabilities		269,273	20	288,460	22
130x	Inventory	(4)/(6).6	3,127	0	2,849	0							
1410	Prepayments	(7)	25,538	2	22,941	2		Non-current liabilities					
1482	Current assets recognised from costs to fulfil contracts with customers	(6).14.2	1,426	0	—	—	2540	Long-term borrowings	(6).10	209,668	16	264,842	21
11xx	Total current assets		437,390	32	361,849	28	25xx	Total non-current liabilities		209,668	16	264,842	21
							2xxx	Total liabilities	(6).10	478,941	36	553,302	43
	Non-current assets												
1600	Property, plant, and equipment	(4)/(6).7/(7)/(8)	845,468	63	880,480	68		Equity attributable to owners of parent	(6).12				
1840	Deferred tax assets	(4)/(6).19	31,203	2	24,607	2	3100	Share Capital					
1990	Other non-current assets	(6).8/(7)	34,658	3	22,345	2	3110	Common stock		311,795	23	291,795	23
15xx	Total non-current assets		911,329	68	927,432	72	3200	Capital surplus		261,215	19	146,721	11
							3300	Retained earnings					
							3310	Legal reserve		97,596	7	83,711	6
							3350	Undistributed earnings		190,836	14	203,668	16
								Total retained earnings		288,442	21	287,379	22
							31xx	Equity attributable to owners of parent		861,442	63	725,895	56
							36xx	Non-controlling interests	(4)/(6).12	8,336	1	10,084	1
							3xxx	Total equity		869,778	64	735,979	57
1xxx	Total assets		\$1,348,719	100	\$1,289,281	100	3xxx	Total liabilities and equity		\$1,348,719	100	\$1,289,281	100

(Refer to the Notes to the Consolidated Financial Statements)

PING HO ENVIRONMENTAL TECHNOLOGY CO., LTD., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Expressed in thousands of New Taiwan dollars

Code	Item	Notes	2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	(4)/(6).14(7)	\$635,001	100	\$609,242	100
5000	Operating costs	(6)6、16/(7)	(342,018)	(54)	(314,610)	(52)
5900	Gross profit		292,983	46	294,632	48
6000	Operating expense	(6).16、17/(7)				
6200	Administrative expenses		(115,865)	(18)	(107,525)	(18)
6300	Research and development expense		(14,702)	(2)	(13,841)	(2)
	Total operating expenses		(130,567)	(20)	(121,366)	(20)
6900	Net operating income		162,416	26	173,266	28
7000	Non-operating income and expenses	(6).18/(7)				
7100	Interest income		2,118	0	1,574	0
7010	Other income		914	0	1,265	0
7020	Other gains and losses		(7,027)	(1)	(1,031)	(0)
7050	Finance costs		(9,348)	(1)	(10,385)	(1)
	Total non-operating income and expenses		(13,343)	(2)	(8,577)	(1)
7900	Profit before income tax		149,073	24	164,689	27
7950	Income tax expenses	(4)/(6).19	(32,532)	(5)	(28,451)	(5)
8200	Net profit after income tax		116,541	19	136,238	22
8500	Total comprehensive income for the period		<u>\$116,541</u>	<u>19</u>	<u>\$136,238</u>	<u>22</u>
8600	Profit, attributable to:					
8610	Owners of the parent		\$118,280	19	\$138,846	23
8620	Non-controlling interests		(1,739)	(0)	(2,608)	(1)
			<u>\$116,541</u>	<u>19</u>	<u>\$136,238</u>	<u>22</u>
8700	Total comprehensive income attributable to:					
8710	Owners of the parent		\$118,280	19	\$138,846	23
8720	Non-controlling interests		(1,739)	(0)	(2,608)	(1)
		\$136,238	<u>\$116,541</u>	<u>19</u>	<u>\$136,238</u>	<u>22</u>
	Earnings Per Share (NT\$)					
9750	Basic earnings per share:	(4)/(6).20	<u>\$3.89</u>		<u>\$4.76</u>	
9850	Diluted earnings per share:	(4)/(6).20	<u>\$3.86</u>		<u>\$4.73</u>	

(Refer to the Notes to the Consolidated Financial Statements)

PING HO ENVIRONMENTAL TECHNOLOGY CO., LTD., AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Expressed in thousands of New Taiwan dollars

	Item	Equity attributable to owners of parent				Total	Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings				
				Legal reserve	Undistributed earnings			
Code		3110	3200	3310	3350	31XX	36XX	3XXX
A1	Balance, January 1, 2023	\$291,795	\$146,721	\$68,535	\$196,937	\$703,988	\$12,471	\$716,459
	Appropriation of 2022 earnings:							
B1	Legal reserve appropriated	—	—	15,176	(15,176)	—	—	—
B5	Cash dividends on ordinary shares	—	—	—	(116,718)	(116,718)	—	(116,718)
D1	Net income after tax for the year	—	—	—	138,846	138,846	(2,608)	136,238
D3	Other comprehensive income for the year	—	—	—	—	—	—	—
D5	Total comprehensive income for the period	—	—	—	138,846	138,846	(2,608)	136,238
M7	Changes in ownership interests in subsidiaries	—	—	—	(221)	(221)	—	(221)
O1	Change in non-controlling interests	—	—	—	—	—	221	221
Z1	Balance, December 31, 2023	\$291,795	\$146,721	\$83,711	\$203,668	\$725,895	\$10,084	\$735,979
A1	Balance, January 1, 2024	\$291,795	\$146,721	\$83,711	\$203,668	\$725,895	\$10,084	\$735,979
	Appropriation of 2023 earnings:							
B1	Legal reserve appropriated	—	—	13,885	(13,885)	—	—	—
B5	Cash dividends on ordinary shares	—	—	—	(116,718)	(116,718)	—	(116,718)
D1	Net income after tax for the year	—	—	—	118,280	118,280	(1,739)	116,541
D3	Other comprehensive income for the year	—	—	—	—	—	—	—
D5	Total comprehensive income for the period	—	—	—	118,280	118,280	(1,739)	116,541
E1	Issue of shares	20,000	109,781	—	—	129,781	—	129,781
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	—	(12)	—	—	(12)	(518)	(530)
M7	Changes in ownership interests in subsidiaries	—	—	—	(509)	(509)	—	(509)
N1	Increase decrease through sharebased payment transactions	—	4,725	—	—	4,725	—	4,725
O1	Change in non-controlling interests	—	—	—	—	—	509	509
Z1	Balance, December 31, 2024	\$311,795	\$261,215	\$97,596	\$190,836	\$861,442	\$8,336	\$869,778

(Refer to the Notes to the Consolidated Financial Statements)

PING HO ENVIRONMENTAL TECHNOLOGY CO., LTD., AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Expressed in thousands of New Taiwan dollars							
Code	Item	2024	2023	Code		2024	2023
		AMOUNT	AMOUNT			AMOUNT	AMOUNT
AAAA	Cash flows from operating activities			BBBB	Cash flows from investing activities		
A10000	Profit before tax	\$149,073	\$164,689	B00040	Acquisition of financial assets at amortized cost	(125,000)	(100,000)
A20000	Adjustments:			B00060	Proceeds from repayments of financial assets at amortised cost	160,000	140,000
A20010	Profit and loss items			B00100	Acquisition of financial assets at fair value through profit or loss designated as upon initial recognition	(49,496)	—
A20100	Depreciation	48,600	47,335	B02700	Acquisition of property, plant and equipment	(9,089)	(20,119)
A20400	Net loss on financial assets or liabilities at fair value through profit or loss	7,025	—	B02800	Losses (Gains) disposal of property, plant and equipment	240	95
A20900	Interest expenses	9,348	10,385	B06700	Increase in other non-current assets	(17,045)	—
A21200	Interest income	(2,118)	(1,574)	B07600	Dividends received	153	(11,768)
A21300	Dividend income	(153)	—	BBBB	Net cash inflow (outflow) from investing activities	(40,237)	8,208
A21900	Sharebased payments	4,725	—				
A22500	Gain (Loss) on disposal of property, plant and equipment	(7)	(95)				
A29900	Others	(462)	148				
A30000	Changes in operating assets/liabilities:			CCCC	Cash flows from financing activities		
A31130	Increase in bills Receivable	(767)	(106)	C00100	Increase in short-term loans	111,000	148,000
A31150	Decrease (Increase) in accounts receivable	(8,486)	7,340	C00200	Decrease in short-term loans	(133,000)	(135,000)
A31160	Increase in accounts receivable - related parties	(2,098)	(926)	C01600	Proceeds from long-term borrowings	15,000	6,000
A31180	Decrease (Increase) in other receivables	(1,926)	163	C01700	Repayments of long-term debt	(73,644)	(52,487)
A31190	Increase in other receivables - related parties	(261)	—	C04500	Cash dividends paid	(116,718)	(116,718)
A31200	Adjustments for decrease in inventories	184	2,130	C04600	Proceeds from issuing shares	129,781	—
A31230	(Increase) in other prepayments	(2,597)	(1,469)	C05400	Acquisition of ownership interests in subsidiaries	(530)	—
A31280	(Increase) in assets recognised from costs to fulfil contracts with customers	(1,426)	—	C05600	Interest paid	(9,464)	(10,304)
A32130	Increase (Decrease) in bills payable	1,635	(5,585)	CCCC	Net cash outflow from financing activities	(77,575)	(160,509)
A32150	Increase (Decrease) in accounts payable	645	(8,307)				
A32180	Increase in other payables	2,279	14,833				
A32190	(Decrease) in other payables to related parties	(968)	(5,328)				
A32230	Adjustments for increase (decrease) in other current liabilities	(1,002)	464				
A33000	Cash inflow from operations	201,243	224,097				
A33100	Interest received	2,156	1,528	EEEE	Net (decrease) increase in cash and cash equivalents	50,263	47,757
A33500	Income tax paid	(35,324)	(25,567)	E00100	Cash and cash equivalents at beginning of period	156,888	109,131
AAAA	Net cash inflow from operating activities	168,075	200,058	E00200	Cash and cash equivalents at end of period	\$207,151	\$156,888

(Refer to the Notes to the Consolidated Financial Statements)

PING HO ENVIRONMENTAL TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

I. History and organization

Ping Ho Environmental Technology Co., Ltd. (the "Company") was established in August 2006. The Company is primarily engaged in operating the Wastewater Treatment industry. The Company's place of registration and principal place of business is located at No. 6, Bengong Rd., Gangshan Dist., Kaohsiung City.

The Company's stock was listed and traded on the Taiwan Stock Exchange Corporation starting from May 17, 2024.

II. The date of authorization for issuance of the Consolidated Financial Statements and Procedures for Authorization

The Company and subsidiaries (the "Group") consolidated financial statements for the years 2024 and 2023 were authorized for issuance by the Board of Directors on March 11, 2025.

III. Application of New Standards, amendments and Interpretations

1. Accounting policy amendments arising from new issuances of International Financial Reporting Standards.

The Group has adopted the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Financial Reporting Interpretations or Interpretations bulletins that have been endorsed by the Financial Supervisory Commission ("FSC") and are effective from 2024. The initial application of the new standards and amendments had no significant impact to the Group.

2. As of the date the financial statements were authorized for issuance, the Group has not yet adopted the following New Standards, Amendments and Interpretations issued by the IASB and endorsed by the FSC:

Items	New Standards/Interpretations/Amendments	Effective date by International Accounting Standards Board
1	Lack of convertibility (Amendments to IAS 21)	January 1, 2025

(1) Lack of convertibility (Amendments to IAS 21)

The amendment is a remark on the convertibility and lack of convertibility between currencies, how the exchange rate is determined when the currency is not convertible, and additions of extra disclosure rules when the currency lacks convertibility.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The above are the New Standards, Interpretations and Amendments that have been issued by the IASB and endorsed by the FSC from 2025. No significant impact to the Group.

3. As of the date the financial statements were authorized for issuance, the Group has not adopted the following New Standards, Interpretations and Amendments issued by the IASB, but not yet endorsed by the FSC

Items	New Standards/Interpretations/Amendments	Effective date by International Accounting Standards Board
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	Not decided yet
2	IFRS 17 "Insurance Contracts"	January 1, 2023
3	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
4	Disclosure Initiative: IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
5	Financial Instruments and Financial Instruments: Disclosures (Amendments to IFRS 9 and IAS 7)	January 1, 2026
6	Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
7	Dependent Electricity Contracts (Amendments to IFRS 9 and IAS 7)	January 1, 2026

- (1) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures

Addressing the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures", concerning the loss of control when a subsidiary is used to invest in an associate or joint venture. IAS 28 provides that when non-monetary assets are contributed in exchange for equity in an associate or a joint venture, the share of profits or losses generated should be eliminated according to the upstream transaction. IFRS 10, however, provides that the full profit or loss should be recognized when control over a subsidiary is lost. The amendment limits the aforementioned provisions of IAS 28. When the sale or contribution of assets constitutes a business as defined in IFRS 3, any gain or loss should be recognized in full.

Amendment also modifies IFRS 10 so that when an investor sells or contributes assets that do not constitute a business as defined in IFRS 3 between it and its associate or joint venture, the gains or losses arising from it are recognized only to the Scope of Review which does not belong to the share enjoyed by the investor.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(2) IFRS 17 "Insurance Contracts"

The standard provides a comprehensive model for insurance contracts, covering all accounting-related parts (recognition, measurement, presentation, and disclosure principles). The core of the standard is a general model in which the initial recognition of a group of insurance contracts is measured by the sum of the fulfillment cash flows and the contractual service margin. The Carrying Amount is the sum of the remaining coverage liability and the liability for incurred claims at the end of each reporting period.

In addition to the general model, it also provides a specific application method for contracts with direct participation features (Variable Fee Approach) and a simplified method for short-term contracts (Premium Allocation Approach).

