

Stock Code: 6771



**Ping Ho Environmental
Technology Co., Ltd.**

Annual Report 2024

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

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

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

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

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I. Letter to Shareholders

Dear Shareholders:

In 2024, although the overall economy remained under pressure from persistent inflation and the ongoing Russia-Ukraine conflict, the Company achieved modest growth in both production volume and revenue. This progress was driven by continued efforts to develop new customer relationships and strengthen ties with existing clients. To support customers through these challenging times, the Company chose to absorb increased electricity costs without passing them on. In addition, during the application process for listing on the Taiwan Stock Exchange's Innovation Board, the Company recognized a number of one-time expenses, resulting in a slight decline in net profit in 2024 compared to 2023.

Looking ahead to 2025, despite ongoing global risks such as trade protectionism, climate change, and geopolitical tensions, innovation and growth driven by emerging technologies offer grounds for cautious optimism. For the Company, changes in end-market demand may impact customer production activities, and in turn, influence the volume of influent water received. The Company will continue to closely monitor customer developments and adjust strategies accordingly.

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

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

I. 2024 Annual Business Report

(I) The implementation results of the business plan:

The consolidated operating revenue of the company was 635,001 thousand dollars, with a consolidated operating net profit of 162,416 thousand dollars in 2024. The net profit after tax attributable to the Company was 118,280 thousand dollars, resulting in an EPS of \$3.89.

(II) Status of Budget Implementation:

The Company did not publish financial forecasts for 2024, hence the application of budget attainment is not applicable.

(III) Analysis of Financial Stability and Profitability:

Unit: NT\$ thousand

Items		2023	2024
Financial Income	Operating Revenue	609,242	635,001
	Gross Profit	294,632	292,983
	Operating Income	173,266	162,416
Profitability	Return on Assets (%)	11%	9%
	Return on Equity (%)	19%	15%
	Paid-in capital Ratio (%)	Operating Profits	59%
		Income Before Tax	56%
	Net Profit Margin (%)	22%	19%
Earnings Per Share (NT\$)		4.76	3.89

(IV) Status of Research and Development:

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

II. Business Plan for 2025

(I) Business objectives:

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

(II) The Company's Operational Management Strategy:

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

(III) Status of Sales Forecast Plan:

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

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

1. The Future Corporate Development Strategy:

- (1) Promote resource reuse to establish mutually beneficial partnerships with customers, emphasizing environmental sustainability.
- (2) Keep abreast of environmental regulations and industry trends, while engaging into technical applications and developments to seize market opportunities.

2. Influenced by the external competitive environment, regulatory framework, and overall business climate:

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

Best wishes to all shareholders

Wishing you good health and success in all endeavors

Chairman: Ming-Yang Wu

II. Corporate Governance Report

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

(I) Directors and Supervisors information

Unit: shares; April 27, 2025

Title (Note 1)	Nationality or Place of Incorporation	Name	Gender / Age (Note 2)	Date of Elected	Term	Date of First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Currently holding positions in the Company and other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Ming-Yang Wu	Male, 61- 70 years old	2022. 06.15	3 years	2015. 11.03	2,101,172	7.20%	2,101,172	6.74%	0	0%	0	0%	TsauGung Elementary School Honorary President of the Kaohsiung City New Chamber of Commerce	Chairman of Ping Ho Materials Technology Co., Ltd. Chairman of Walter Express Co., Ltd. Supervisor of Kaohsiung International Economy Co., Ltd.	Technology Division Assistant Manager	Hui-Kuo Wu	Father and son	None
Director and CEO	Republic of China	Ming-Jen Hung	Male, 61- 70 years old	2022. 06.15	3 years	2019. 05.29	1,268,420	4.35%	1,268,420	4.07%	578,637	1.86%	420,000	1.35%	Bachelor's degree of Design Marketing at TungFang Design Universiy President of Feng Jia Industrial Co., Ltd. President of Ching Jin Industrial Co., Ltd. President of Wan Jing Industrial Co., Ltd. President of Ping Ho Materials Technology Co., Ltd.	Chairman of Feng Jia Industrial Co., Ltd. Chairman of Ching Jin Industrial Co., Ltd. Chairman of Wan Jing Industrial Co., Ltd. Chairman of Feng Jia Construction Co., Ltd. Chairman of Ren Xiang Investment consulting Co., Ltd. President of Ping Ho Materials Technology Co., Ltd.	None	None	None	None
Director	Republic of China	Ming-Cheng Chung	Male, 51- 60 years old	2022. 06.15	3 years	2019. 08.30	589,680	2.02%	589,680	1.89%	0	0%	0	0%	Yung-Ta Institute of Technology & Commerce Director of Dah Chuan Steel Pipe Corp.	Director of Dah Chuan Steel Pipe Corp. Director of Great River Steel Corp. Director of Cai Sheng Investment Corp. Director of Yong Chuan Brick and Tile Corp. Supervisor of Chung Yuan- Heng Steel Corp.	None	None	None	None
Director	Republic of China	Chin-Lan Huang	Female, 51-60 years old	2023. 11.03	3 years	2023. 11.03	211,450	0.72%	211,450	0.68%	0	0%	0	0%	Associate Degree of Early Childhood Education, National Pingtung University of Education Director of Cheng Yi Steel Co., Ltd. Director of Universal Inspection Technology Co., Ltd.	None	None	None	None	None

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

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

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

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

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

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

Table 1: Major shareholders of the institutional shareholders

April 27, 2025

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

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

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

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

Table 2: Table 1: Major shareholders are institutions

April 27, 2025

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

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

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

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

(I) Directors and Supervisors information (continued)

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

May 19, 2025

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

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

Qualification Name	Professional Qualifications and Experience (Note 1)	Independence Criteria (Note 2)	Number of concurrent independent directorships at other publicly listed companies
	Company. There is no circumstance outlined in Article 30 of the Company Law.	as a Director, supervisor, or employee of a company that has a specific relationship with the Company. He has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.	
Independent Director Jun-An Chang	As a member of the Audit Committee and Remuneration Committee of the Company, as well as the Chairman of Ace Carbon Reduction Tech Co., Ltd. He brings over five years of work experience necessary for company operations. With expertise in the field of chemical engineering, and offer timely professional opinions on R&D and process technology for the Company. There is no circumstance outlined in Article 30 of the Company Law.	As an Independent Director, he meets the criteria for independence, including but not limited to, neither himself, his spouse, nor any immediate family member up to the second degree of kinship has served as a Director, supervisor, or employee of the Company or its affiliated enterprises. He doesn't hold any shares of the Company nor served as a Director, supervisor, or employee of a company that has a specific relationship with the Company. He has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.	0

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

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

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

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

- A. Operational Judgment Capability.
- B. Accounting And Financial Analysis Capability.
- C. Management Capability.
- D. Crisis Management Capability.
- E. Industry Knowledge.
- F. International Market Insight.
- G. Leadership Capability.
- H. Decision-Making Capability.

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

If the proportion of either gender on the Board of Directors of TWSE/TPEX Listed Companies does not reach one-third of the total seats, describe the reasons along with planned measures to enhance gender diversity on the board: Currently, the Company's board has only one female director, which does not meet the one-third threshold. This is mainly due to the nature of the industry. Moving forward, the Company will actively seek female candidates with professional qualifications and strengthen career planning and development for female executives to increase the pool of future female board candidates.

Diversity of the Board of Directors

Title	Name	Natio-nality	Gender	Holding an employee status	Age				Tenure of Independent Director	Diversification Item							
					Under 50 years old	51 to 60 years old	61 to 70 years old	71 to 80 years old		Operational Judgment	Accounting and Finance	Management	Crisis Management	Industry Knowledge	International Market Insight	Leadership Capability	Decision-Making Capability
Chairman	Ming-Yang Wu	Republic of China	Male				V		Less than three years	V		V	V		V	V	V
Director	Ming-Jen Hung	Republic of China	Male	V		V			V		V	V	V	V	V	V	V
Director	Ming-Cheng Chung	Republic of China	Male		V				V		V	V	V		V	V	V
Director	Chin-Lan Huang	Republic of China	Female		V				V		V	V		V	V	V	V
Independent Director	Chi-Shan Hung	Republic of China	Male				V		V	V	V	V		V	V	V	V
Independent Director	Tao-Min Chen	Republic of China	Male			V	V	V			V		V		V		
Independent Director	Jun-An Chang	Republic of China	Male		V		V	V	V		V	V	V	V		V	

(2) Board of Directors Independence:

The Company's Board of Directors comprises 7 members, (including 3 Independent Directors). Among the board members, Independent Directors represent 43%, while those with employee status make up 14.29%. Gender equality within the board is also a focus, with 1 female director among the 7, accounting for a ratio of 14.29%. This aligns with the management objective of diversity policy for board members. The Board guides company strategy, oversees management, and is accountable to the Company and shareholders

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

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

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

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

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

Unit: Shares; April 27, 2025

Title (Note 1)	Nationality	Name	Gender	Date of Elected	Shares Held		Shares held by spouse and minor children		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Currently holding positions in other companies	Manager who is spouses or within two degrees of kinship			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
CEO	Republic of China	Ming-Jen Hung	Male	June 29, 2022	1,268,420	4.07%	578,637	1.86%	420,000	1.35%	Bachelor's degree of Design Marketing at TungFang Design Universiy President of Feng Jia Industrial Co., Ltd. President of Ching Jin Industrial Co., Ltd. President of Wan Jing Industrial Co., Ltd. President of Ping Ho Materials Technology Co., Ltd.	Chairman of Feng Jia Industrial Co., Ltd. Chairman of Ching Jin Industrial Co., Ltd. Chairman of Wan Jing Industrial Co., Ltd. Chairman of Feng Jia Construction Co., Ltd. Chairman of Ren Xiang Investment consulting Co., Ltd. President of Ping Ho Materials Technology Co., Ltd.	None	None	None	None
President	Republic of China	Hung-Chieh Huang	Male	June 29, 2022	67,089	0.22%	360	0%	380	0%	Master's Program at National Kaohsiung University of Science and Technology Vice President of Feng Jia Industrial Co., Ltd. Vice President of Ching Jin Industrial Co., Ltd. Vice President of Wan Jing Industrial Co., Ltd. Vice President of Ping Ho Materials Technology Co., Ltd.	Director of Feng Jia Industrial Co., Ltd. Director of Wan Jing Industrial Co., Ltd. Director of Ching Jin Industrial Co., Ltd. Chairman of Hung Sheng Investment Co., Ltd.	None	None	None	None
Financial and Accounting Supervisor cum Assistant Vice President	Republic of China	Yi-Sheng Chen	Male	October 1, 2016	50,137	0.16%	0	0%	0	0%	Department of Accountancy at National Cheng Kung University Assistant Vice President of Mildex Optical Inc. Vice President of DaBomb Protein Biotech Corp.	None	None	None	None	None
Assistant Manager of the Technology Division	Republic of China	Hui-Kuo Wu	Male	February 1, 2023	29,829	0.10%	0	0%	0	0%	Department of Electronic Engineering at China University of Science and Technology Manager of Walter Express Co., Ltd.	None	Chairman	Ming-Yang Wu	Father and son	None
Audit Supervisor	Republic of China	Yi-Chen Lin	Female	March 18, 2019	4,000	0.01%	0	0%	0	0%	Master of Accountin at National Chung Hsing University Accountant of Mercuries & Associates Holding, Ltd. Auditor of Deloitte Touche Tohmatsu Limited Passed the Certified Public Accountant Examination	None	None	None	None	None

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

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

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

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

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

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

1. Remuneration of General Directors and Independent Directors:

Unit: NT\$ thousand; December 31, 2024

Title	Name	Directors' Remuneration						Ratio of Total Remuneration (A+B+C+D) to Net Income	Part-time employees receive relevant remuneration						Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income	Receiving remuneration from entities outside of the subsidiary or from the parent company		
		Remuneration (A)		Retirement Pension (B)		Director Remuneration (C)			Salaries, Bonuses, and Special Expenses, etc. (E)		Retirement Pension (F)		Employee Remuneration (G)					
		The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company		
Director	Ming-Yang Wu	0	0	0	1,571	1,571	114	1,685 1.42%	1,685 1.42%	1,576	2,698	0	0	825 0	835 0	4,086 3.45%	5,218 4.41%	0
Director and CEO	Ming-Jen Hung																	
Director	Ming-Cheng Chung																	
Director	Chin-Lan Huang																	
Independent Director	Chi-Shan Hung	1,080	1,080	0	0	0	90	1,170 0.99%	1,170 0.99%	0	0	0	0	0	1,170 0.99%	1,170 0.99%	0	
Independent Director	Tao-Min Chen																	
Independent Director	Jun-An Chang																	

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

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

Remuneration Range Table

Range of Remuneration for Directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the Financial Statements (H)	The Company	All companies in the Financial Statements (I)
Less than \$1,000,000	Ming-Yang Wu, Ming-Jen Hung, Ming-Cheng Chung, Chin-Lan Huang, Chi-Shan Hung, Tao-Min Chen, Jun-An Chang	Ming-Yang Wu, Ming-Jen Hung, Ming-Cheng Chung, Chin-Lan Huang, Chi-Shan Hung, Tao-Min Chen, Jun-An Chang	Ming-Yang Wu, Ming-Cheng Chung, Chin-Lan Huang, Chi-Shan Hung, Tao-Min Chen, Jun-An Chang	Ming-Yang Wu, Ming-Cheng Chung, Chin-Lan Huang, Chi-Shan Hung, Tao-Min Chen, Jun-An Chang
\$1,000,000 (inclusive) - \$2,000,000 (exclusive)	0	0	0	0
\$2,000,000 (inclusive) - \$3,500,000 (exclusive)	0	0	Ming-Jen Hung	0
\$3,500,000 (inclusive) - \$5,000,000 (exclusive)	0	0	0	Ming-Jen Hung
\$5,000,000 (inclusive) - \$10,000,000 (exclusive)	0	0	0	0
\$10,000,000 (inclusive) - \$15,000,000 (exclusive)	0	0	0	0
\$15,000,000 (inclusive) - \$30,000,000 (exclusive)	0	0	0	0
\$30,000,000 (inclusive) - \$50,000,000 (exclusive)	0	0	0	0
\$50,000,000 (inclusive) - \$100,000,000 (exclusive)	0	0	0	0
Greater than or equal to \$100,000,000	0	0	0	0
Total	7 people	7 people	7 people	7 people

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

Unit: NT\$ thousand; December 31, 2024

Title	Name	Salary (A)		Retirement Pension (B)		Bonuses and Special Expenses, etc. (C)		Employee Remuneration (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Receiving remuneration from entities outside of the subsidiary or from the parent company		
		The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	All companies in the Financial Statements	
CEO	Ming-Jen Hung															
President	Hung-Chieh Huang	3,198	5,141	108	108	1,066	1,366	2,309	0	2,309	0	6,681	5.65%	8,924	7.54%	0

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

Remuneration Range Table

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

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

Unit: NT\$ thousand; December 31, 2024

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Remuneration to Net Income (%)
Managerial Officer	CEO	Ming-Jen Hung	0	3,299	3,299	2.79%
	President	Hung-Chieh Huang				
	Assistant Vice President	Yi-Sheng Chen				

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

1. If any Financial statements or individual financial statements that posted an after-tax deficit in any of the three most recent fiscal years shall disclose the names and remuneration paid to each directors and supervisors. However, it shall not apply if financial statements or individual financial statements have posted net income after tax for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits: None.
2. If the shares held by directors are insufficient for more than three consecutive months in the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual supervisors: None.
3. If the average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month: None.
4. If the total amount of remuneration received by all of the directors and supervisors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT\$15 million, the Company shall disclose the remuneration paid to that individual director or supervisor: None.