The standard was released in May 2017 and subsequently amended in 2020 and 2021. Except for a 2-year delay in the effective date in the transitional provisions (i.e., from January 1, 2021, to January 1, 2023) and additional exemptions provided, these amendments also led to cost reduction for applying the standard by streamlining some provisions and made some cases easier to interpret by revising some provisions. The effective of the standard will replace the transitional standard (i.e., IFRS 4 "Insurance Contracts").

(3) IFRS 18 "Presentation and Disclosure in Financial Statements"

This standard will replace IAS 1 "Presentation of Financial Statements." The main changes are as follows:

- A. Enhancing the comparability of the statement of profit or loss:  
Income and expenses in the statement of profit or loss will be classified into five categories—operating, investing, financing, income tax, and discontinued operations. The first three are newly introduced classifications aimed at improving the structure of the statement. All entities will be required to present newly defined subtotals, including operating profit or loss. By enhancing the structure of the statement of profit or loss and introducing newly defined subtotals, investors will have a consistent starting point when analyzing the financial performance across entities, making it easier to compare companies.
- B. Enhancing the transparency of management performance measures:  
Entities are required to disclose explanations of company-specific metrics related to the statement of profit or loss, referred to as management performance measures.
- C. Useful aggregation of financial statement information:  
Guidance has been developed to determine whether financial information should be presented in the primary financial statements or in the notes. This change is expected to provide more detailed and useful information. Entities are required to provide more transparent information on operating expenses to help investors identify and understand the information they use.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

- (4) Disclosure Initiative: IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

Simplified disclosures for subsidiaries without public accountability, allowing eligible subsidiaries to choose to apply this standard voluntarily.

- (5) Financial Instruments and Financial Instruments: Disclosures (Amendments to IFRS 9 and IAS 7)

These amendments include:

- A. Clarifying that financial liabilities are derecognized on the settlement date, and explaining the accounting treatment for financial liabilities settled using electronic payments before the settlement date.
- B. Clarifying how to assess the cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features.
- C. Clarifying the treatment of non-recourse financial assets and contractually linked instruments.
- D. For financial assets or liabilities with terms and contingent features (including those linked to ESG), as well as equity instruments classified as measured at fair value through other comprehensive income, IFRS 7 requires additional disclosures.

- (6) Annual Improvements to IFRS Accounting Standards—Volume 11

- A. Amendments to IFRS 1  
The main amendment aligns the hedge accounting guidance for first-time adopters of this standard with the requirements of IFRS 9.
- B. Amendments to IFRS 7  
This amendment updates outdated cross-references related to gains or losses on derecognition.
- C. Amendments to the implementation guidance of IFRS 7:  
These amendments improve certain wording in the implementation guidance, including the introduction, disclosures on deferred fair value and trade price differences, and credit risk disclosures.
- D. Amendments to IFRS 9  
This amendment introduces cross-references to address uncertainties related to the derecognition of lease liabilities by lessees, and clarifies the treatment of transaction prices.
- E. Amendments to IFRS 10  
This amendment eliminates the inconsistency between paragraph B74 and B73 of the standard.
- F. Amendments to IAS 7  
This amendment removes the reference to the cost method in paragraph 37 of the standard.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(7) Dependent Electricity Contracts (Amendments to IFRS 9 and IAS 7)

These amendments include:

- A. Clarifying the application of the "own use" exemption:
- B. When a contract is used as a hedging instrument, hedge accounting is allowed.
- C. In addition, disclosure requirements have been increased to help investors understand the impact of such contracts on a company's financial performance and cash flows.

The above standards or interpretations issued by the IASB but not yet endorsed by the FSC will take effect in accordance with the regulations of FSC. The Group assessed that the new standards, interpretations and amendments have no significant impact to the Group.

IV. Summary of Significant Accounting Policies

1. Compliance statement

The consolidated financial statements of the Group for the years 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the FSC.

2. Basis of Preparation

Except for financial instruments measured at fair value, the consolidated financial statements are prepared on a historical cost basis. Unless otherwise stated, the consolidated financial statements are in thousands of New Taiwan dollars.

3. Consolidation Overview

Basis of Consolidated Financial Statement Preparation

Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Especially, The Company only controls the investee when the following three control elements are present:

- (1) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities)
- (2) Returns and rights from changes in participation in investee, and
- (3) The ability to use its power over the investee to affect the amount of the investee's returns.

When the Company directly or indirectly holds less than a majority of voting or similar rights of an investee, all relevant facts and circumstances are taken into account by the Company in assessing whether it has power over the investee, including:

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

- (1) Contract agreements with other voting rights holders of the investee
- (2) Rights generated from other contract agreements
- (3) Voting Rights and Potential Voting Rights

When facts and circumstances indicate that there has been a change in one or more of the three control elements, the Company reassesses whether it still has control over the investee.

Subsidiaries are included in the consolidated statements in their entirety from the date of acquisition or from the date the Company gains substantial control over them, until the date when control over the subsidiary is lost. The accounting period and policies of the subsidiary's financial statements are consistent with those of the parent. Intercompany account balances, transactions, unrealized intercompany profits and losses originated from intercompany transactions and dividends, are completely eliminated.

Changes in the shareholding of the subsidiary, if control over the subsidiary is not lost, the shareholding change is treated as an equity transaction.

The total comprehensive income of the subsidiary is attributed to the owners of The Company and non-controlling interests, even if non-controlling interests are thus resulted in a deficit.

If the Company loses control over subsidiary, then

- (1) Derecognition of subsidiary's assets (including Goodwill) and liabilities;
- (2) Excluding the carrying amount of any non-controlling interests;
- (3) Recognize the fair value of the acquisition consideration;
- (4) Recognize the fair value of any retained investments;
- (5) Reclassification of the amount previously recognized in Other Comprehensive Income of the parent as current period profit or loss, or directly transferred to Retained Earnings in accordance with the provisions of other IFRS;
- (6) The difference recognized is the current profit (loss).

The entities preparing the consolidated financial statements are as follows:

Investment Company	Subsidiary Name	Main Business	Proportion of Equity Ownership (%)	
			2024.12.31	2023.12.31
The Company	Ping Ho Materials Technology Co., Ltd.	Wastewater Treatment	94.81% Note	92.66%
The Company	Ching Jin Industrial Co., Ltd.	Waste Transportation	100.00%	100.00%
The Company	Wan Jing Industrial Co., Ltd.	Waste Transportation	100.00%	100.00%
The Company	Feng Jia Industrial Co., Ltd.	Manufacture and wholesale of chemical raw materials	100.00%	100.00%

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(Note): Ping Ho Materials Technology Co., Ltd. resolved to increase its capital and issue new shares amounting to NT\$50,000 thousand in July, 2024, all of which were subscribed by the company. Additionally, in August, 2024, the Company resolved to acquire an additional 0.42% of voting shares in Ping Ho Materials Technology Co., Ltd., increasing its ownership percentage to 94.81%.

#### 4. Classification of current and non-current items

In one of the following situations, it is classified as current assets, and if it is not current assets, it is classified as non-current assets.

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle
- (2) Assets held mainly for trading purposes.
- (3) Assets that are expected to be realized within twelve months after the reporting period.
- (4) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the reporting period.

In any of the following situations, it is classified as current liabilities, and if it is not current liabilities, it is classified as non-current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) Liabilities arising mainly from trading activities.
- (3) Liabilities that are to be settled within twelve months from the reporting period.
- (4) At the end of the reporting period, there is no right to defer the settlement of the liability for at least twelve months after the reporting period.

#### 5. Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 6. Financial Instruments

Financial Assets and Financial Liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

Financial assets and financial liabilities within the scope of application of IFRS No.9 "Financial Instruments" are measured at fair value at the time of initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (except for Financial Assets and Liabilities at FVTPL) are added to or subtracted from the fair value of the financial assets and financial liabilities.

##### (1) Recognition and Measurement of Financial Assets

The recognition and derecognition of all routine transaction financial assets of the Group accounted for based on the transaction date.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The Group classifies financial assets into subsequent measurement at amortized cost, at fair value through other comprehensive income, or fair value through profit or loss based on the following two criteria:

- A. Business Model of Managing Financial Assets
- B. The Contractual Cash Flow characteristics of Financial Assets

Financial assets at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost, and are presented as items such as bills receivable, accounts receivable, financial assets at amortized cost and other receivables in the balance sheet:

- A. Business model for managing financial assets: Holding financial assets to receive contractual cash flow.
- B. Contractual cash flow characteristics of financial Assets: The cash flow is solely for the payment of principal and interest on the outstanding principal amount.

These financial assets (excluding those involved in hedging relationships) are subsequently measured at amortized cost [the amount measured at initial recognition, less any repayments of principal, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount (using the effective interest method) and adjusted for any provision for bad debts]. The gain or loss is recognized in profit or loss when it is derecognized, or through the amortization process, or when impairment gain or loss is recognized.

Interest calculated using the effective interest method (multiplied by the total carrying amount of financial assets) or under the following circumstances is recognized in profit or loss:

- A. For purchased or originated credit-impaired financial asset, use the credit-impaired effective interest rate multiplied by the amortized cost of the financial asset.
- B. For financial assets that do not meet the aforementioned criteria but subsequently becomes credit-impaired, the effective interest rate multiplied by the amortized cost of the financial assets.

Financial assets at fair value through other comprehensive income

Financial assets that meet both of the following conditions are measured at fair value through other comprehensive income, and are reported on the balance sheet as financial assets at fair value through other comprehensive income:

- A. Business model for managing financial assets: collecting contractual cash flow and selling financial assets
- B. Contractual cash flow characteristics of Financial Assets: The cash flow is solely for the payment of principal and interest on the outstanding principal amount.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The recognition of related gains and losses on such financial assets is explained as follows:

- A. Before derecognizing or reclassifying, the gains or losses, except for impairment gains or losses and foreign exchange gains and losses recognized in profit or loss, are recognized in Other Comprehensive Income.
- B. When derecognizing, the accumulated profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as reclassification adjustments.
- C. Interest calculated using the effective interest method (multiplied by the total carrying amount of financial assets) or under the following circumstances is recognized in profit or loss:
  - (a) For purchased or originated credit-impaired financial asset, use the credit-impaired effective interest rate multiplied by the amortized cost of the financial asset.
  - (b) If not the former, however, when continued to be impaired for credit, it is calculated by the effective interest rate times the Financial Assets at amortized cost.

In addition, regarding the equity instruments falling within the scope of IFRS 9, and that the equity instrument is neither held for trading nor the contingent consideration recognized by the acquirer in the business combination in accordance with International IFRS No.3, at the time of initial recognition, it is chosen (irrevocable) to include the subsequent changes in fair value in Other comprehensive income. Amounts reported in other comprehensive income cannot subsequently be transferred to profit or loss (upon derecognizing of such equity instruments, the accumulated amount reported in other equity items and directly transferred to retained earnings), and are reported in the balance sheet as financial assets at fair value through other comprehensive income. Dividends from investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

#### Financial assets at fair value through profit or loss

Aside from financial assets that meet specific conditions and are measured at amortized cost or through other comprehensive income at fair value, financial assets are measured at fair value through profit or loss, and are reported in the balance sheet as financial assets at FVTPL.

These financial assets are measured at fair value, and any gains or losses arising from revaluation are recognized as profit or loss, including any dividends or interest received from the financial assets.

#### (2) Impairment loss on financial assets

The Group recognizes and measures the provision for bad debts for Investments in debt instruments designated at fair value through other comprehensive income and financial assets at amortized cost based on the expected credit loss. Investments in debt instruments designated at fair value through other comprehensive income are recognized in other comprehensive income without provision for bad debts of such investments.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The Group measures expected credit loss in the following ways:

- A. The amount determined by assessing all possible outcomes in an unbiased manner and weighted by probability.
- B. Time value of money
- C. Reasonable and verifiable information related to past events, current conditions, and forecasts of future economic conditions (which can be obtained at the balance sheet date without excessive cost or input)

The method for measuring the provision for bad debts is explained as follows:

- A. Measured by the amount of expected credit losses for 12 months: including financial assets that have not significantly increased in credit risk since its initial recognition, or are determined to have low credit risk on the balance sheet date. In addition, it also includes provision for bad debts measured at the amount of expected credit losses over the life of the instrument in the previous reporting period, but which no longer meet the condition of significant increase in credit risk since initial recognition as at the reporting date of the current period balance sheet.
- B. Measurement of the amount of expected credit losses during the term: includes financial assets which credit risk has increased significantly after the original recognition, or is part of purchased or originated credit-impaired financial assets.
- C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures provision for bad debts at an amount equal to the expected credit losses over the lifetime.
- D. For lease receivables arising from the transactions within the Scope of Review of IFRS 16, the Group adopts the expected credit losses during the period to measure the provision for bad debts over the lease term.

The Group evaluates whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with that on the date of initial recognition at each balance sheet date. Refer to Note (12) for credit risk-related information.

### (3) Derecognition of Financial Assets

The Group derecognizes its financial assets when any of the following conditions are met:

- A. The contractual right to cash flow from Financial Assets terminates.
- B. Financial assets have been transferred and almost all risks and rewards of ownership of the assets have been transferred to others.
- C. Has neither transferred nor retained substantially all risks and rewards of ownership of the assets, but has lost control over the assets.

When a financial asset is derecognized, the difference between its carrying amount and the total sum of the consideration received (or receivable) plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(4) Financial Liabilities and Equity Instruments

Classification of Liabilities or Equity

The Group classifies the instruments of liabilities and equity issued in accordance with the substance of the contract agreement and the definitions of financial liabilities and equity instruments as financial liabilities or equity.

Equity instruments

Equity instruments are any contracts that acknowledge the Group's remaining equity after deducting all liabilities from assets. Equity instruments issued by the Group are recognized at the amount of the consideration received less the direct issue costs.

Financial Liabilities

Financial liabilities within the scope of IFRS 9 are recognized as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

When one of the following conditions is met, it is classified as held for trading:

- A. Main purpose of acquisition is to sell in the short term;
- B. At initial recognition, it is part of a group of identifiable financial instruments managed by the Group and there is evidence of a recent pattern that the group is for short-term profit-taking; or
- C. Belonging to derivatives (excluding derivatives of financial guarantee contracts or designated and effective hedging instruments).