5. Companies that have been fall into the bottom two levels in the most recent annual corporate governance evaluation, or have experienced changes in trading methods, suspension of trading, delisted from the Taiwan Stock Exchange or the Taipei Exchange, or other circumstances deemed unsuitable for evaluation by the Corporate Governance Evaluation Committee within the most recent fiscal year and up to the publication date of the annual report: None.
6. For the Company is listed on the Taiwan Stock Exchange or the Taipei Exchange, if the average annual salary of the full-time non-management employees is less than NT\$500,000 in the most recent fiscal year: None.
7. Listed companies whose net income increased by more than ten percent in the most recent fiscal year, but the average annual salary of full-time non-management employees did not increase compared to the previous year: None.
8. Listed companies that experienced a decline in net income of more than ten percent and exceeding NT\$5 million in the most recent fiscal year, as well as an increase in the average remuneration per director (excluding remuneration for employees holding dual roles) of more than ten percent and exceeding NT\$100,000: None.

(III) If the circumstance in item 1 or 5 of the preceding point applies to the Company listed on the TWSE or the TPEx, it shall disclose the individual remuneration paid to each of its five most senior management personnel: None.

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

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

Title	Ratio of Total Remuneration to Net Income for 2023		Ratio of Total Remuneration to Net Income for 2024	
	The Company	All companies in the Financial Statements	The Company	All companies in the Financial Statements
Director	4.06%	4.87%	4.44%	5.40%
President and Vice President	4.99%	6.63%	5.65%	7.54%

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

III. Implementation of Corporate Governance

(I) Information on Board of Directors Operations:

1. The total of 5 meetings (A) were held in the fiscal year 2024 with the attendance of directors as follows:

Title	Name	Actual Attendance Times B	Number of times attended by proxy	Actual Attendance Rate (%) 【B/A】 (Note 1)	Remarks
Chairman	Ming-Yang Wu	5	0	100%	—
Director	Ming-Jen Hung	5	0	100%	—
Director	Ming-Cheng Chung	5	0	100%	—
Director	Chin-Lan Huang	4	0	80%	-
Independent Director	Chi-Shan Hung	5	0	100%	—
Independent Director	Tao-Min Chen	5	0	100%	—
Independent Director	Jun-An Chang	5	0	100%	—

Other mentionable items:

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

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

Board Meeting Date (Session)	Content of the motion	All Independent Directors' opinions	Response of the opinions from Independent Directors by the Company
2024.03.12 (1st meeting in 2024)	<ol style="list-style-type: none"> The Company's internal control system effectiveness evaluation and internal control system statement for the year ended December 2023. Amendments to the Company's internal control-related regulations (rules of procedure for board meetings and audit committee charter). 	No opinion	Not applicable

	<p>3. Intend to reconfirm the process and general policy of prior consent for Assurance-related Non-Assurance Services and list of Non-Assurance Services for Ernst & Young Taiwan and its affiliates.</p> <p>4. The case of the change of the Company's certified public accountant.</p> <p>5. Evaluate the appointment, remuneration, independence, and suitability of the certified public accountant for the Company in the fiscal year 2024.</p> <p>6. To comply with the Company's application for initial public offering, it is proposed to arrange for a public offering of new shares through cash capital increase before listing.</p> <p>7. Proposal to establish a scheme for employee stock subscription for cash capital increase prior to listing.</p> <p>8. Proposing to submit the case of cash capital increase participation by managers and employees holding director positions before listing, along with the allocation of employee stock options.</p> <p>9. The case of distribution of employee bonuses and directors' remuneration for The Company in 2023.</p> <p>10. The Company's Business Report and Financial Statements in 2023.</p> <p>11. The Company's Profits Distribution in 2023.</p> <p>12. The Company's cash dividends distribution from profits for the year 2023.</p> <p>13. The Company plans to enter into a "Legal Compliance Advisory Service Agreement" with Grand Fortune Securities Co., Ltd.</p>		
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	<p>14. Acceptance of Shareholder Proposals Period.</p> <p>15. Proposing the date, venue, purposes of convening, and related matters for the 2024 Annual Shareholders' Meeting of the Company.</p>		
2024.05.13 (2nd meeting in 2024)	<p>1. The Company's and its subsidiaries' greenhouse gas inventory and verification schedule plan.</p>	No opinion	Not applicable
2024.08.07 (3rd meeting in 2024)	<p>1. The Company's Consolidated Financial Statements for the second quarter of 2024.</p> <p>2. The Company's Loaning of Funds</p> <p>3. The Company's application for a credit limit from the bank.</p> <p>4. The Company's endorsement/guarantee case.</p> <p>5. The Company's amendments to the "Corporate Charter" and the "Procedures for Acquisition or Disposal of Assets."</p> <p>6. The Company's amendments to internal control-related regulations (Investment Cycle, Guidelines for Internal Control Systems, Implementation Rules for Internal Audits, Procedures for the Supervision and Management of Subsidiaries, and Level of Authority Table).</p> <p>7. The Company's intention to purchase securities of its subsidiary Ping Ho Materials Technology Co., Ltd.</p> <p>8. The Company's plan to subscribe to the cash capital increase of its subsidiary Ping Ho Materials Technology Co., Ltd.</p> <p>9. Drafting the convening matters of the first extraordinary shareholder meeting of The Company in 2024.</p>	No opinion	Not applicable

2024.11.06 (4th meeting in 2024)	<ol style="list-style-type: none"> 1. The Company's Consolidated Financial Statements for the third quarter of the year 2024. 2. The Company's cash dividend distribution of earnings for the first half of 2024. 	No opinion	Not applicable
2024.12.24 (5th meeting in 2024)	<ol style="list-style-type: none"> 1. The Company's Budget and Operational Plan for the Year 2025. 2. The Company's application for a credit limit from the bank. 3. The Company's Audit Plan for the year 2025. 4. The Company's endorsement/guarantee case. 5. The Company's amendments to internal control-related regulations (Corporate Governance Best Practice Principles). 6. The Company's establishment of the "Sustainability Information Management Procedures" and the "Sustainability Development Committee Charter." 7. The Company's establishment of the Sustainability Development Committee and appointment of its members. 8. Company's 2023 Sustainability Report. 9. The Company's planned investment in affiliated entities. 10. Review the Company's "Remuneration Committee Charter" and the "Director, Functional Committee, and Manager Performance Evaluation and Remuneration Method". 11. The remuneration for the Directors and Managers of the Company. 12. The Company's Manager Year-End Bonus for the Fiscal Year 2024. 	No opinion	Not applicable

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

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

Board Meeting Date	Name of Directors	Content of the motion	Reasons for recusal due to potential conflicts of interest	Involvement in voting
2024. 03.12	Ming-Jen Hung	Proposing to submit the case of cash capital increase participation by managers and employees holding director positions before listing, along with the allocation of employee stock options.	In cases involving personal interests, individuals should recuse themselves according to the law and abstain from participating in discussions and voting.	Director Ming-Jen Hung adhered to legal requirements by abstaining and refraining from participating in the discussion or voting of this matter. The remaining directors present unanimously approved the case without objection.
2024. 03.12	Ming-Yang Wu Ming-Jen Hung Ming-Cheng Chung Chin-Lan Huang	The case of distribution of employee bonuses and directors' remuneration for The Company in 2023.	In cases involving personal interests, individuals should recuse themselves according to the law and abstain from participating in discussions and voting.	Directors Mr. Ming-Yang Wu, Mr. Ming-Jen Hung, Mr. Ming-Cheng Chung, and Ms. Chin-Lan Huang recused themselves in accordance with the law and did not participate in the discussion or voting of this matter. The remaining directors present unanimously approved the case without any objections.
2024. 12.24	Ming-Jen Hung	The remuneration for the Directors and	In cases involving personal interests,	Directors Ming-Jen Hung, Chi-Shan Hung,

	Chi-Shan Hung Tao-Min Chen Jun-An Chang	Managers of the Company.	individuals should recuse themselves according to the law and abstain from participating in discussions and voting.	Tao-Min Chen, and Jun-An Chang each legally recused themselves and did not participate in the discussion and vote of this matter. The remaining attending directors passed the case without objection.	
2024.12.24	Ming-Jen Hung	The Company's Manager Year-End Bonus for the Fiscal Year 2024.	In cases involving personal interests, individuals should recuse themselves according to the law and abstain from participating in discussions and voting.	Director Ming-Jen Hung adhered to legal requirements by abstaining and refraining from participating in the discussion or voting of this matter. The remaining directors present unanimously approved the case without objection.	

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

Evaluation Cycle	Evaluation Period	Scope of evaluation	Evaluation Method	Evaluation content	Evaluation results
Execute once a year	2024.01.01 to 2024.12.31	Board of Directors	Internal self-evaluation by the Board of Directors	There are a total of 45 measurement indicators for five major aspects, includes level of participation in company operations, the quality of Board of Directors' decisions, Board of Directors' composition and structure, appointment of Board of Directors and their continued development, and internal controls.	90 points

Execute once a year	2024.01.01 to 2024.12.31	Individual Directors Members	Self-evaluation of the Board of Directors Members	There are a total of 23 measurement indicators for six major aspects, includes grasp of company goals and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.	90 points
Execute once a year	2024.01.01 to 2024.12.31	Audit Committee	Internal self-evaluation of the Committee	There are a total of 22 measurement indicators for five major aspects, includes level of participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees and member selection, and internal controls.	92 points
Execute once a year	2024.01.01 to 2024.12.31	Remuneration Committee	Internal self-evaluation of the Committee	There are a total of 19 measurement indicators for four major aspects, includes level of participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees and member selection.	90 points
<p>(I) The Company has concluded the self-evaluation of the Board of Directors' performance for 2024 and submitted the evaluation results to the Board of Directors on March 11, 2025, as the basis for review and improvement.</p> <p>IV. Evaluation of the objectives to strengthen the functions of the Board of Directors in the current and previous years (such as establishing an Audit Committee, enhancing information transparency, etc.) and evaluation of their implementation status:</p>					

(I) Objective: The Company adheres to the principle of operational transparency, strengthens corporate governance, and continually enhances the professional competence of the Directors. The communication channel between the auditor and the governance units has been functioning well.

(II) Implementation Status:

1. The Company has established an Audit Committee, which reviews relevant proposals within its authority and submits them to the Board of Directors for resolution, thereby assisting the Board of Directors in fulfilling its supervisory duties.
2. The company engaged instructors from professional institutions to conduct courses on corporate governance and regulations, aiding directors in their continuous education. All directors complied with legal requirements regarding training hours for 2024, with a total training duration of 51 hours.
3. The accountant attends the Board of Directors irregularly and communicates with directors on important audit matters, audit conditions, key audit matters, and the latest legal revisions before each board meeting. In 2024, the accountant reported before the Board of Directors on 5 occasions and attended the annual shareholders' meeting as well as the first extraordinary shareholders' meeting.
4. The Company renewed its "Directors and Officers Liability Insurance" on March 11, 2025, and will continue to evaluate whether the insurance remuneration amount and coverage range meet its needs.
5. The Company is dedicated to improving information transparency. In addition to appointing spokespersons and deputy spokespersons, we have assigned personnel responsible for public information disclosure and other related matters. Furthermore, our website features an investor section to ensure the timely update of company information, enabling investors to access relevant information about the Company in real-time.

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

2. The total of 5 meetings held in the fiscal year 2024 with the attendance of independent directors at the board meetings is as follows:

Title	Name	Meeting Date				
		2024.03.12	2024.05.13	2024.08.07	2024.11.06	2024.12.24
Independent Director	Chi-Shan Hung	V	V	V	V	V
Independent Director	Tao-Min Chen	V	V	V	V	V
Independent Director	Jun-An Chang	V	V	V	V	V

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

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

Information on the operation status of the Audit Committee: The Audit Committee was established on March 3, 2020. The total of 5 meetings held in the fiscal year 2024 with the attendance of independent directors at the board meetings is as follows:

Title	Name	Actual Attendance Times (B)	Number of times attended by proxy	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Remarks
Independent Director	Chi-Shan Hung	5	0	100%	Convenor
Independent Director	Tao-Min Chen	5	0	100%	—
Independent Director	Jun-An Chang	5	0	100%	—

Other mentionable items:

I. Audit Committee's Annual Priorities

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

II. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' objections, reservations, or significant suggestions, and the

Company's response to the Audit Committee should be specified:

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

Audit Committee Date (Session)	Content of the motion	Audit Committee Resolution	Response of the opinions from Audit Committee by the Company
2024.03.12 (9th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. The Company's internal control system effectiveness evaluation and internal control system statement for the year ended December 2023. 2. Amendments to the Company's internal control-related regulations (rules of procedure for board meetings and audit committee charter). 3. Intend to reconfirm the process and general policy of prior consent for Assurance-related Non-Assurance Services and list of Non-Assurance Services for Ernst & Young Taiwan and its affiliates. 4. The case of the change of the Company's certified public accountant. 5. Evaluate the appointment, remuneration, independence, and suitability of the certified public accountant for the Company in the fiscal year 2024. 6. To comply with the Company's application for initial public offering, it is proposed to arrange for a public offering of new shares through cash capital increase before listing. 7. The Company's Business Report and Financial Statements in 2023. 	Passed without objection	Submitted to the Board of Directors and approved by the attending directors

	<p>8. The Company's Profits Distribution in 2023.</p> <p>9. The Company plans to enter into a "Legal Compliance Advisory Service Agreement" with Grand Fortune Securities Co., Ltd.</p>		
2024.05.13 (10th meeting of the 2nd term)	<p>1. The Company's Consolidated Financial Statements for the first quarter of the year 2024.</p>	Passed without objection	Submitted to the Board of Directors and approved by the attending directors
2024.08.07 (11th meeting of the 2nd term)	<p>1. The Company's Consolidated Financial Statements for the second quarter of 2024.</p> <p>2. The Company's Loaning of Funds</p> <p>3. The Company's endorsement/guarantee case.</p> <p>4. The Company's amendments to the "Corporate Charter" and the "Procedures for Acquisition or Disposal of Assets."</p> <p>5. The Company's amendments to internal control-related regulations (Investment Cycle, Guidelines for Internal Control Systems, Implementation Rules for Internal Audits, Procedures for the Supervision and Management of Subsidiaries, and Level of Authority Table).</p> <p>6. The Company's intention to purchase securities of its subsidiary Ping Ho Materials Technology Co., Ltd.</p> <p>7. The Company's plan to subscribe to the cash capital increase of its subsidiary Ping Ho Materials Technology Co., Ltd.</p>	Passed without objection	Submitted to the Board of Directors and approved by the attending directors