For contracts that include one or more embedded derivatives, the entire mixed (combined) contract can be designated as Financial liabilities at fair value through profit or loss. When one of the following factors is met and can provide more relevant information, it is designated as at fair value through profit or loss at the time of initial recognition:

- A. The designation can eliminate or significantly decrease measurement or recognition inconsistency; or
- B. A group of financial liabilities or a group of financial assets and financial liabilities are managed and performance evaluated on a fair value basis, following written risk management or investment strategies. The information on the investment portfolio supplied to management within the Group is also on a fair value basis.

The gains or losses generated by the re-measurement of such financial liabilities are recognized in profit or loss, including any interest paid on the financial liabilities.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

#### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include payables and borrowings, etc., which are subsequently measured using the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest method, the related gains or losses and amortization amount are recognized in the profit or loss.

The calculation of amortized cost takes into account the discount or premium at the time of acquisition and transaction costs.

#### Derecognition of Financial Liabilities

When the obligation of financial liabilities is discharged, canceled, or expired, the financial liabilities are derecognized.

When the Group exchanges debt instruments with a creditor and those debt instruments contain substantially different terms or it makes significant modifications to the terms of existing financial liabilities (whether or not due to financial difficulties), the Group derecognizes the original liabilities and recognizes new liabilities. The difference between the carrying amount of the derecognized financial liabilities and the total consideration paid or to be paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### (5) Financial Assets and Liabilities Offsetting

Financial Assets and Financial Liabilities are only offset and presented net in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### 7. Fair Value Measurement

Fair Value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the sale of assets or transfer of liabilities occurs in one of the following markets:

- (1) The major regional markets for the assets or liabilities, or
- (2) If there is no major market, the most advantageous market for the asset or liability

The primary or most advantageous market must be one that the Group can access for transactions.

Assets or Liabilities Fair Value measurement uses assumptions that market participants would use when pricing assets or liabilities, assuming that such market participants act in their best economic interests.

The fair value measurement of non-financial assets takes into account the ability of market participants to generate economic benefits either by using the asset at its highest and best use or by selling it to another market participant who would use the asset at its highest and best use.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The Group adopts suitable Valuation Techniques under relevant circumstances with sufficient data available to measure Fair Value, maximizing the use of relevant observable Inputs and minimizing the use of unobservable Inputs.

#### 8. Inventory

Inventory is measured at the lower of cost and net realizable value on an item-by-item basis.

The cost refers to the cost incurred to make the inventory available for sale or production, and for the cost incurred to bring the real estate to a saleable state and location:

Raw materials using the weighted average method for its actual purchase cost.  
Finished goods, commodities, and semi-finished products - include direct raw materials, labor and fixed manufacturing costs allocated based on normal capacity, but not include borrowing costs.

Net realizable value refers to the estimated selling price in the ordinary course of business, less the costs still to be incurred to complete and selling expenses.

Treatment for provision of labor services related to IFRS 15, and does not fall within the Scope of Review for Inventory.

#### 9. Investments adopted equity method

Apart from being classified as Assets held for sale, the Group's investment in associates is adopted equity method. An associate refers to an entity over which the Group has significant influence. Joint ventures refer to an entity over whose net assets the Group has rights under joint arrangements (joint control).

Under the equity method, the accounting for investments in associates or joint ventures in the balance sheet is the purchase cost plus the amount recognized by the Group for changes in the net assets of such associate or joint ventures, calculated on the proportionate shares. After the carrying amount and other related long-term equity interests in associate or joint venture have been reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of statutory obligations, implicit obligations, or payments made on behalf of associates. Unrealized gains or losses generated from transactions between the Group and associate or joint venture are eliminated in proportion to its equity interests in the associate or joint venture.

When changes in equity of associate or joint venture are not due to profit or loss and other comprehensive income items and do not affect the Group's percentage of ownership, the Group recognizes changes in ownership equity in proportion to its shareholding. Therefore, the recognized Capital surplus is reclassified into profit or loss based on the disposal proportion when disposing of associate or joint venture.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

When an associate or joint venture issues new shares, the Group does not subscribe according to the holding ratio, causing changes in the investment ratio. As a result, the Group adjusts the increase or decrease with "Capital surplus" and "Investments adopted equity method" for any changes in the net assets share of the associate or joint venture owned by the Group. When the proportion of investments decreases, the related items previously recognized in Other Comprehensive Income are reclassified to profit or loss or other appropriate accounts according on the reduction ratio. The aforementioned Capital surplus is transferred to profit or loss proportionately when the associate or joint venture is subsequently disposed of.

The financial statements of associate or joint venture are prepared for the same reporting period as the Group and are adjusted to conform to the accounting policies of the Group.

The Group determines whether there is objective evidence of impairment for its investments in associate or joint venture according to IAS 28 "Investments in Associates and Joint Ventures" at the end of each reporting period. If there is any objective evidence of impairment, the Group will calculate the impairment amount by the difference between the recoverable amount and the carrying amount of the associate or joint venture according to IAS 36 "Impairment of Assets", and recognize the amount in the income or loss from the associate or joint venture. The aforementioned recoverable amount, if using value-in-use of the investment, the Group determines the relevant value-in-use based on the following estimates:

- (1) The Group's share of the present value of the estimated future cash flows generated by associate or joint venture, including cash flows from operations of associate or joint venture and the proceeds from the final disposal of such investments; or
- (2) The Group expects to receive dividends from the investment and the present value of the expected future cash flows generated by the eventual disposal of the investment.

Since the goodwill that forms part of the carrying amount of investments in an associate or joint venture is not separately recognized, it is not necessary to apply the provisions of impairment of assets under the IAS 36 for the impairment testing of goodwill.

When the Group loses significant influence over an associate or joint control over a joint venture, the retained investment is measured at fair value and recognized. When significant influence or joint control is lost, the difference between the carrying amount of the investment in associate or joint venture and the fair value of any retained investment plus the proceeds from disposition is recognized as a gain or loss. In addition, when the investment in an associate becomes an investment in a joint venture, or when an investment in a joint venture becomes an investment in an associate, our group continues to apply the equity method without re-measuring the retained equity.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

#### 10. Property, plant, and equipment

Property, plant and equipment are recognized at acquisition cost, less accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing and restoring the site of the property, plant and equipment, and the necessary interest expense generated by the under construction. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. When significant components of property, plant and equipment need to be periodically replaced, the Group regards these components as individual assets and recognizes them separately with specific useful life and depreciation methods. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS16 "Property, plant and equipment". Significant overhaul costs meet recognition criteria are considered replacement costs and are recognized as part of the carrying amount of property, plant, and equipment. Other repair and maintenance expenses are recognized in profit or loss.

Depreciation is provided on a straight-line method over the estimated useful lives of the following assets:

Buildings and structures	3 - 50 years
Machinery and equipment	3 - 20 years
Transportation equipment	1 - 12 years
Office equipment	3 - 8 years
Other equipment	3 - 48 years

Items or any significant component of the property, plant and equipment are derecognized and recognized as profit or loss if they are disposed of or if it is expected that no future economic benefits will flow to the entity from their use or disposal after initial recognition.

The residual value, useful life, and depreciation method of property, plant, and equipment are evaluated at the end of each financial year. If the expected value is different from the previous estimate, the change is considered as accounting estimates.

#### 11. Lease

The Group evaluates whether the contract as a lease on the contract establishment date. A lease is a contract transfer control of the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers control of the identified assets for a period of time, the Group evaluates whether it has the following two throughout the usage:

- (1) Acquired the right to almost all economic benefits from recognized assets; and
- (2) The lead has identified the rights to use the recognized assets.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

For contracts that are (or contain) leases, the Group treats each lease component in the contract as a separate lease and deals with the non-lease components in the contract separately. For contracts that include a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component based on the relative standalone price and the aggregate standalone price of the non-lease components. The relative standalone price of lease and non-lease components is determined based on the price charged by the lessor (or similar supplier) for each component (or similar component). If observable individual prices are not always available, the Group maximizes the use of observable information to estimate such individual prices.

#### The Group as lessee

Except for leases that qualify and are selected as short-term leases or leases of low-value assets, when the Group as a lessee in a lease agreement, right-of-use assets and lease liabilities are recognized for all leases.

The Group measures the lease liabilities at the present value of the lease payments that are not paid at commencement date. If the implicit interest rate of the lease is easy to determine, the lease payments are discounted by that rate. If the interest rate is not easily determinable, use the lessee's incremental borrowing rate. The lease payments included in the lease liabilities consist of the following payments that have not yet been paid on commencement day and are related to the right to use the underlying assets during the lease period:

- (1) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (2) Lease payments determined by some index or rate change (measured at the original index or rate on the commencement date);
- (3) The amount expected to be paid by the lessee under the residual value guarantee;
- (4) The exercise price of the buy options, if the Group can reasonably determine that the option will be exercised; and
- (5) The penalty for terminating the lease, if the lease term reflects the lessee's intention to exercise the option to terminate the lease.

After the commencement date, the Group measures lease liabilities at amortized cost basis, increases the carrying amount of lease liabilities using the effective interest rate method to reflect the interest of lease liabilities; payments of lease payments decrease the carrying amount of lease liabilities.

The Group measures right-of-use assets on a cost basis at the commencement date. The cost of the right-of-use assets includes:

- (1) The original measurement amount of lease liabilities;
- (2) Any lease payments made on or before the commencement date, less any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) The lessee estimates cost of dismantling, removing and restoring to its original location, or to the condition required by the terms and conditions of the lease.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, i.e., the cost model is used to measure right-of-use assets.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

If the ownership of the underlying assets is transferred to the Group at the end of the lease term, or if the cost of right-of-use assets reflects the Group's intention to exercise the purchase option, depreciation is provided for the right-of-use assets from the commencement date to the end of the useful life of the underlying assets. Otherwise, the Group provides depreciation for the right-of-use assets from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether right-of-use assets have been impaired and to address any identified impairment loss.

Except for short-term leases or leases of low-value target assets, the Group reports right-of-use assets and lease liabilities on the Balance Sheet and reports related depreciation and interest expenses in the Statements of Comprehensive Income.

The Group elected to recognize lease payments related to short-term leases and leases of low-value assets on a straight-line basis or another systematic basis as an expense over the lease term.

#### The Group as lessor.

The Group classifies each lease as an operating lease or a finance lease on the contract establishment date. A lease transfers substantially all the risks and rewards incidental to ownership of an asset, it is classified as a finance lease; if not transferred, it is classified as an operating lease. The Group recognizes the assets held under finance lease in the balance sheet, and record as finance lease receivable based on the net amount of lease at the commencement date.

For contracts that contain both lease and non-lease components, the Group applies the provision of IFRS 15 to allocate the transaction price in the contract.

The Group recognizes lease payments from operating leases as rental income on a straight-line method or another systematic mode. The rental payments from operating leases that are not dependent on changes in an index or rate are recognized as rental income when they occur.

## 12. Intangible assets

Intangible assets acquired separately are initially measured at cost upon original recognition. The cost of intangible assets acquired through business combinations is the fair value on the acquisition date. Intangible assets, after initial recognition, are measured at their cost less accumulated amortizations and accumulated impairment losses as the carrying amount. Intangible assets internally generated that do not meet the capitalization criteria are recognized in profit or loss.

The useful life of intangible assets are classified into limited and unlimited useful life.

Intangible assets with limited useful life are amortized over their useful life and conduct impairment test whenever there are indications of impairment. The amortization period and methods for intangible assets with limited useful life are reviewed at least at each financial year. If the estimated useful life of an asset is different from the previous estimate or the expected pattern of consumption of future economic benefits has changed, the method of amortization or the period of amortization will be adjusted and treated as a change in accounting estimate.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Intangible assets with unlimited useful life are not amortized, but impairment tests are carried out at the individual asset or cash-generating unit level each financial year. Intangible assets with unlimited useful life are reviewed each period to determine whether events and circumstances continue to support an unlimited useful life for that asset. If the useful life changes from unlimited to limited, the application is deferred.

The gains or losses generated from the derecognition of intangible assets are recognized in profit or loss.

Summary of the accounting policy for intangible assets of the group is as follows:

	Computer software
Service Life	Limited (5 years)
Method of Amortizations used	Amortization is estimated through the straight-line method over the useful life.
Internally generated or externally acquired	External acquisition

### 13. Non-financial Assets

The Group evaluates whether there are any indications of impairment for all assets applicable to IAS 36 "Impairment of Assets" at the end of each reporting period. If there are indications of impairment or if an asset needs to be tested for impairment annually, the Group will test individually for each asset or the cash-generating unit to which the asset belongs. Impairment losses are recognized if the carrying amount of an asset or the asset's cash-generating unit exceeds its recoverable amount as a result of impairment testing. The recoverable amount is the higher of the net fair value or the value-in-use.

The Group assesses whether there is any indication that an impairment loss previously recognized for an asset other than goodwill may no longer exist or may have decreased at the end of each reporting period. If such indications exist, the Group estimates the recoverable amount of the asset or the cash-generating unit. If the recoverable amount increases due to changes in the estimated potential of servicing assets, then the impairment is reversed. However, the carrying amount after reversal shall not exceed the carrying amount of the assets, net of depreciations or amortizations, that would have been determined had no impairment loss been recognized.

Impairment loss and reversal amount of the continuing operations unit are recognized in profit or loss.

### 14. Revenue Recognition

#### (1) Customer Contract Revenue

The main revenue of the Group from contracts with customers includes sales of goods and rendering of services, the accounting treatments of which are described as follows:

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

### Sales of Goods

The Group manufactures and sells goods, recognizing revenue when the committed goods are delivered to the customer and the customer gains control (i.e., the customer dominates the use and obtains the ability of almost all remaining benefits of the goods), mainly chemicals being sold, with revenue recognized based on the price stated in the contract.