	2024.11.06 (12th meeting of the 2nd term)	1. The Company's Consolidated Financial Statements for the third quarter of the year 2024. 2. The Company's cash dividend distribution of earnings for the first half of 2024.	Passed without objection	Submitted to the Board of Directors and approved by the attending directors	
	2024.12.24 (10th meeting of the 2nd term)	1. The Company's Budget and Operational Plan for the Year 2025. 2. The Company's endorsement/guarantee case. 3. The Company's amendments to internal control-related regulations (Corporate Governance Best Practice Principles). 4. The Company's establishment of the "Sustainability Information Management Procedures" and the "Sustainability Development Committee Charter." 5. Company's 2023 Sustainability Report. 6. The Company's planned investment in affiliated entities.	Passed without objection	Submitted to the Board of Directors and approved by the attending directors	
(II) Apart from the aforementioned matters, there were no other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.					
III. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.					
IV. Communications between the independent directors, the Company's chief internal auditor and CPAs (should include significant matters, methods, and resolutions regarding communication on the financial and operational status of the company):					
(I) The Internal Audit Supervisor: The audit supervisor submits the audit report (or tracking report) to the Audit Committee for review by the end of the month following the completion of audit items (or tracking items). In 2024, the audit supervisor attended 5 meetings of the Audit Committee and 5 meetings of the Board of Directors, engaging the communication with the Independent Directors and reporting the latest audit results in person.					

Date	Items Discussed	
2024/03/12	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	Audit status for the audit plan implemented from October 2023 to January 2024.
	Discussion Outcome	The Company's independent directors had no objections regarding the implementation of the audit work.
2024/05/13	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	Audit status for the audit plan implemented from February 2024 to March 2024.
	Discussion Outcome	The Company's independent directors had no objections regarding the implementation of the audit work.
2024/08/07	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	Audit status for the audit plan implemented from April 2024 to June 2024.
	Discussion Outcome	The Company's independent directors had no objections regarding the implementation of the audit work.
2024/11/06	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	Audit status for the audit plan implemented from July 2024 to August 2024.
	Discussion Outcome	The Company's independent directors had no objections regarding the implementation of the audit work.
2024/12/24	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	Audit status for the audit plan implemented from September 2024 to October 2024 and the audit plan for 2025.
	Discussion Outcome	The Company's independent directors had no objections regarding the implementation of the audit work and the audit plan.

(II) Accountant: The accountant attended a total of 5 Audit Committee meetings and 5 Board meetings in 2024. Before each Board meeting, they communicated with the Independent Director regarding important audit matters, audit status, key audit matters, and updates on amendments to laws and regulations. The Independent Director had no comments on the aforementioned topics.

Date	Items Discussed	
2024/03/12	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	1. Audit results of the 2023 financial statements. 2. Audit results of the key audit matter (revenue recognition). 3. Internal control recommendations for 2023.
	Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.
2024/05/13	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	The review results of the Company's financial statements for the first quarter of 2024.
	Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.
2024/08/07	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	The review results of the Company's financial statements for the second quarter of 2024.
	Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.
2024/11/06	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	The review results of the Company's financial statements for the third quarter of 2024.
	Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.
2024/12/24	Attending Independent Directors	Independent Director Chi-Shan Hung, Independent Director Tao-Min Chen, Independent Director Jun-An Chang
	Key Discussion Points	The audit schedule and key audit matters for 2025.
	Discussion Outcome	The independent directors had no objections regarding the aforementioned matters.

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

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

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

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies". The information has been disclosed on the Company's website.	None.
II. Shareholding structure & shareholders' rights (I) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (III) Does the company establish and execute the risk management and firewall system within its affiliated?	V		(I) In addition to appointing a spokesperson and deputy spokesperson, The Company also engages the professional Stock Affairs agency "Grand Fortune Securities Co., Ltd." to address shareholders' concerns and suggestions. In the event of legal matters, professional lawyers or legal personnel will be enlisted for assistance. (II) The Company adheres to regulations by monthly reporting changes in share ownership among insiders, ensuring a comprehensive understanding of the shareholding status of major shareholders. (III) The Company clearly delineates the responsibilities for asset and financial management between the Company and its affiliates. In cases where there are business transactions between the Company and affiliated enterprise, they are treated as independent third parties.	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		<p>The Company has established relevant protocols such as "Management Measures for Transactions with Related Parties, Specific Companies, and Group Enterprises" and "Supervision and Governance of Subsidiaries" to ensure compliance and implement risk control and firewall mechanisms for affiliated enterprises.</p> <p>(IV) The Company has established "Operating Procedures for Internal major information processing and Prevention of insider trading" and the internal rules to forbid insiders trading on undisclosed information.</p>	None.
III. Composition and Responsibilities of the Board of Directors (I) Does the Board of Directors develop a diversified policy, concrete management objectives, and implement them effectively? (II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		<p>(I) The "Corporate Governance Best Practice Principles" established by the Company clearly outlines the diversity policy for directors and implements a candidate nomination system for the Company's directors (including Independent Directors). The Board of Directors comprises industry elites and financial experts, in addition to shareholders. Among the seven directors, one is female.</p> <p>(II) In addition to legally establishing a Remuneration Committee and an Audit Committee, The Company has also set up an Employee Welfare Committee. The establishment of other functional committees will be evaluated as needed in the future.</p>	None.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(III) Does the company establish a standard to measure the performance of the Board of Directors, implement regular annual performance evaluations, submit the evaluation results to the Board of Directors, and used them as references for individual directors' remuneration and re-nomination?	V		(III) The Company has established a "Board of Directors Performance Evaluation Method," and the evaluation results for the Board of Directors for 2024 were reported at the board meeting on March 11, 2025. The operation of the Board of Directors is carried out in accordance with the "Regulations Governing Procedure for Board of Directors Meetings," and the performance of the Board of Directors remains satisfactory. Additionally, the Company has established a "Director, Functional Committee, and Manager Performance Evaluation and Remuneration Method" Relevant procedures are conducted according to the performance evaluation standards outlined in the method. The performance and remuneration of directors and managers will be submitted to the Remuneration Committee for deliberation.	None.
(IV) Does the company regularly evaluate the independence of CPAs?	V		(IV) The Company, in accordance with the "Corporate Governance Best Practice Principles," conducts an annual regular evaluation of the auditor's independence and suitability. The Company obtains the auditors' independence declaration and Audit Quality Indicators (AQI) information. On March 11, 2025, the Board of Directors reviewed and approved that the signing auditors meet the Company's standards for independence and suitability and are qualified as the Company's CPAs.	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
IV. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		<p>The Company, by resolution of the Board of Directors on September 12, 2023, appointed Assistant Vice President Yi-Sheng Chen as the Corporate Governance Officer, responsible for overseeing and executing corporate governance-related matters.</p> <p>The scope of responsibilities for the Corporate Governance Officer is as follows:</p> <ol style="list-style-type: none"> Handle all meeting-related matters for the Board of Directors and Shareholders' Meetings in accordance with laws and regulations. <ol style="list-style-type: none"> Prepare Board meeting materials within the legally prescribed timeframe, send meeting notices at least 7 days before the meeting, remind directors about conflict of interest and recusal, and distribute meeting minutes within 20 days after the meeting. Conduct pre-registration procedures for Shareholders' Meetings as required by law, and prepare meeting materials, notices, procedural manuals, annual reports, and minutes within the prescribed deadlines. 	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>2. Prepare minutes for both Board of Directors and Shareholders' Meetings. Ensure that meeting minutes for Board and Shareholders' Meetings are completed within 20 days after the meetings in accordance with legal requirements.</p> <p>3. Assist directors with onboarding and continuous education. Support new and incumbent directors with training arrangements, scheduling relevant training based on industry characteristics and legal requirements.</p> <p>4. Provide directors with necessary information to perform their duties.</p> <p>(1) Notify Board members periodically about new or amended corporate governance laws and regulations.</p> <p>(2) Assist in coordinating communication meetings between independent directors, the internal audit supervisor, and the signing auditors.</p> <p>(3) Provide directors with timely information to help them stay informed about the affairs of various departments and maintain smooth communication.</p> <p>5. Assist directors in complying with relevant laws and regulations. Regularly update directors on regulatory changes from authorities, review major resolutions after Board meetings, and issue significant announcements to ensure transparency.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>6. Report to the Board of Directors on the review results regarding whether independent directors meet qualifications under applicable laws and regulations at nomination, appointment, and during their term. Regularly report to the Board on the professional qualifications and independence status of independent directors; the independence evaluation report for the current year was completed on December 24, 2024.</p> <p>7. Handle matters related to changes in directors. When directors change, notify them of key considerations, provide relevant regulatory guidance documents, and carry out required disclosure procedures in accordance with regulations.</p> <p>8. Perform other duties as stipulated in the Company's Articles of Incorporation or contracts.</p>	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company prioritizes communication with stakeholders and has established various communication channels. There has a "Stakeholder Area" on the Company website and assigned relevant personnel to address important corporate social responsibility issues raised by stakeholders adequately.	None.
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates the professional Stock Affairs agency "Stock affairs agent department of Grand Fortune Securities Co., Ltd." to handle shareholder affairs.	None.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
VII. Information Disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V V V		(I) The Company has set up a website and regularly discloses financial and corporate governance-related information in the "Investor Relations" section of the website, providing shareholders and stakeholders with relevant information for reference. (II) The Company has established a website and assigned an appropriate person to handle information collection and disclosure. The Company has established a spokesman system, whereby a designated department is responsible for collecting company information, and the spokesperson will uniformly make public statements. (III) The Company, in accordance with applicable regulations, publicly announces and files its annual and quarterly financial statements, as well as monthly operating results, within the prescribed deadlines.	None. None. Publicly announced and filed within the regulatory deadlines.
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors'	V		(I) Status of employee rights and employee wellness: The Company has legally established a Employee Welfare Committee and implemented a pension system. The Company has always treated employees with integrity, protecting their legal rights and interests in accordance with the Labor Standards Act, and views employees as the most	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>important assets of the Company. The Company has established channels for employee communication and encourages direct communication between employees and management.</p> <p>(II) Investor Relations:</p> <p>The Company's website features an Investor Relations section where financial and corporate governance-related information is regularly disclosed.</p> <p>(III) Supplier Relations:</p> <p>The Company upholds the principle of integrity and mutual benefit with suppliers and carefully evaluates related transactions and credit conditions.</p> <p>(IV) Rights of Stakeholders:</p> <p>The Company's directors who have personal interests in matters discussed during board meetings have voluntarily recused themselves and abstained from voting.</p> <p>(V) Directors' and Supervisors' training records:</p> <p>The Company schedules annual regular refresher courses for the Directors and periodically shares information about professional refresher courses organized by external entities with them. The attendance status of each Director in these courses is then announced on the Market Observation Post System.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>(VI) Implementation of Risk Management Policies and Risk Evaluation Measures: The Company has established management protocols for important management indicators and implements to them accordingly.</p> <p>(VII) Implementation of Customer Relations Policies: The Company strictly adheres to the contracts and related regulations signed with customers, ensuring their respective rights.</p> <p>(VIII) Purchasing Insurance for Directors and Supervisors: The Company has obtained insurance coverage of USD 1 million from a property insurance company. The amount of insurance, premiums, and other policy details were reported to the Board of Directors on March 11, 2025.</p>	
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures: Not applicable.				

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

1. Composition of the Remuneration Committee:

May 19, 2025

Identity (Note 1)	Name	Qualification	Professional Qualifications and Experience (Note 2)	Independence Criteria (Note 3)	Number of positions in other public companies as a member of Remuneration Committee
Independent Director (Convener)	Chi-Shan Hung	Serving as the convener of the Audit Committee and a member of the Remuneration Committee for the Company, an Independent Director for Hua Yu Lien Development Co., Ltd., a Director for Flexium Interconnect Inc., an Independent Director of Nan Liu Enterprise Co., Ltd., and an Independent Director of Sunonwealth Electric Machine Industry Co., Ltd. Previously served as the Commissioner of National Taxation Bureau of Kaohsiung, Ministry of Finance and an Consultant of Kaohsiung Certified Public Accountants Association. With over five years of experience in finance, accounting, and the required business operations, specializing in financial and accounting affairs.	As an Independent Director, he meets the criteria for independence, including but not limited to, neither himself, his spouse, nor any immediate family member up to the second degree of kinship has served as a Director, supervisor, or employee of the Company or its affiliated enterprises. He doesn't hold any shares of the Company nor served as a Director, supervisor, or employee of a company that has a specific relationship with the Company. He has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.	3	

Independent Director	Tao-Min Chen	Served as a member of the Audit Committee and Remuneration Committee for the Company, and has previously held positions as a Senior Executive Officer of Investigation Bureau in Ministry of Justice, with over five years of experience in business, legal affairs, and company operations necessary for the role, capable of providing timely professional legal opinions for the Company.	As an Independent Director, he meets the criteria for independence, including but not limited to, neither himself, his spouse, nor any immediate family member up to the second degree of kinship has served as a Director, supervisor, or employee of the Company or its affiliated enterprises. He doesn't hold any shares of the Company nor served as a Director, supervisor, or employee of a company that has a specific relationship with the Company. He has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.	0
Independent Director	Jun-An Chang	As a member of the Audit Committee and Remuneration Committee of the Company, as well as the Chairman of Ace Carbon Reduction Tech Co., Ltd. He brings over five years of work experience necessary for company operations. With expertise in the field of chemical engineering, and offer timely professional opinions on R&D and process technology for the Company.	As an Independent Director, he meets the criteria for independence, including but not limited to, neither himself, his spouse, nor any immediate family member up to the second degree of kinship has served as a Director, supervisor, or employee of the Company or its affiliated enterprises. He doesn't hold any shares of the Company nor served as a Director, supervisor, or employee of a company that has a specific relationship with the Company. He has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.	0

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

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

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

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

2. Authority of the Remuneration Committee:

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

3. Operations of the Remuneration Committee:

- (1) The Remuneration Committee of the Company comprises three members, all of whom are Independent Directors. Details about the members can be found in "II. Information of Directors, Supervisors, General Manager, Vice President, Assistant Vice President, and Management Team from each department and branches (1) Information of Directors and Supervisors".
- (2) The term of this committee: from June 29, 2022, to June 14, 2025. In 2024, a total of 3 meetings (A) were held. The qualifications of the committee members and their attendance are as follows:

Title	Name	Actual Attendance (B)	Number of times attended by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Chi-Shan Hung	3	0	100%	Convenor
Independent Director	Tao-Min Chen	3	0	100%	–
Independent Director	Jun-An Chang	3	0	100%	–

Other mentionable items:

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

	Remuneration Committee Date (Session)	Content of the motion	Remuneration Committee Resolution	Response of the opinions from Remuneration Committee by the Company
	2024.03.12 (4th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. Proposal to establish a scheme for employee stock subscription for cash capital increase prior to listing. 2. Proposing to submit the case of cash capital increase participation by managers and employees holding director positions before listing, along with the allocation of employee stock options. 3. The case of distribution of employee bonuses and directors' remuneration for The Company in 2023. 	Passed without objection	Submitted to the Board of Directors and approved by the attending directors
	2024.12.24 (5th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. Review the Company's "Remuneration Committee Charter" and the "Director, Functional Committee, and Manager Performance Evaluation and Remuneration Method". 2. The remuneration for the Directors and Managers of the Company. 3. The Company's Manager Year-End Bonus for the Fiscal Year 2024. 	Passed without objection	Submitted to the Board of Directors and approved by the attending directors

4. If the company has established a Nomination Committee, its composition, responsibilities, and operations should be disclosed: The Company has not established a Nomination Committee.