The credit period for the Group's sales transactions is typically between 30 - 90 days. Most contracts recognize accounts receivable when the control of goods is transferred and the right to receive consideration unconditionally is obtained. These accounts receivable are typically short-term and do not have significant financial composition. The provision for bad debts is measured based on the expected credit loss over the life of the asset under IFRS 9.

### Rendering of services

The Group's service revenue is primarily derived from providing wastewater treatment services and transportation. According to the contract, the Group charges a processing fee on a monthly basis. The revenue is recognized when the performance obligation is fulfilled, and the wastewater is discharged in compliance with the standards.

## (2) Contract Costs Related Assets

### Contract Fulfillment Costs

Costs incurred to fulfill a customer contract, if not within the scope of other standards (such as IAS 2 "Inventories," IAS 16 "Property, Plant, and Equipment," or IAS 38 "Intangible Assets"), are recognized as assets by the Group only when the costs are directly related to the contract or identifiable expected contracts, generate or enhance resources that will be used to fulfill (or continue to fulfill) performance obligations, and are expected to be recoverable.

General and administrative costs, costs of wasted materials, labor, or other resources used to fulfill the contract but not reflected in the contract price, costs related to performance obligations that have been (or partially been) satisfied, and costs that cannot be distinguished as related to unsatisfied performance obligations or those that have been (or partially been) satisfied, are recognized as expenses when incurred.

## 15. Borrowing costs

The borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of those assets. All other borrowing costs are recognized as expenses during the period in which its occur. Borrowing costs include interest and other costs associated with raising finance.

## 16. Post-employment benefits plans

The Company and domestic subsidiaries' pension schemes apply to all formally hired employees. The entire amount of employee pension funds is deposited in accounts managed by the Supervisory Committee of Business Entities' Labor Retirement Reserve.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

As the pension funds is completely separated from the Company and domestic subsidiaries. Therefore, it is not included in the aforementioned consolidated financial statements.

For post-employment benefit plans that are defined contribution plans, the Company and its domestic subsidiaries are required to make pension contributions at a rate not less than 6% of the employees' monthly salaries, and the amounts contributed are recognized as expenses.

#### 17. Share-based Payment Transactions

The costs of share-based payment transactions with employees, where the settlement is in equity instruments, are measured at the fair value of the equity instruments on the grant date. Fair value is measured using an appropriate pricing model.

The cost of share-based payment transactions settled in equity is recognized over the period in which the service and performance conditions are met, with a corresponding increase in equity. The cumulative expense recognized for equity-settled transactions at each reporting period-end reflects the progress of the vesting period and the group's best estimate of the number of equity instruments that will ultimately vest. The change in cumulative costs recognized for share-based payment transactions at the beginning and end of each reporting period is recognized in profit or loss for that period.

If the share-based payment reward ultimately does not meet the vesting conditions, no expense is recognized. If the vesting conditions for equity-settled transactions are related to market conditions or non-vesting conditions, the related expenses will still be recognized if all service or performance conditions have been met, regardless of whether the market or non-vesting conditions are satisfied.

When modifying the terms of an equity-settled transaction, at least the original grant-date cost before the modification will be recognized. If the modification of the terms of a share-based payment transaction increases the total fair value of the transaction or is beneficial to the employee, additional equity-settled transaction costs will be recognized.

If an equity-settled share-based payment reward plan is canceled, it is considered fully vested on the cancellation date, and any unrecognized remaining share-based payment expenses will be immediately recognized. This includes awards where non-vesting conditions, which are controllable by the company or employee, have not been met. If a previously canceled reward is replaced by a new reward plan and is confirmed on the grant date to replace the canceled reward plan, the cancellation and the new reward plan will be treated as a modification of the original reward plan.

#### 18. Income Tax

Income tax expense (benefit) refers to the aggregate amount related to the current tax and deferred tax included in determining the current profit (loss).

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

### Current tax

The current tax liabilities (assets) related to the current and previous periods are measured at the enacted or substantively enacted tax rates and tax laws at the end of the reporting period. Current income tax related to items recognized in Other Comprehensive Income or directly in Equity is respectively recognized in Other Comprehensive Income or Equity rather than profit or loss.

The portion of additional corporate income tax is recorded as income tax expense on the day the shareholders' meeting resolves to distribute the earnings.

### Deferred income tax

Deferred income tax is calculated as the temporary difference between the tax base of assets and liabilities and their carrying amount in the balance sheet at the end of the reporting period.

Except for the following two, all taxable temporary differences are recognized as deferred tax liabilities:

- (1) The initial recognition of Goodwill; or assets or liabilities generated from transactions other than business combinations do not affect accounting profit or taxable income (loss) at the time of the transaction, nor generate equal taxable and deductible temporary differences at the time of the transaction.
- (2) The taxable temporary differences arising from Investments in subsidiaries, associates and joint ventures, for which reversal can be controlled and it is probable that the reversal will not occur in the foreseeable future.

Except for the following two, deferred tax assets arising from deductible temporary differences, unused tax losses and unused tax credits are recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized:

- (1) Regarding the deductible temporary difference arising from the initial recognition of assets or liabilities from transactions that are not a business combination, it neither affects accounting profit nor taxable income (loss) at the time of transaction, and there are no equal taxable and deductible temporary differences generated at the time of the transaction.
- (2) In relation to the deductible temporary differences arising from Investments in subsidiaries, associates and joint ventures, these are only recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period when the assets are realized or the liabilities are settled, with such rates based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that result from the manner in which the carrying amount of assets is expected to be recovered or liabilities settled at the end of the reporting period. Deferred income tax related to items not recognized in profit or loss is not recognized in profit or loss, but is recognized in Other comprehensive income or directly in Equity according to the related transactions. Deferred tax assets are reviewed and recognized at the end of each reporting period.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Deferred tax assets and liabilities are only legally enforceable to offset current tax assets and current tax liabilities, and can be offset when deferred tax is related to income taxes levied by the same tax authority on the same taxpayer.

In accordance with the temporary exception stipulated in "International Tax Reform - Pillar Two Model Rules" (Amendments to IAS 12), the deferred tax assets and liabilities for pillar two income tax cannot be recognized, nor can their related information be disclosed.

V. Critical accounting Judgment, Estimates and Key Sources of Assumption Uncertainty

When preparing the consolidated financial statements, the management must make judgments, estimates, and assumptions at the end of the reporting period, which will affect the reported amount of revenues, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities. However, the uncertainties related to these significant assumptions and estimates could result in the need for significant adjustments to the carrying amount of assets or liabilities in future periods.

Estimates and assumptions

There is a significant risk that the carrying amount of assets and liabilities could require material adjustment in the next financial year, due to the primary sources of uncertainty about estimates and assumptions made at the end of the reporting period related to the future. The remark is as follows:

(1) Fair Value of Financial Instruments

When the fair value of financial assets and liabilities recognized on the balance sheet cannot be obtained from active markets, the fair value will be determined using valuation techniques, including income approach (such as cash flow discounting model) or market approach. Changes in the assumptions used in these models will affect the reported fair value of financial instruments. Refer to Note (12).

(2) Income Tax

The uncertainty of income tax lies in the interpretation of complex tax laws and regulations, and the amount and timing of future taxable income. Due to the breadth of international business relationships and the long-term and complexity of contracts, differences arising between actual results and assumptions, or changes to these assumptions in the future, may require adjustments to the recognized income tax benefits and expenses in the future. The provision for income tax is based on reasonable estimates made according to the possible audit results of the tax authorities in the countries where the Company operates. The amount provisioned is based on various factors, such as past tax audit experiences and differences in the interpretation of tax regulations between taxpayers and the tax authorities. The differences in the explanation may generate various issues due to the circumstances of the individual locations of the company's businesses.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available in the future, or that there are taxable temporary differences within the scope of origination and reversal of temporary differences. The determination of the Amount to recognize for Deferred tax assets is based on the estimated timing and level of future taxable income and taxable temporary differences.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## (3) Accounts Receivable - estimation of provision for bad debts

The Group estimates provision for bad debts for accounts receivables using the expected credit loss over the lifetime, which is measured as the present value of the difference between the contractual cash flows receivable under the contract (carrying amount) and the cash flows expected to be received (with the evaluation of forward-looking information). However, the discounting effect of short-term receivables is not significant, and the credit loss is measured by the undiscounted difference. If actual cash flows in the future are less than expected, significant provision for bad debts may arise. Refer to Note 6.

VI. Details of Significant Accounts

## 1. Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand	\$ 220	\$ 210
Cash in banks	206,931	156,678
Total	<u>\$ 207,151</u>	<u>\$ 156,888</u>

## 2. Financial assets at fair value through profit or loss

	2024.12.31	2023.12.31
Mandatory fair value through profit or loss - current:		
TWSE/TPEX-listed Stock	<u>\$ 42,471</u>	<u>\$ —</u>

The Group's financial assets measured at fair value through profit or loss do not have any collateral provided.

## 3. Current financial assets at amortized cost

	2024.12.31	2023.12.31
Time deposits	<u>\$ 25,000</u>	<u>\$ 60,000</u>

The Group classifies some of the financial assets as financial assets at amortized cost, and there is no provision of guarantees. For information related to Credit risk, Refer to Note (12).

## 4. Bills receivable

	2024.12.31	2023.12.31
Bills receivable - due to operations	\$ 28,284	\$ 27,517
Less: Provision for bad debts	(—)	(—)
Total	<u>\$ 28,284</u>	<u>\$ 27,517</u>

The Group's bills receivable were not provided as collaterals.

The Group evaluates impairments in accordance with IFRS 9, and for related information on provision for bad debts, Refer to Note (6).15. For information related to Credit risk, Refer to Note (12).

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## 5. Accounts receivable and Accounts receivable - related parties

	2024.12.31	2023.12.31
Accounts receivable	\$ 95,364	\$ 86,878
Less: Provision for bad debts	(745)	(745)
Subtotal	94,619	86,133
Accounts receivable - related parties	3,313	1,215
Less: Provision for bad debts	(—)	(—)
Subtotal	3,313	1,215
Total	\$ 97,932	\$ 87,348

The Group's accounts receivable were not provided as collateral.

The credit period for the Group's customers is usually 30 to 90 days. The carrying amounts as at December 31, 2024 and 2023 were NT\$98,677 thousand and NT\$88,093 thousand respectively. For information related to the provision for bad debts of year 2024 and 2023, Refer to Note (6).15. For credit risk related information, Refer to Note (12).

## 6. Inventory

	2024.12.31	2023.12.31
Raw materials	\$ 2,682	\$ 2,190
Semi-finished goods	54	64
Finished goods	50	56
Commodity	341	539
Total	\$ 3,127	\$ 2,849

The operating costs recognized as expenses by the Group for years 2024 and 2023 were NT\$342,018 thousand and NT\$314,610 thousand, respectively, including the recognition of loss for market price decline and slow-moving inventories of NT\$(462) thousand and NT\$148 thousand, respectively. Due to the impact of market price fluctuations on raw material prices, inventory impairment (reversal of impairment loss) has occurred.

The aforementioned inventory were not pledged as collateral.

## 7. Property, plant, and equipment

	2024.12.31	2023.12.31
Property, plant and equipment for own use	\$ 845,468	\$ 880,480

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Costs:							
2023.1.1	\$ 398,057	\$ 283,934	\$ 306,535	\$ 64,536	\$ 4,695	\$ 54,993	\$ 1,112,750
Additions	—	—	11,118	8,356	310	335	20,119
Disposal	—	(1,250)	(1,617)	(936)	(117)	(1,455)	(5,375)
Other changes	—	—	423	5,452	—	—	5,875
2023.12.31	398,057	282,684	316,459	77,408	4,888	53,873	1,133,369
Additions	—	639	1,785	440	1,023	5,202	9,089
Disposal	—	—	(300)	—	—	(2,833)	(3,133)
Other changes	—	—	2,852	—	—	1,880	4,732
2024.12.31	<u>\$ 398,057</u>	<u>\$ 283,323</u>	<u>\$ 320,796</u>	<u>\$ 77,848</u>	<u>\$ 5,911</u>	<u>\$ 58,122</u>	<u>\$ 1,144,057</u>
Depreciation and impairment:							
2023.1.1	\$ —	\$ 38,788	\$ 107,107	\$ 45,527	\$ 2,213	\$ 17,294	\$ 210,929
Depreciation	—	9,496	23,295	8,220	666	5,658	47,335
Disposal	—	(1,250)	(1,617)	(936)	(117)	(1,455)	(5,375)
Other changes	—	—	—	—	—	—	—
2023.12.31	—	47,034	128,785	52,811	2,762	21,497	252,889
Depreciation	—	8,994	24,804	8,180	831	5,791	48,600
Disposal	—	—	(67)	—	—	(2,833)	(2,900)
Other changes	—	—	—	—	—	—	—
2024.12.31	<u>\$ —</u>	<u>\$ 56,028</u>	<u>\$ 153,522</u>	<u>\$ 60,991</u>	<u>\$ 3,593</u>	<u>\$ 24,455</u>	<u>\$ 298,589</u>
Net Carrying Amount:							
2024.12.31	<u>\$ 398,057</u>	<u>\$ 227,295</u>	<u>\$ 167,274</u>	<u>\$ 16,857</u>	<u>\$ 2,318</u>	<u>\$ 33,667</u>	<u>\$ 845,468</u>
2023.12.31	<u>\$ 398,057</u>	<u>\$ 235,650</u>	<u>\$ 187,674</u>	<u>\$ 24,597</u>	<u>\$ 2,126</u>	<u>\$ 32,376</u>	<u>\$ 880,480</u>

Refer to Note (8) for property, plant and equipment provided as collateral.

## 8. Other non-current assets

	2024.12.31	2023.12.31
Prepayments for equipment	\$ 12,222	\$ 4,852
Guarantee deposits paid	22,436	17,493
Total	<u>\$ 34,658</u>	<u>\$ 22,345</u>

## 9. Short-term borrowings

	2024.12.31	2023.12.31
Unsecured Bank Loans	<u>\$ 88,000</u>	<u>\$ 110,000</u>

The short-term borrowing rates of the Group as of December 31, 2024 and 2023 were 2.206% to 2.308% and 2.024% to 2.183%, respectively.

As of December 31, 2024 and 2023, the Group had unused short-term borrowings amounting to NT\$157,000 thousand and NT\$264,000 thousand, respectively.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The unsecured bank loan is provided without any collateral.

#### 10. Long-term borrowings

The details of long-term borrowings as 2024 and 2023 are as follows:

Creditor	2024.12.31	Repayment Period and Method
Chang Hwa Bank - Luchu Branch	\$ 239,891	From April 23, 2020 to April 23, 2035, repayment is made on a monthly basis, with interest paid monthly.
Taiwan Cooperative Bank - North Kaohsiung Branch	14,986	From June 30, 2004 to June 30, 2026, repayment is made on a monthly basis, with interest paid monthly.
Subtotal	254,877	
Less: due within one year	(45,209)	
Net amount	<u>\$ 209,668</u>	

Creditor	2023.12.31	Repayment Period and Method
Chang Hwa Bank - Luchu Branch	\$ 288,013	From April 23, 2020 to April 23, 2035, repayment is made on a monthly basis, with interest paid monthly.
Taiwan Cooperative Bank - North Kaohsiung Branch	25,508	From June 30, 2014 to June 30, 2026, repayment is made on a monthly basis, with interest paid monthly.
Subtotal	313,521	
Less: due within one year	(48,679)	
Net amount	<u>\$ 264,842</u>	

The interest rates of the Group's long-term borrowings were 2.20% to 2.30% and 2.10% to 2.75% as of December 31, 2024 and 2023, respectively.

Secured bank loans are guaranteed by lands, buildings and structures, and machinery and equipment. Refer to Note 8 for details of the guarantees.

#### 11. Post-employment benefits plans

##### Defined contribution plans

The Company and its domestic subsidiaries have established employee retirement schemes under the "Labor Pension Act," which are defined contribution plans. In accordance with the regulations, the monthly contribution rate for labor pension expense borne by the Company and its domestic subsidiaries shall not be less than 6% of the employees' monthly salary. The Company and its domestic subsidiaries have established an employee retirement plan according to the Act, under which 6% of the monthly salary is contributed to individual retirement accounts at the Bureau of Labor Insurance.

The expenses recognized by the Group under the Defined Contribution plans for the years 2024 and 2023 were NT\$3,344 thousand and NT\$3,051 thousand, respectively.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## 12. Equity

## (1) Ordinary Share

As of December 31, 2024 and 2023, the authorized share capital of the Company was NT\$700,000 thousand, while the paid-up share capital was NT\$311,795 thousand and NT\$291,795 thousand, respectively. These amounts represent 31,180 thousand and 29,180 thousand shares, respectively, with a face value of NT\$10 per share. Each share carries one voting right and the right to receive dividends.

On March 12, 2024, the Company's Board of Directors resolved to conduct a cash capital increase before the initial public offering, issuing 2,000 thousand common shares. In accordance with Article 267 of the Company Act, 15% of the new shares, totaling 300 thousand shares, are reserved for employee subscription. The remaining 1,700 thousand shares were approved by the Company's shareholders at the extraordinary general meeting held on November 3, 2023, where existing shareholders waived their preemptive rights, and all the shares were publicly underwritten before the listing. The aforementioned cash capital increase was approved by the Taiwan Stock Exchange Corporation on April 8, 2024. The Board of Directors has resolved to set May 15, 2024, as the record date for the capital increase. After the increase, the authorized capital will be NT\$700,000 thousand, and the issued capital will be NT\$311,795 thousand, with a par value of NT\$10 per share, divided into 31,180 thousand shares.

## (2) Capital surplus

	2024.12.31	2023.12.31
Additional paid-up capital	\$ 257,997	\$ 144,420
Difference between consideration and carrying amount of subsidiaries acquired or disposed	2,289	2,301
Expired Employee Stock Options	929	—
Total	<u>\$ 261,215</u>	<u>\$ 146,721</u>

As stipulated by the law, capital surplus shall not be used except to offset the company's deficits. When the company has no deficits, the surplus from issuing shares exceeding the face value and the capital surplus generated from accepting donations can be allocated to increase the capital. The above-mentioned capital surplus can also be distributed in cash according to the proportion of the original shares held by shareholders.

## (3) Earnings Distribution

In accordance with the Company's Articles of Incorporation, if there are profits in the annual financial statement, they are distributed in the following order:

- A. Withdraw taxes.
- B. Offset accumulated deficits.
- C. Appropriate 10% as Legal reserve.
- D. Others are appropriated or reversed special reserve as required by laws and regulations or as ordered by the competent authority.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

- E. The remaining, along with previous years' undistributed earnings, should be proposed by the Board of Directors for profit distribution. When it is to be done through the issuance of new shares, it should be distributed after being resolved by the shareholders' meeting. If it is done in the form of cash disbursement, it is authorized by the Board of Directors with the attendance of more than two-thirds of the directors and the agreement of more than half of the attending directors, and reported to the shareholders' meeting.

The Company, considering its operating environment, growth stage, responding to future capital needs, financial structure, and earnings situation, and aiming for a balanced and stable dividend policy, plans to distribute not less than 10% of distributable earnings as shareholder dividends each year, based on its capital requirement and the dilution effect on earnings per share. The dividends can be distributed either in the form of stock or cash dividends, with cash dividends accounting for no less than 10% of the total dividends distributed.

In accordance with the Company Law, the Legal reserve should be appropriated until its total amount has reached the total capital. Legal reserve can be used to offset deficits. When the company is not in deficit, it can distribute new shares or cash in proportion to the original shares of shareholders with the part of the legal reserve exceeding 25% of the paid-up capital.

The Company proposed and resolved the appropriation and distribution of retained earnings and per share dividend for 2023 and 2022 at the Board of Directors and shareholders' regular meeting on June 7, 2024 and June 15, 2023, respectively, as follows:

	Appropriation of Earnings Proposal		Dividend per share (NT\$)	
	For the year ended December 2023	For the year ended December 2022	For the year ended December 2023	For the year ended December 2022
Legal reserve	\$ 13,885	\$ 15,176	\$ —	\$ —
Cash dividends on ordinary shares (Note)	\$ 116,718	\$ 116,718	\$ 4.0	\$ 4.0

Please refer to the 'Market Observation Post System' of the Taiwan Stock Exchange for information on earnings distribution resolved by the Board of Directors and shareholders' meeting.

Please refer to Note (6).17 for information related to the basis of employees and directors' remuneration estimates and the recognition of their amounts.

Note: The Company's Board of Directors, authorized by the Articles of Association and passed a special resolution on March 11, 2025, approving the cash dividends proposal for the 2024 of ordinary shares.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## (4) Non-controlling interests

	2024.12.31	2023.12.31
Beginning balance	\$ 10,084	\$ 12,471
Net profit (loss) for the period attributable to non-controlling interests	(1,739)	(2,608)
Acquisition of shares issued by the subsidiary.	(518)	—
Failure to subscribe for new shares issued by the subsidiary in proportion to shareholding	509	221
Ending Balance	<u>\$ 8,336</u>	<u>\$ 10,084</u>

## 13. Share-based Payment Plan

The Group's employees are eligible to receive share-based payments as part of the compensation plan. Employees obtain equity instruments in exchange for providing services. These transactions are classified as equity-settled share-based payment transactions.

Cash Capital Increase with Employee Stock Subscription Reserved

On March 12, 2024, the Board of Directors resolved to conduct a cash capital increase and issue new shares. In accordance with regulations, 15% of the total shares issued through the capital increase were reserved for subscription by eligible employees, with the grant date determined based on the date the number of employee subscriptions is confirmed.

The subscription record date for this plan was set as May 8, 2024. A total of 2,000 thousand common shares were issued in the cash capital increase, with 300 thousand shares reserved for employee subscription. Employees actually subscribed to 241 thousand shares. The new shares from the cash capital increase were issued at NT\$55 per share, and the record date for the capital increase was set as May 15, 2024. Relevant information is as follows:

Type of Agreement	Grant Date	Subscription Quantity (in thousands of shares)	Contract Period	Vesting Conditions	Allotment Date to Employees
Cash Capital Increase with Employee Stock Subscription Reserved	2024.5.8	241	—	Immediately Vested	2024.5.15

The fair value information of the employee stock options granted by the Company is as follows:

Type of Agreement	Grant Date	Exercise Price	Fair Value per Unit
Cash Capital Increase with Employee Stock Subscription Reserved	2024.5.8	\$ 55	\$ 15.75

The Company recognized a compensation cost of NT\$4,725 thousand for the period from January 1 to December 31, 2024, resulting from the employee subscription reserved under the cash capital increase.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## 14. Operating revenue

	For the year ended December 2024	For the year ended December 2023
Sales Revenue of Goods	\$ 52,439	\$ 48,715
Rendering of Services	582,562	560,527
Total	<u>\$ 635,001</u>	<u>\$ 609,242</u>

The information related to Revenue from contracts with customers for the Group in 2024 and 2023 is as follows:

## (1) Breakdown of Revenue

For the year ended December 2024					
	Manufacturing and sales of wastewater Treatment Chemicals and Consumables	Wastewater Treatment	Waste Transportation	Others	Total
Sales of goods	\$ 52,439	\$ —	\$ —	\$ —	\$ 52,439
Rendering of services	—	446,124	56,371	80,067	582,562
	<u>\$ 52,439</u>	<u>\$ 446,124</u>	<u>\$ 56,371</u>	<u>\$ 80,067</u>	<u>\$ 635,001</u>
Revenue Recognition: at a certain point in time	<u>\$ 52,439</u>	<u>\$ 446,124</u>	<u>\$ 56,371</u>	<u>\$ 80,067</u>	<u>\$ 635,001</u>

  

For the year ended December 2023					
	Manufacturing and sales of wastewater Treatment Chemicals and Consumables	Wastewater Treatment	Waste Transportation	Others	Total
Sales of goods	\$ 48,715	\$ —	\$ —	\$ —	\$ 48,715
Rendering of services	—	444,201	41,800	74,526	560,527
	<u>\$ 48,715</u>	<u>\$ 444,201</u>	<u>\$ 41,800</u>	<u>\$ 74,526</u>	<u>\$ 609,242</u>
Revenue Recognition: at a certain point in time	<u>\$ 48,715</u>	<u>\$ 444,201</u>	<u>\$ 41,800</u>	<u>\$ 74,526</u>	<u>\$ 609,242</u>

## (2) Assets recognized from the costs of obtaining or fulfilling customer contracts

	2024.12.31	2023.12.31
Contract Fulfillment Costs — Current	<u>\$ 1,426</u>	<u>\$ —</u>

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## 15. Expected Credit Loss

	For the year ended December 2024	For the year ended December 2023
Operating Expense - Expected Credit Loss		
Accounts receivable	\$ —	\$ —

Refer to Note (12) for credit risk related information.

The receivables of the Group (including bills receivable and accounts receivable) are all measured by the expected credit loss during the period. The evaluation of the provision for bad debts as of December 31, 2024 and 2023 are as follows:

The historical experience of credit losses on the Group's receivables indicates no significant difference in the loss patterns of different customer groups. Therefore, the provision for bad debts is measured using a provision matrix without distinguishing the customer groups. The information is as follows:

## 2024.12.31

	Not past due	Days past due					Total
		Within 30 days	31 - 60 days	61 - 90 days	91 - 120 days	More than 121 days	
Total Amount	Note \$ 126,961	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 126,961
Loss rate	0.59%~1.00%	—	—	—	—	—	
Expected Credit Loss lifetime	(745)	—	—	—	—	—	(745)
Amount	\$ 126,216	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 126,216

## 2023.12.31

	Not past due	Days past due					Total
		Within 30 days	31 - 60 days	61 - 90 days	91 - 120 days	More than 121 days	
Total Amount	Note \$ 115,610	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 115,610
Loss rate	0.64%~1.00%	—	—	—	—	—	
Expected Credit Loss lifetime	(745)	—	—	—	—	—	(745)
Amount	\$ 114,865	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 114,865

Note: All bills receivable of the Group are not past due.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Changes in provision for bad debts on bills receivable and accounts receivable of the Group for 2024 and 2023 are as follows:

	Bills receivable	Accounts receivable
2023.1.1	\$ —	\$ 745
Additional Amount	—	—
Written off bad debts	—	—
2023.12.31	—	745
Additional Amount	—	—
Written off bad debts	—	—
2024.12.31	\$ —	\$ 745

## 16. Lease

### The Group as lessee

#### A. Revenues and expenses related to the lessee's leasing activities

	For the year ended December 2024	For the year ended December 2023
Short-term leases Expenses	\$ 220	\$ 163
Expenses related to the leasing of low-value assets (excluding short-term leasing of low-value assets)	\$ 209	\$ 214

#### B. Cash outflows related to the lessee's leasing activities

The total cash outflow for leases principal of the Group in 2024 and 2023 were NT\$429 thousand and NT\$377 thousand, respectively.

#### C. Other information related to leasing activities

##### Extend leases and terminate leases options

Some of the Group's property lease agreements include extend leases and terminate leases options. In determining the lease term, it includes the non-cancelable period for which the Group has the right to use the underlying asset, the period covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and the period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The use of these options can greatly maximize the operational flexibility of management contracts. The majority of options to extend leases and to terminate leases can only be exercised by the Group. When a significant event occurs or a significant change in circumstance (within the lessee's control and affects whether the Group can reasonably determine to exercise an option not previously included when determining the lease term, or not exercise an option previously included when determining the lease term) after the commencement date, the Group reevaluate the lease term.