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

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
I. Does the company possess a governance framework aimed at advancing sustainable development, and has it established a dedicated (or part-time) unit for this purpose, managed by senior executives authorized and overseen by the Board of Directors? (TWSE/TPEX listed companies are required to report on their implementation status, rather than adherence or interpretation.)	V		The Company has established a "Sustainable Development Committee" composed of members of the Board of Directors and senior management, chaired by the President. The committee is responsible for guiding and overseeing the development of global environmental, social, and governance (ESG) strategies. It reports to the Board of Directors at least once a year, covering: (1) current policies, regulations, and organizational structure; (2) implementation status of sustainability initiatives; and (3) management approaches, goals, and future plans for key sustainability issues. The Board of Directors supervises and reviews the effectiveness of these efforts. In addition, a "Sustainable Development Group" has been established as the executive body responsible for promoting sustainable development. The group evaluates company-wide sustainability issues and performance, coordinates the formulation of corporate goals, and drives the execution of sustainability action plans, reporting directly to the committee. The Company's main sustainability initiatives are organized into six key pillars: corporate governance, product and service responsibility, sustainable supply chain, environmental friendliness, employee well-being, and shared prosperity with society.	None.

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
II. Does the company evaluate Environmental, Social, and Governance risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2) (TWSE/TPEX listed companies are required to report on their implementation status, rather than adherence or interpretation.)	V		<p>The company has formulated the "Sustainable Development Best Practice Principles", conducted related evaluations on its operational activities, and established relevant internal control methods and norms based on the principle of materiality. This ensures the provision of a safe working environment and the company's commitment to environmental responsibility and adherence to ethical norms in business operations. Furthermore, it continues to enhance and review the effectiveness of its implementation efforts. The risk management policies or strategies are outlined as follows:</p> <ol style="list-style-type: none"> Environmental Aspect The Company operates in the wastewater treatment industry. To uphold environmental protection, in addition to effectively achieving "energy-saving", "waste reduction", and "recycling" in our core green initiatives, we are dedicated to conserving energy, reducing carbon emissions, and recycling waste. We aim to minimize paper usage in operations, regulate indoor office temperatures, and ensure compliance with environmental regulations to achieve efficient management and results in energy conservation and waste reduction. Social Aspect (1) Conduct information security training sessions for employees to enhance their awareness of information security periodically, thereby reducing the risk of company and client data leakage. 	None.

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

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
III. Environmental Issues				
(I) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		<p>(I) The Company operates in the wastewater treatment industry and has established a reporting mechanism in compliance with environmental laws and regulations. It regularly reviews relevant procedures and submissions to ensure compliance with current legal requirements as they evolve. Additionally, the Company has established a Quality Management System in accordance with ISO 9001 standards and has successfully passed verification. The Company conducts greenhouse gas inventories in accordance with the Greenhouse Gas Protocol and tracks the effectiveness of its carbon reduction efforts.</p>	None.
(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>(II) The Company has secured relevant patents for the recycling and reuse of acidic wastes, thus mitigating environmental pollution through the reuse process. In 2023, the Company replaced fifty 50W office light fixtures with 28W fixtures and adopted high-efficiency inverter compressors to replace traditional compressors, resulting in a total carbon reduction of 0.833 tCO2e per year.</p>	None.
(III) Does the company assess the potential risks and opportunities of climate change to its current and future operations, and implement measures in response to climate-related issues?	V		<p>(III) The Board of Directors serves as the planning and oversight unit for the Company's climate and sustainability matters, with a Sustainability Development Committee established under the Board to manage climate-related risks and opportunities. The Company is deeply concerned about climate change and is</p>	None.

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No	Abstract Explanation													
(IV) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>dedicated to mitigating its effects. Apart from its involvement in acidic wastes recovery and recycling operations, it actively promotes energy-saving and carbon reduction activities through its management units. Furthermore, it plans to sustain its investment in industry-academia collaboration to enhance wastewater treatment efficiency and diminish environmental pollution. These efforts aim to reduce the company's environmental footprint across multiple fronts.</p> <p>(IV) The Company operates in the wastewater treatment industry, meticulously recording and submitting all related waste treatment volumes to downstream discharge units. Additionally, it periodically promotes key energy conservation and carbon reduction initiatives, such as advocating office paper recycling and reuse, transitioning to paperless operations, and utilizing solar power generation.</p> <p>The greenhouse gas emissions for the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1 Emissions (tCO₂e)</th> <th>Scope 2 Emissions (tCO₂e)</th> <th>Emission intensity (tCO₂e/metric ton)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>26.5999</td> <td>2,428.6843</td> <td>0.0047</td> </tr> <tr> <td>2024</td> <td colspan="3">Data is still being collected.</td></tr> </tbody> </table>	Year	Scope 1 Emissions (tCO ₂ e)	Scope 2 Emissions (tCO ₂ e)	Emission intensity (tCO ₂ e/metric ton)	2023	26.5999	2,428.6843	0.0047	2024	Data is still being collected.			None.
Year	Scope 1 Emissions (tCO ₂ e)	Scope 2 Emissions (tCO ₂ e)	Emission intensity (tCO ₂ e/metric ton)													
2023	26.5999	2,428.6843	0.0047													
2024	Data is still being collected.															

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies																																		
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Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
IV. Social Issues				
<p>(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</p>	V		<p>(I) The Company adheres to relevant labor laws and respects internationally recognized basic labor rights principles. It has formulated the "Sustainable Development Best Practice Principles" and developed internal management policies and procedures accordingly. These measures aim to safeguard the rights of employees, including adherence to statutory working hours, compliance with legal wages and benefits, and the provision of humane and non-discriminatory treatment.</p> <p>(II) According to Article 23 of the Corporate Charter, if the company earns a profit for the year, it shall allocate no less than 1% of the pre-tax net profit before deducting employee and director remunerations as employee remuneration. In addition, the Company has implemented various measures such as work rules, salary and attendance management policies, and evaluation management procedures to ensure that employees understand relevant labor laws and their basic rights. During annual employee performance evaluations, supervisors take into account colleagues' daily performance as part of the overall evaluation.</p>	None.

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
(III) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>(III) The Company organizes education and training courses periodically to ensure that employees have a comprehensive understanding of operational tasks and to promote knowledge and adherence to work safety regulations during these sessions. Additionally, all employees undergo health examinations every two years to ensure a safe and healthy work environment. The Company has not encountered any incidents of fire or occupational accidents in the past fiscal year.</p>	None.
(IV) Does the company provide its employees with career development and training sessions?	V		<p>(IV) The Company designs capability development programs tailored to employee needs according to job categories and position requirements. Supervisors and senior colleagues from the respective units organize internal or external training courses to assist new employees in enhancing their career capabilities and identifying future development directions.</p>	None.
(V) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		<p>(V) The Company operates in the wastewater treatment industry, adhering to environmental regulations, and regularly reviews the related reporting operations to ensure compliance with current legal requirements as laws evolve. The Company has established an ISO 9001 Quality Management System and successfully passed verification. Additionally, the company's website features an investor section, offering a communication channel for both consumers and investors.</p>	None.