## 17. Employee benefits, depreciation, and amortization expenses by functions are summarized as follows:

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

By nature \ By function	For the year ended December 2024			For the year ended December 2023		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expenses						
Salaries expenses	\$ 21,481	\$ 64,727	\$ 86,208	\$ 18,034	\$ 53,607	\$ 71,641
Labor health insurance premiums	\$ 2,817	\$ 4,751	\$ 7,568	\$ 2,388	\$ 4,429	\$ 6,817
Pension expenses	\$ 999	\$ 2,345	\$ 3,344	\$ 905	\$ 2,146	\$ 3,051
Directors' remuneration	\$ —	\$ 2,855	\$ 2,855	\$ —	\$ 3,085	\$ 3,085
Other employee benefits expense	\$ 946	\$ 1,817	\$ 2,763	\$ 792	\$ 1,748	\$ 2,540
Depreciation	\$ 30,095	\$ 18,505	\$ 48,600	\$ 28,424	\$ 18,911	\$ 47,335
Amortization	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

In accordance with the Company's Articles of Incorporation, the Company should accrue employees' compensation and directors' remuneration at the rate that are not lower than 1% and not higher than 3% at profit before tax, respectively. However, if there are accumulated losses, the amount of the indemnity should be reserved in advance. The aforementioned employee compensation can be executed in the form of stock or cash. It should be approved by the Board of Directors through a resolution with the attendance of over two-thirds of the directors and the agreement of over half of the attending directors. Also, it should be reported at the shareholders meeting. Refer to the "Market Observation Post System" on the Taiwan Stock Exchange for information on the employee compensations and directors' remuneration approved by the Board of Directors.

The Company estimates employees' compensation and directors' remuneration at 7% and 1% of its profits for 2024, respectively. When there is a difference between the estimated amounts and the actual distribution amount decided by the Board of Directors, it will be recognized as profit or loss for the following year. If the Board of Directors resolves to distribute employee compensation in the form of stock, the closing price of the day preceding the resolution date of the Board of Directors will be used as the basis for calculating the number of shares to be distributed.

The Company resolved at the Board of Directors on March 11, 2025 to distribute cash as employees' remuneration and Directors' Remuneration for 2024 amounted of NT\$10,995 thousand and NT\$1,571 thousand, respectively, which were recognized as Salaries expenses.

The Company actually paid out NT\$12,562 thousand and NT\$1,795 thousand for employees' remuneration and directors' remuneration, respectively, for 2023, which didn't significantly differ from the amount reported as expenses in the financial statements 2023.

#### 18. Non-operating revenues and expenses

##### (1) Interest income

	For the year ended December 2024	For the year ended December 2023
Interest on bank deposits	\$ 2,118	\$ 1,574

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(2) Other income

	For the year ended December 2024	For the year ended December 2023
Rental income	\$ 709	\$ 795
Dividend income	153	—
Other income	52	470
Total	<u>\$ 914</u>	<u>\$ 1,265</u>

(3) Other gains and losses

	For the year ended December 2024	For the year ended December 2023
Gain (loss) on disposal of property, plant and equipment	\$ 7	\$ 95
Financial assets at fair value through profit or loss (Note)	(7,025)	—
Other expenses	(9)	(1,126)
Total	<u>(\$ 7,027)</u>	<u>(\$ 1,031)</u>

Note: These arise from financial assets mandatorily measured at fair value through profit or loss, including valuation adjustments.

(4) Finance costs

	For the year ended December 2024	For the year ended December 2023
Interest on bank loans	<u>\$ 9,348</u>	<u>\$ 10,385</u>

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## 19. Income Tax

- (1) The main components of the income tax expenses for the years 2024 and 2023 are as follows:

Income Tax recognized in profit or loss

	For the year ended December 2024	For the year ended December 2023
Current tax expenses:		
Current Income taxes payable	\$ 39,302	\$ 34,594
Prior years adjustment in the year	(174)	29
Deferred tax expense (income):		
Related to the original temporary differences and its reversal		
Deferred tax expense (income)	86	(44)
With the initial generation and tax loss offsetting of income tax		
Deferred income tax related to its reversal	(6,682)	(6,128)
Current tax expenses:	<u>\$ 32,532</u>	<u>\$ 28,451</u>

- (2) The adjustment of tax expenses and the amount multiplied by the applicable tax rate on accounting profit is as follows:

	For the year ended December 2024	For the year ended December 2023
Profit before income tax of continuing operations	<u>\$ 149,073</u>	<u>\$ 164,689</u>
The amount of tax calculated based on the applicable domestic tax rates of the respective countries.	\$ 41,684	\$ 41,820
Income tax effect of tax-exempt revenues	(5,213)	(2,729)
Income tax impact of non-deductible expenses for tax reporting	2,831	647
Income tax effect of deferred tax assets (liabilities)	(6,596)	(6,172)
Additional corporate income tax on undistributed earnings	—	679
Prior years adjustment in the year	(174)	29
Impact of other income tax adjustments according to tax laws	—	(5,823)
Total tax expenses recognized in profit and loss	<u>\$ 32,532</u>	<u>\$ 28,451</u>

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## (3) Deferred tax assets (liabilities) balance:

2024

	Beginning balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Origination and reversal of temporary differences				
Inventory valuation loss	\$ 88	\$ (86)	\$ —	\$ 2
Unused tax losses	24,519	6,682	—	31,201
Deferred tax expense /(income)		<u>\$ 6,596</u>	<u>\$ —</u>	
Deferred income tax assets/(liabilities), net	<u>\$ 24,607</u>			<u>\$ 31,203</u>
Information expressed in the Balance Sheet is as follows:				
Deferred tax assets	<u>\$ 24,607</u>			<u>\$ 31,203</u>
Deferred tax liabilities	<u>\$ —</u>			<u>\$ —</u>

2023

	Beginning balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Origination and reversal of temporary differences				
Inventory valuation loss	\$ 44	\$ 44	\$ —	\$ 88
Unused tax losses	18,391	6,128	—	24,519
Deferred tax expense /(income)		<u>\$ 6,172</u>	<u>\$ —</u>	
Deferred income tax assets/(liabilities), net	<u>\$ 18,435</u>			<u>\$ 24,607</u>
Information expressed in the Balance Sheet is as follows:				
Deferred tax assets	<u>\$ 18,435</u>			<u>\$ 24,607</u>
Deferred tax liabilities	<u>\$ —</u>			<u>\$ —</u>

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

- (4) The summarized information of the entities within the Group that have not utilized taxable losses is as follows:

## Ping Ho Materials Technology Co., Ltd.

Year of Occurrence	Amount of Loss	Unused Balance		The final year in which the tax loss or deduction can be applied.
		2024.12.31	2023.12.31	
2016	\$ 42	\$ 42	\$ 42	2026
2017	\$ 5,023	5,023	5,023	2027
2018	\$ 4,616	4,616	4,616	2028
2019	\$ 4,588	4,588	4,588	2029
2020	\$ 15,558	15,558	15,558	2030
2021	\$ 32,534	32,534	32,534	2031
2022	\$ 29,632	29,632	29,632	2032
2023	\$ 30,640	30,640	30,640	2033
2024	\$ 33,412	33,412	—	2034
		<u>\$ 156,045</u>	<u>\$ 122,633</u>	

- (5) Income Tax Return Verification Status

As of December 31, 2024, the status of the Group's income tax return filings was as follows:

	Income Tax Return Verification Status
Ping Ho Environmental Technology Co., Ltd.	Approved up to the 2022
Ping Ho Materials Technology Co., Ltd.	Approved up to the 2022
Feng Jia Industrial Co., Ltd.	Approved up to the 2022
Ching Jin Industrial Co., Ltd.	Approved up to the 2022
Wan Jing Industrial Co., Ltd.	Approved up to the 2022

## 20. Earnings Per Share

The calculation of basic earnings per share amount is based on the Net profit attributable to ordinary shareholders of the Company for the current period divided by the weighted average number of outstanding ordinary shares for the current period.

The calculation of the Diluted earnings per share is based on the net profit attributable to ordinary shareholders of the Company for the current period (after adjusting the interest of convertible bonds) divided by the sum of the weighted average number of ordinary shares outstanding during the current period plus the weighted average number of ordinary shares to be issued when all potential ordinary shares with dilution effect are converted into ordinary shares.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

	For the year ended December 2024	For the year ended December 2023
(1) Basic earnings per share		
Net profit attributable to ordinary shareholders of the parent (thousands NT\$)	\$ 118,280	\$ 138,846
Basic earnings per share of the weighted average number of ordinary shares (thousand shares)	30,442	29,180
Basic earnings per share (NT\$)	\$ 3.89	\$ 4.76
(2) Diluted earnings per share		
Net profit attributable to ordinary shareholders of the parent (thousands NT\$)	\$ 118,280	\$ 138,846
Basic earnings per share of the weighted average number of ordinary shares (thousand shares)	30,442	29,180
Dilution effect:		
Employee Compensation - Shares (thousands NT\$)	227	190
Weighted average number of ordinary shares (thousands of shares) adjusted for the effects of dilution	30,669	29,370
Diluted earnings per share (NT\$)	\$ 3.86	\$ 4.73

There were no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares outstanding after the end of the reporting period up to the approval of the financial statements for issue.

## 21. Changes in ownership interests in subsidiaries

### Acquisition of shares issued by the subsidiary

On August 7, 2024, the Group further acquired 0.42% of the voting shares of Ping Ho Materials Technology Co., Ltd., increasing its ownership to 93.08%. Since this change in equity does not affect the Group's control over the subsidiary, it is considered an equity transaction. The cash consideration paid to the non-controlling interest shareholders was NT\$530 thousand. The book value of the net assets of Ping Ho Materials Technology Co., Ltd. (originally acquired and excluding goodwill) was NT\$518 thousand. The adjustment to the relevant equity from the additional acquisition of Ping Ho Materials Technology Co., Ltd. includes the following reduction in non-controlling interest:

	2024.1.1 ~ 2024.12.31
Cash consideration paid by the Group to non-controlling shareholders	\$ 530
Reduction in non-controlling interest	(518)
Difference recognized in capital surplus under equity	\$ 12

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Failure to subscribe for new shares issued by the subsidiary in proportion to shareholding

Ping Ho Materials Technology Co., Ltd. resolved to carry out a capital increase and issued new shares, all of which were subscribed to by the Company. As a result, the Company's ownership increased to 94.81%. The additional equity in Ping Ho Materials Technology Co., Ltd. includes the following changes in non-controlling interest:

	2024.1.1 ~ 2024.12.31
Cash received by the Group from the capital increase	\$ —
Increase in non-controlling interests	509
Difference recognized in retained earnings under equity	<u>\$ 509</u>

VII. Related Party Transactions

The related parties with transactions with the Group during the financial reporting period are as follows:

Related parties and their relationship

Related Party Name	Relationship with the Group
Yung Herng Engineering Co., Ltd.	Substantial related party
Yong Hong Construction Co., Ltd.	Substantial related party
He Chin Precision Machinery Co., Ltd.	Substantial related party
Chairman and other 3 people	Key management of the Company

Significant transactions between related parties

## 1. Sales

Related Party Name	For the year ended December 2024	For the year ended December 2023
Yung Herng Engineering Co., Ltd.	\$ 787	\$ 46
Yong Hong Construction Co., Ltd.	—	11
He Chin Precision Machinery Co., Ltd.	12,801	4,348
Total	<u>\$ 13,588</u>	<u>\$ 4,405</u>

The Group sells goods to the aforementioned related parties (including income from Wastewater Treatment) under general payment terms, with a collection period of 30 to 60 days.

## 2. Cost of services

Related Party Name	For the year ended December 2024	For the year ended December 2023
Yung Herng Engineering Co., Ltd.	<u>\$ 4,333</u>	<u>\$ 4,067</u>

The Group entrusts the aforementioned related parties to perform repair and refurbishment projects, conducted under general payment terms, with a payment period of 30 to 60 days.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## 3. Accounts Receivables (Payables) from/to related parties

Related Party Name	2024.12.31	2023.12.31
<u>Accounts receivable</u>		
Yung Herng Engineering Co., Ltd.	\$ 431	\$ 3
He Chin Precision Machinery Co., Ltd.	2,882	1,212
Total	<u>\$ 3,313</u>	<u>\$ 1,215</u>

Related Party Name	2024.12.31	2023.12.31
<u>Other receivables</u>		
Yung Herng Engineering Co., Ltd.	\$ 84	\$ 84
He Chin Precision Machinery Co., Ltd.	261	—
Total	<u>\$ 345</u>	<u>\$ 84</u>

Related Party Name	2024.12.31	2023.12.31
<u>Other payables</u>		
Yung Herng Engineering Co., Ltd.	<u>\$ 2,051</u>	<u>\$ 3,019</u>

## 4. Property Transaction Details

Purchase:

2024.1.1 ~ 2024.12.31

Counterparty	Name of asset	Amount	Basis of transaction price
Yung Herng Engineering Co., Ltd.	Machinery and equipment	\$ 1,554	Negotiated Price
Yung Herng Engineering Co., Ltd.	Other equipment	5,746	Negotiated Price
Total		<u>\$ 7,300</u>	

2023.1.1 ~ 2023.12.31

Counterparty	Name of asset	Amount	Basis of transaction price
Yung Herng Engineering Co., Ltd.	Machinery and equipment	<u>\$ 9,486</u>	Negotiated Price

Disposal:

2024.1.1 ~ 2024.12.31

Counterparty	Name of asset	AMOUNT	Basis of transaction price
Yung Herng Engineering Co., Ltd.	Machinery and equipment	<u>\$ 240</u>	Negotiated Price

2023.1.1 ~ 2023.12.31: None.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## 5. Rental income

The details of rental income from leasing office and factory premises to related enterprises of the Group are as follows:

Related Party Name	For the year ended December 2024	For the year ended December 2023
Yung Heng Engineering Co., Ltd.	\$ 480	\$ 480

## 6. Remuneration of key management personnel of the Group.

	For the year ended December 2024	For the year ended December 2023
Short-term employee benefits	\$ 13,744	\$ 13,964
Post-employment benefits	214	214
Total	\$ 13,958	\$ 14,178

## 7. Others

- (1) As of December 31, 2024 and 2023, part of the key management personnel have acted as joint guarantors for the borrowings from financial institutions by the Group.
- (2) The Company has signed a contract with Yong Hong Engineering Co., Ltd. for equipment upgrading and related works. The total contract price is NT\$12,331 thousand (including tax). As of December 31, 2024, the work has been completed and NT\$7,834 thousand has been transferred to Property, plant and equipment - Machinery equipment, other equipment, and other prepaid expenses. In addition, for the incomplete work valued at NT\$4,106 thousand (including tax), NT\$1,500 thousand has already been paid and categorized under Prepayments for business facilities - Related parties. The contract price yet to be billed is NT\$2,410 thousand.
- (3) The subsidiary of the Group, Ping Ho Materials Technology Co., Ltd., signed a pipeline engineering contract with "Yung Hong Engineering Co., Ltd.", the total contract price is NT\$447 thousand (including tax). As of December 31, 2024, work amounting to NT\$341 thousand has been completed and reclassified under property, plant and equipment – other equipment, and other prepayments. The remaining uncompleted portion of the contract, valued at NT\$89 thousand (inclusive of tax), has not yet been invoiced.
- (4) The payments to Yung Hong Engineering Co., Ltd. for maintenance, miscellaneous purchases, and other expenses for 2024 and 2023 were NT\$393 thousand and NT\$555 thousand, respectively, which were recorded under operating expenses and other prepaid expenses.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

**VIII. Pledged Assets**

The Group has the following assets as collaterals:

	Amount		Guaranteed debt content
	2024.12.31	2023.12.31	
Property, plant, and equipment	\$ 512,079	\$ 523,460	Long-term borrowings

**IX. Significant Commitments and Contingent Liabilities**

No such matter

**X. Significant Loss from Natural Disaster**

None for the item.

**XI. Significant Subsequent Events**

On March 11, 2025, the Board of Directors of the company resolved to issue its first domestic unsecured convertible bonds, with a total issuance amount of NT\$500 million. The bonds have a coupon rate of 0% and a five-year term.

**XII. Others****1. Categories of financial instruments****Financial Assets**

	2024.12.31	2023.12.31
Financial assets at fair value through profit or loss:		
Mandatory fair value through profit or loss	\$ 42,471	\$ —
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	206,931	156,678
Current financial assets at amortized cost	25,000	60,000
Accounts receivables	132,671	119,171
Guarantee deposits paid	22,436	17,493
Total	<u>\$ 429,509</u>	<u>\$ 353,342</u>

**Financial Liabilities**

	2024.12.31	2023.12.31
Financial liabilities at amortized cost:		
Short-term borrowings	\$ 88,000	\$ 110,000
Accounts Payables	113,798	110,323
Long-term borrowings (including those due within one year)	254,877	313,521
Total	<u>\$ 456,675</u>	<u>\$ 533,844</u>

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

## 2. Financial Risk Management Objectives and Policies

The primary goal of the Group's financial risk management is to manage market risk, credit risk, and liquidity risk related to operational activities. Based on the company's policies and risk appetite, the Group identifies, measures, and manages these risks.

The Group has established appropriate policies, procedures, and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Significant financial activities must be reviewed by the Board of Directors in compliance with relevant regulations and internal control systems. During the execution of financial management activities, the Group must strictly comply with the established regulations of financial risk management.

## 3. Market risk

The market risk of the Group refers to the risk of fluctuations in the fair value or cash flow of financial instruments due to changes in market prices. The market risk mainly includes interest rate risk and other price risks.

In practice, it is rare for a single risk variable to change independently, and the changes in each risk variables are typically correlated. However, the sensitivity analysis of the following risks does not consider the interactive effects of related risk variables.

### Interest rate risk

Interest rate risk is the risk that changes in market interest rates lead to fluctuations in the fair value or future cash flows of financial instruments. The main sources of interest rate risk for the group are fixed-rate borrowings and floating-rate borrowings.

The Group maintains an appropriate mix of fixed and floating interest rates, and uses interest rate swap contracts to manage interest rate risk.

The sensitivity analysis of interest rate risk mainly targets interest rate exposure items as of the financial reporting period-end, including floating rate investments and floating rate borrowings. It assumes holding for one accounting year. If the interest rate increases/decreases by 10%, the impact on the group's profit or loss for the periods from January 1 to December 31, 2024 and 2023 will be a decrease/increase of NT\$111 thousand and NT\$207 thousand, respectively.

### Equity price risk

The Group holds equity securities of publicly listed companies, and their fair value may be affected by the uncertainty of the future value of these investment targets. The equity securities held by the Group are classified as financial instruments measured at fair value through profit or loss. The Group manages equity price risk through diversification of investments and by setting limits for both individual and overall equity investments. The portfolio information of equity securities must be regularly provided to the senior management of the Group, and all decisions on equity securities investments must be reviewed and approved by the Board of Directors.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

For equity securities of publicly listed companies measured at fair value through profit or loss, if the price of these securities increases/decreases by 1%, the impact on the group's profit or loss for the periods from January 1 to December 31, 2024 and 2023 will be an increase/decrease of NT\$495 thousand and NT\$0, respectively.

#### 4. Credit risk management

Credit risk refers to the risk of financial loss due to the counterparty's failure to fulfill the obligations stipulated in the contract. The credit risk of the Group is due to operation activities (mainly accounts receivable and bills) and financial activities (mainly bank deposits and various financial instruments).

Each unit of the Group follows the policies, procedures, and controls to manage credit risk. The credit risk assessment of all counterparties comprehensively considers counterparty's financial condition, credit rating by credit rating agencies, past trading experience, current economic environment, and the internal rating standards of the Group. The Group also uses certain credit enhancement tools (such as advance sales receipts and insurance, etc.) at appropriate times to reduce the credit risk of specific transaction counterparts.

As of December 31, 2024 and 2023, receivables from the Group's top ten customers accounted for 64.63% and 60.99% of the total receivables of the Group, respectively, with no credit concentration risk related to accounts receivable.

The finance unit of the Group manages the credit risk of cash in banks and other financial instruments in accordance with the company's policy. As the counterparties of the Group are determined by internal control processes and are organizations with good credit, there is no significant credit risk.

The Group adopts IFRS 9 to assess expected credit losses. Except for receivables, which are measured for provision for bad debts based on expected credit losses over the lifetime, the rest of the debt instrument investments not measured at fair value through profit or loss are primarily purchased with the premise of low credit risk, and credit risk was used as the basis for grouping the investments. On each statement of financial position date, it assesses whether the credit risk has significantly increased since the initial recognition to determine the method and loss rate of measuring the expected credit loss.

The Group written off financial assets when it determines that it is unlikely to be recoverable (for example, significant financial difficulties of the issuer or debtor, or bankruptcy).

#### 5. Liquidity Risk Management

The Group maintains financial flexibility through contracts such as cash and cash equivalents and bank loans. The table below summarizes the maturity of the contractually obligated payments of the Group's financial liabilities, prepared on the basis of the earliest possible date on which repayment may be required and their undiscounted cash flows, including agreed-upon interest amounts. The cash flow of interest paid at a floating rate, the undiscounted amount of interest is derived based on the yield curve at the end of the reporting period.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Non-derivative financial liabilities

	Less than one year	Two to three years	Four to five years	More than five years	Total
2024.12.31					
Borrowings	\$ 139,952	\$ 76,551	\$ 52,179	\$ 99,298	\$ 367,980
Accounts Payables	\$ 113,798	\$ —	\$ —	\$ —	\$ 113,798
2023.12.31					
Borrowings	\$ 167,248	\$ 101,537	\$ 66,258	\$ 122,012	\$ 457,055
Accounts Payables	\$ 110,323	\$ —	\$ —	\$ —	\$ 110,323

## 6. The reconciliation of liabilities from financing activities

The reconciliation information of liabilities for the year 2024:

	Short-term borrowings	Long-term borrowings	Total liabilities from financing activities
2024.1.1	\$ 110,000	\$ 313,521	\$ 423,521
Cash flow	(22,000)	(58,644)	(80,644)
Non-cash changes	—	—	—
2024.12.31	<u>\$ 88,000</u>	<u>\$ 254,877</u>	<u>\$ 342,877</u>

The liability adjustment information for the year 2023:

	Short-term borrowings	Long-term borrowings	Total liabilities from financing activities
2023.1.1	\$ 97,000	\$ 360,008	\$ 457,008
Cash flow	13,000	(46,487)	(33,487)
Non-cash changes	—	—	—
2023.12.31	<u>\$ 110,000</u>	<u>\$ 313,521</u>	<u>\$ 423,521</u>

## 7. Fair Value of Financial Instruments

## (1) The Valuation Technique and assumptions adopted for measuring the Fair Value.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Group to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- A. The carrying amounts of cash and cash equivalents, accounts receivables, accounts payables, and other current liabilities are reasonable approximations of their fair values, mainly due to the short maturity of these instruments.
- B. The fair value of financial assets and financial liabilities that are traded in an active market and have standard terms and conditions is determined by referring to market quotes (for example, listed stocks, beneficiary certificates, bonds, and futures etc.).

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

- C. The fair value of investments in debt-class instruments with no active market, bank loans, bonds payable, and other non-current liabilities is determined based on quotes from counterparties or valuation techniques. The valuation techniques are mainly based on discounted cash flow analysis, and assumptions such as interest rates and discount rates mainly refer to relevant information of similar instruments (like curve of reference yield rates from Over The Counter (OTC) market, average quoted rates of commercial paper from Reuters, and credit risk information).

(2) Fair Value of Financial Instruments Measured at Amortized Cost

The carrying amount of cash and cash equivalents, accounts receivables, accounts payables, and other current liabilities measured at amortized cost in the financial instruments of the Group approximates the fair value.

(3) Information Related to the Fair Value Level of Financial Instruments

Refer to Note (12).8 for the fair value hierarchy information of the Group's financial instruments.

8. Fair Value Hierarchy

(1) Definition of Fair Value Level

All assets and liabilities measured or disclosed at fair value are classified within the fair value hierarchy based on the lowest level of inputs that are significant to the entire measurement of their fair value. Inputs for each level are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in an active market available on the measurement date.

Level 2: Assets or liabilities for which there are directly or indirectly observable inputs, excluding those included in Level 1.

Level 3: Unobservable inputs for assets or liabilities.

For assets and liabilities recognized in the financial statements on a recurring basis, their classification is reevaluated to determine whether there has been a transfer among the levels of the fair value hierarchy at the end of each reporting period.

(2) Level information of fair value measurement

The Group does not have non-recurring assets measured at fair value. The fair value hierarchy information for recurring assets and liabilities is presented as follows:

December 31, 2024

	Level 1	Level 2	Level 3	Total
Assets measured through fair value:				
Financial assets at fair value through profit or loss				
TWSE/TPEx-listed Stock	\$ 42,471	\$ —	\$ —	\$ 42,471

December 31, 2023: None.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Transfer between fair value hierarchy Level 1 and Level 2

Between January 1 and December 31, 2024 and 2023, the Group did not have any transfers between fair value hierarchy Level 1 and Level 2 for recurring assets and liabilities measured at fair value.

9. Capital management

The primary objective of the Group's capital management is to ensure a sound credit rating and a good capital ratio to support business operations and maximize shareholder equity. The Group may adjust its capital structure and manage economic conditions through adjusting dividends paid, returning capital, or issuing new shares to maintain and adjust the capital structure.

XIII. Notes to Disclosure Items

1. Related Information of Significant Transactions and Information on Investees:

The Information on Significant Transactions from January 1, 2023 to December 31, 2024 are as follows:

- (1) Financing provided for others: Refer to Appendix 1.
  - (2) Endorsement or guarantee provided to others: Refer to Appendix 2.
  - (3) Marketable securities held at the end of the period: Refer to Appendix 3.
  - (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-up capital: None.
  - (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-up capital: None.
  - (6) Disposal of property at price in excess of NT\$300 million or 20% of the paid-up capital: None.
  - (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-up capital: Refer to Appendix 4.
  - (8) Accounts receivables from related parties amounting to at least NT\$ 100 million or 20% of the paid-up capital: None.
  - (9) For those who have significant influence or control over the investee companies (excluding Mainland China): Refer to Appendix 5.
  - (10) Derivatives Trading: None.
  - (11) Intercompany Relationships and Significant Intercompany Transactions: Refer to Appendix 6.
2. Disclosure of information on investment in mainland china: Not applicable.
3. Disclosure of information on major shareholders: Refer to Appendix 7.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

XIV. Segment Information

1. Segment Information is provided to the key operating decision-makers to allocate resources and evaluate segment performance. The primary operational decision maker of the Group considers the Group as a whole as a single operating segment and allocates resources and evaluates performance based on the overall information of the Group, thus there is no need to disclose the profit or loss, assets and liabilities information of the operating segment.
2. Important Customer Information:

	For the year ended December 2024	For the year ended December 2023
C1002	\$ 80,067	\$ 75,515
C4001	\$ 78,862	\$ 74,526

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)  
(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Appendix 1

Financing provided for others:

No. (Note 1)	Lender Company	Borrower	Related Transactions (Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 8)	Actual Amount Used	Interest Rate Range	Nature of Loaned Funds (Note 4)	Business Transaction Amount (Note 5)	Reason for the Need of Short-Term Financing (Note 6)	Amount of Provision for Losses	Collaterals		Funds for Individual Counterparty Loaning Amount Limit	Loaning of Funds Total Amount Limit	Remarks
													Name	Value			
0	Ping Ho Environmental Technology Co., Ltd.	Ping Ho Materials Technology Co., Ltd.	Other receivables - related parties	Yes	\$ 50,000	\$ 50,000	\$50,000	2.80%	Short-Term Financing	—	Operating Turnover	—	—	—	\$ 344,576	\$344,576	(Note 7)

(Note 1) The number is to be filled in the following manner in the column:

1. Issuer fills in "0".
2. The invested companies are numbered in order starting from "1."

(Note 2) The receivables from related enterprises, receivables from related parties, shareholder transactions, prepayments, and temporary payments, etc., if they are of a loaning nature, must be included in this section.

(Note 3) The highest balance of funds loaned to others during the year.

(Note 4) If the nature of the loaned funds is for business transactions, or if there is a need for short-term financing, it should be specified.

(Note 5) If the nature of the loaned funds is for business transactions, the business transaction amount should be provided. This amount refers to the business transaction amount between the lender company and the borrower during the most recent year.

(Note 6) If the nature of the loaned funds is for short-term financing, the reason for the loan and the purpose of the funds by the borrowing party should be specifically explained, such as repayment of loans, purchasing equipment, business turnover, etc.

(Note 7) According to the Company's procedures for loaning of funds, the total amount of external loans cannot exceed 40% of the latest net worth as per the most recent financial report. However, this restriction does not apply to foreign companies where the Company holds 100% of the voting shares directly or indirectly.  
The loan amount to a single enterprise cannot exceed 40% of the latest net worth as per the most recent financial report.

(Note 8) For companies or businesses with which the Company has business transactions, the total amount of funds loaned shall not exceed 40% of the Company's net worth, and the individual loan amount shall not exceed the business transaction amount between the two parties. The business transaction amount refers to the higher of the purchase or sales amount between the two parties.

(Note 9) If a publicly listed company, according to Article 14, Paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, loaning of funds on a case-by-case basis with a Board resolution, even if the funds have not yet been disbursed, the Board-approved amount should be

included in the disclosed balance to reflect the risk it undertakes. If the funds are later repaid, the remaining balance after repayment should be disclosed to reflect the adjustment in risk.

If a publicly listed company, based on Article 14, Paragraph 2 of the Regulations, has a Board resolution authorizing the chairman to disburse loans in installments or on a revolving basis within a set amount and within one year, the loan amount approved by the Board should still be used as the disclosed balance for announcement. Even if the funds are later repaid, considering the possibility of re-lending, the loan amount approved by the board should still be used as the disclosed balance for announcement.

(Note 10) The business has been eliminated when the consolidated statements are prepared.

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)  
(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Appendix 2

Endorsement or guarantee provided to others:

No.  (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement Guarantee at End of period (Note 5)	Actual Amount Used (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)
		Company	Relationship (Note 2)										
0	Ping Ho Environmental Technology Co., Ltd.	Ping Ho Materials Technology Co., Ltd.	2	\$ 430,721	\$ 280,000	\$ 180,000	\$ 88,000	\$ —	20.90%	\$ 430,721	Yes	No	No
1	Feng Jia Industrial Co., Ltd.	Wan Jing Industrial Co., Ltd.	4	\$ 86,144	\$ 5,000	\$ —	\$ —	\$ —	—	\$ 86,144	No	No	No
1	Feng Jia Industrial Co., Ltd.	Ching Jin Industrial Co., Ltd.	4	\$ 86,144	\$ 25,000	\$ —	\$ —	\$ —	—	\$ 86,144	No	No	No

(Note 1) The number is to be filled in the following manner in the column:

1. Issuer fills in "0".
2. The invested companies are numbered in order starting from "1."

(Note 2) Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; the category can be marked directly:

1. Companies having a business relationship.
2. Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
3. Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
4. The Company can provide endorsements and guarantees among companies where it directly and indirectly holds more than ninety percent of the voting shares, but the amount should not exceed ten percent of the Company 's net value. However, endorsements and guarantees among companies where the Company directly and indirectly holds one hundred percent of the voting shares are not subject to the restriction.
5. Based on the companies mutually guaranteed by the industry according to the contract regulations for the construction project needs.
6. Due to the joint investment relationship, each shareholder endorses/guarantees the company according to their shareholding ratio.

(Note 3) The Company, in the normal course of business, provides endorsements/guarantees, the amount of which corresponds to the higher of the total purchases or sales between the Company and the guaranteed party during the most recent year or the year-to-date period up to the time of providing the endorsement/guarantee. The total amount of

external endorsement and guarantee should not exceed 50% of the net value of the Company, and the amount of endorsement and guarantees for a single enterprise should not exceed 50% of the net value of the Company. For endorsements and guarantees between companies in which the Company and its subsidiaries directly and indirectly hold over 90% of the voting shares, the Amount shall not exceed 10% of the net value of the Company. However, guarantees between companies in which the Company directly or indirectly holds 100% of the voting shares are not subject to this limitation. The total amount of endorsement and guarantee that The Company and subsidiaries can provide shall not exceed 50% of the net value of The Company, and the amount of endorsement and guarantee that The Company and subsidiaries can provide for a single enterprise shall not exceed 50% of the net value of The Company. The net value is based on the most recent financial statements audited or reviewed by the auditor.

(Note 4) The maximum balance endorsed/guaranteed for others in the year.

(Note 5) By the end of the year, whenever the company signs endorsement or guarantee contracts or bills with the bank, it assumes the endorsement or guarantee responsibility. Besides, any other endorsements or guarantees should be included in the balance of endorsements and guarantees.

(Note 6) The endorsee company should input the Actual Amount Used within the Scope of Review for the use of endorsement guarantee balance.

(Note 7) Fill in “Y” for listed parent companies guaranteeing subsidiaries guaranteeing listed parent companies, and guarantors in Mainland China

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)  
(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Appendix 3

Status of Marketable Securities Held at Period-End (Excluding Investments in Subsidiaries, Associates, and Joint Ventures):

Company Held	Type of Marketable Security (Note 1)	Name of Marketable Security (Note 1)	Relationship with the Issuer of the Marketable Security (Note 2)	Financial Statement Account	At the end of period				Remarks
					Number of shares (in thousand shares)	Carrying amount (Note 3)	Shareholding ratio	Fair Value	
The Company	TWSE/TPEX-listed Stock	He Chin Precision Machinery Co., Ltd.	Substantial related party	Financial assets at fair value through profit or loss - current	1,534	\$ 42,021	1.77%	\$ 42,021	
The Company	TWSE/TPEX-listed Stock	Evergreen Marine Corp.	—	Financial assets at fair value through profit or loss - current	2	\$ 450	Under 0.01%	\$ 450	

(Note 1) The term "marketable securities" in this table refers to stocks, bonds, beneficiary certificates, and derivatives of the aforementioned items that fall within the scope of IFRS 9 "Financial Instruments."

If the issuer of the marketable security is not a related party, the "relationship" column may be left blank.

(Note 2) For securities measured at fair value, the carrying amount should reflect the fair value after adjustments and net of accumulated impairment.

(Note 3) For those not measured at fair value, the carrying amount should be based on acquisition cost or amortized cost, net of accumulated impairment.

(Note 4) If any of the listed securities are pledged as collateral, used for secured loans, or are otherwise restricted by contractual terms, a note should be made in the remarks column indicating the number of shares pledged or loaned, the related amounts, and the nature of the restriction.

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)  
(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Appendix 4

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-up capital:

Buyer/Seller	Counterparty	Relationship	Transaction Details				Payment Terms and Reason for Abnormal Transaction (Note 1)		Accounts/Bills Receivable or Payable		(Note 2)
			Purchase or Sale	Amount	% to Total Purchases or Sales	Credit Period	Unit Price	Credit Period	Balance	% to Total Bills/Accounts Receivable or Payable	
Ping Ho Environmental Technology Co., Ltd.	Feng Jia Industrial Co., Ltd.	Subsidiary	Purchase of goods	\$ 133,082	54.56%	30 days	—	—	\$ 18,854	35.84%	

(Note 1) If the payment terms of the related party transactions differ from the general terms, the differences and reasons should be explained in the price and credit period sections.

(Note 2) If there are advanced receipts (prepayments) conditions, the reasons, contract terms, amount, and differences with general transaction types should be stated in the “Remarks” column.

(Note 3) Paid-up Capital refers to the paid-up capital of the Parent. For the issuer whose stocks have no par value or the par value per share is not NT\$10, the rule concerning 20% of the paid-in capital transaction amount, is calculated based on 10% of the equity attributable to owners of the parent as stated on the balance sheet.

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)  
(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Appendix 5

Name, Location...etc. of invested companies (excluding those in the Mainland China):

Investment Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Profit or Loss of the Investee (Note 2)	The Company's Investment Income (Loss) (Note 2 (3))	Remarks
				December 31, 2024	December 31, 2023	Number of shares	%	Amount			
Ping Ho Environmental Technology Co., Ltd.	Ping Ho Materials Technology Co., Ltd.	Taiwan, Republic of China	Wastewater Treatment	\$ 260,630	\$ 210,100	18,962,425	94.81%	\$ 148,970	(\$ 26,984)	(\$ 24,948)	Subsidiary (Note 3)
Ping Ho Environmental Technology Co., Ltd.	Ching Jin Industrial Co., Ltd.	Taiwan, Republic of China	Waste Transportation Industry	\$ 20,307	\$ 20,307	2,470,000	100.00%	\$ 50,664	\$ 20,055	\$ 20,055	Subsidiary (Note 4)
Ping Ho Environmental Technology Co., Ltd.	Wan Jing Industrial Co., Ltd.	Taiwan, Republic of China	Waste Transportation Industry	\$ 4,449	\$ 4,449	900,000	100.00%	\$ 14,940	\$ 3,636	\$ 3,636	Subsidiary (Note 4)
Ping Ho Environmental Technology Co., Ltd.	Feng Jia Industrial Co., Ltd.	Taiwan, Republic of China	Manufacture and wholesale of chemical raw materials	\$ 47,544	\$ 47,544	6,351,000	100.00%	\$ 107,945	\$ 27,320	\$ 27,320	Subsidiary (Note 4)

(Note 1) If a publicly issued company has a foreign holding company and the consolidated financial statements are the main financial statements according to local regulations, the disclosure of the information of the foreign investee can be limited to the information related to that holding company.

(Note 2) For those not falling under (Note 1, fill in according to the following provisions:

- (1) The columns such as "Name of the Invested Company", "Location", "Main Businesses and Products", "Original Investment Amount", and "Shareholding Status at the End of the Period" should be completed in sequence according to the investment situation of our (publicly issued) company and the reinvestment situation of each invested company directly or indirectly controlled. The relationship between each invested company and our (publicly issued) company (such as subsidiaries or grandchild companies) should be indicated in the "Remarks" column.
- (2) "The column 'Net Profit or Loss of the Investee' should be filled with the current profit (loss) amount of each investee."
- (3) The column "Investment Income (Loss)" only needs to be filled out with the loss and profit amounts of each subsidiary that the company (publicly listed) directly invests in and each investee company valued by the equity method, and the rest can be exempted. When filling out the "Amount of Current Profit or

Loss of each Subsidiary Directly Reinvested", it should be confirmed that the amount of current profit or loss of each subsidiary has included the investment profit or loss that should be recognized according to the regulations on its reinvestment.

(Note 3) Including unrealized profit (loss) among affiliated companies.

(Note 4) All intra-group transactions, are eliminated upon consolidation.

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)  
(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Appendix 6

Intercompany Relationships and Significant Intercompany Transactions:

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms	Ratio to Consolidated Revenue or Total Assets (Note 3)
0	Ping Ho Environmental Technology Co., Ltd.	Ching Jin Industrial Co., Ltd.	1	Operating costs	\$ 11,527	Equivalent to General Payment Terms	1.82%
0	Ping Ho Environmental Technology Co., Ltd.	Ching Jin Industrial Co., Ltd.	1	Accounts Payables	\$ 7,928	Equivalent to General Payment Terms	0.59%
0	Ping Ho Environmental Technology Co., Ltd.	Feng Jia Industrial Co., Ltd.	1	Operating costs	\$ 133,082	Equivalent to General Payment Terms	20.96%
0	Ping Ho Environmental Technology Co., Ltd.	Feng Jia Industrial Co., Ltd.	1	Accounts Payables	\$ 21,821	Equivalent to General Payment Terms	1.62%
0	Ping Ho Environmental Technology Co., Ltd.	Ping Ho Materials Technology Co., Ltd.	1	Other receivables - related parties	\$ 50,384	Payment According to Contract	3.74%

(Note 1) The business transaction information between the group should be indicated in the number column, and the number is to be filled in the following manner:

1. Parent company fills in "0".
2. The subsidiaries are numbered in order starting from "1".

(Note 2) There are two types of relationships with traders, only the types are indicated:

1. Parent to subsidiary.
2. Subsidiary to subsidiary.

(Note 3) The calculation of the Ratio to Consolidated Revenue or Total Assets for the transaction amount, if it belongs to the Financial Statement Account of Assets and Liabilities, is calculated by the method of Balance at end of period/Ratio to Consolidated Revenue or Total Assets; if it belongs to the income and expenditure Financial Statement Account, it is calculated by the method of the cumulative Amount/Ratio to Consolidated Revenue during the period.

(Note 4) The significant Transaction Details in the table can be determined by the company whether to fill according to the principle of materiality.

(Note 5) The business has been eliminated when the consolidated statements are prepared.

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Appendix 7

Disclosure of information on major shareholders:

Unit: share

Names of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Ming-Yang Wu	2,101,172	6.73%
Yu-Cheng Chung	1,587,324	5.09%

(Note 1) The information in this table regarding major shareholders is compiled by the Taiwan Depository & Clearing Corporation (TDCC) based on shareholders who, as of the last business day of each quarter, hold 5% or more of the Company's issued common and preferred shares that have completed dematerialized registration (including treasury shares). Note that the share capital recorded in the Company's financial report may differ from the actual number of shares registered and delivered in dematerialized form due to differences in the basis of preparation or calculation.

(Note 2) Note 2: If the shares have been placed in trust by shareholders, the information is disclosed under the trustee's trust accounts based on each settlor's sub-account. As for shareholders required to declare insider shareholding exceeding 10% in accordance with securities laws, such declarations include both their directly held shares and any shares placed in trust over which they retain decision-making rights. For insider shareholding disclosures, please refer to the Market Observation Post System (MOPS).