Evaluation Item	Implementation Status (Note 1)			Differences and Reasons for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Explanation	
(VI) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		(VI) The Company conducts regular evaluations of suppliers and evaluates the environmental impact of procurement activities. It also requires key raw material suppliers to provide a Corporate Social Responsibility Commitment. In the event of any violations by suppliers of relevant environmental, Occupational Safety and Health, or Labor Rights regulations, the Company will evaluate the severity of the violation and reconsider the terms and possibilities of cooperation.	None.
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	V		The Company prepares its sustainability report in accordance with the Global Reporting Initiative (GRI) Standards guidelines published by the GRI. The aforementioned report has obtained third-party assurance in compliance with TWSAE3410, with the assurance provider being Green Mountain Sustainability CPA Firm.	None.
VI. If the company has its own sustainable development principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe their operation and differences from the set principles: The Company has established the “Sustainable Development Best Practice Principles” to strengthen the implementation of corporate social responsibility and regularly reviews the implementation situation based on these principles for improvement.				
VII. Other important information that contributes to understanding the implementation status of sustainable development: None.				

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

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

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

(VI) Implementation Status of Climate-Related Information:

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

	<p>mechanisms, and promoting community and cultural development; Sustainability Disclosure Subgroup, responsible for sustainability information management policies, compliance with sustainability-related disclosure laws and international standards, ensuring the transparent disclosure of material and reliable sustainability information, and holding interdepartmental meetings as needed to coordinate and achieve environmental sustainability goals.</p>										
2. Describe how the identified climate-related risks and opportunities impact the company's business, strategy, and financial planning (short, medium, and long term)	<p>The Company actively develops solutions aimed at reducing the operational and financial impacts brought about by climate change, thereby enhancing organizational climate resilience. The Company also defines short term as 1–5 years, medium term as 6–10 years, and long term as over 10 years. It evaluates the potential operational and financial impacts of identified climate-related risks and opportunities across these timeframes, and develops corresponding action plans to address them.</p>										
	<table border="1"> <thead> <tr> <th></th><th>Type of risk and opportunity</th><th>Short term (1–5 years)</th><th>Medium term (6–10 years)</th><th>Long term (more than 10 years)</th></tr> </thead> <tbody> <tr> <td>Risk</td><td> <p>Transition risk Risks arising from efforts to shift toward a low-carbon economy. The transition risks include policy, legal, technological, market, and reputational risks.</p> </td><td> <p>Setting a greenhouse gas total reduction goal of 1%</p> </td><td> <p>Transitioning to low-carbon and plastic reduction technologies, with new renewable energy regulations being introduced</p> </td><td> <p>Trend toward achieving net zero emissions</p> </td></tr> </tbody> </table>		Type of risk and opportunity	Short term (1–5 years)	Medium term (6–10 years)	Long term (more than 10 years)	Risk	<p>Transition risk Risks arising from efforts to shift toward a low-carbon economy. The transition risks include policy, legal, technological, market, and reputational risks.</p>	<p>Setting a greenhouse gas total reduction goal of 1%</p>	<p>Transitioning to low-carbon and plastic reduction technologies, with new renewable energy regulations being introduced</p>	<p>Trend toward achieving net zero emissions</p>
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		<p>Physical risks</p> <p>Immediate physical risks arise from weather-related events such as storms, floods, droughts, or heatwaves, with increasing severity and frequency. Long-term physical risks stem from prolonged changes in climate patterns, including shifts in precipitation and temperature, which may lead to sea-level rise, reduced water availability, loss of biodiversity, and changes in soil productivity.</p>	<p>Extreme changes in climate patterns cause increased flooding, damaging company operational assets</p>	<p>Increased droughts cause disruptions in the supply chain</p>	<p>Rising average temperatures</p>
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	<p>Opportunities</p> <p>Positive impacts arising from climate change on the organization. Efforts to mitigate and adapt to climate change can create climate-related opportunities for the organization.</p>	<p>Research and innovation in new low-carbon services</p>	<p>Improving resource use efficiency</p>	<p>Enhancing corporate reputation</p>
<p>The Company has evaluated the above risks and identified climate-related risks and opportunities that may cause significant financial impacts, along with corresponding response strategies as follows:</p>				
<p>Transition risks / Climate opportunities</p>				
R (Risk) / O (Opportunity)	Financial Impact: - / +	Response Strategy:		
<p>R: Introduction of new renewable energy regulations</p> <p>O: Construction of renewable energy facilities</p>	<ul style="list-style-type: none"> – Increased operating costs due to the purchase of renewable energy certificates – Fines and penalties incurred from non-compliance with regulations, increasing operating expenses + Increased revenue from electricity sales 	<p>Improve energy efficiency and invest in green energy equipment</p>		

	<p>R: Trend toward achieving net zero emissions</p>	<ul style="list-style-type: none"> – Increased costs for installation and operation of carbon reduction equipment 	<ul style="list-style-type: none"> • Continue implementing greenhouse gas reduction measures • Construct green buildings and obtain green building certifications • Encourage suppliers to take climate mitigation and adaptation actions
	<p>R: Extreme changes in climate patterns cause increased flooding</p> <p>Risk: Supply chain disruption (drought)</p>	<ul style="list-style-type: none"> – Operational sites may halt, leading to revenue decline – Damage to machinery and equipment causing asset losses 	<ul style="list-style-type: none"> • Consider flood risk when selecting locations for new operational sites • Evaluate flood risk at existing production sites and implement mitigation measures • Seek suppliers in alternative regions
<p>3. Describe the financial impacts of extreme climate events and transition actions.</p>	<p>Through internal discussions, inventory, and evaluations, the Company has identified potential risks to product operations and service phases posed by floods, droughts, changes in precipitation patterns, and extreme shifts in climate patterns.</p>		
<p>4. Describe how the identification, evaluation, and management of climate risks are integrated into the overall risk management system.</p>	<p>The Board of Directors serves as the highest decision-making body for risk control across all subsidiaries within the Group, directly overseeing the risk governance framework of each subsidiary. To enhance risk evaluation and strengthen management capabilities, the Sustainability Development Committee conducts an annual risk re-identification. Based on the results, each department develops response strategies to integrate and manage risks</p>		

	<p>that may impact operations and profitability. The committee reports to the Board of Directors at least once a year, aiming to reinforce the Company's overall resilience.</p>
5. If scenario analysis is used to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts should be disclosed.	<p>Although scenario analysis does not predict the future, it enables companies to better understand how climate change may affect them. In essence, scenario analysis is a critical tool for strategic planning, risk management, and evaluating the resilience of a company's strategy. The Company conducts both qualitative and quantitative climate modeling analyses across the value chain to evaluate our resilience to climate-related risks under varying external conditions.</p> <p>Parameters, assumptions, and analytical factors</p> <ol style="list-style-type: none"> 1. The Company's current operations and value chain status are based on a model constructed using historical data. As a result, the model does not account for the potential impact of future actions outlined in the Company's recently announced "Net Zero Roadmap." 2. The model integrates both physical and business data specific to the Company: Physical data includes the quantity and sourcing locations of raw materials, the locations of operational sites, and the production volume and transportation methods of finished goods. Business data includes sales revenue and profit segmented by market. 3. The scenario analysis is based on publicly available data sources, including evaluations and reports on energy net-zero emission pathways published by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). 4. In light of the complexity and uncertainty surrounding the interrelation of risks, each risk factor is evaluated through a standalone model, without incorporating interdependencies or potential offsets among risks. 5. The timeframe used spans from 2024 to 2050. The Company adopts risk classifications aligned with the recommendations of the TCFD, and conducts simulations to evaluate the potential impacts of both transition and physical risk factors on the business.

	<p>Transition risk</p> <p>Under transition risks, the shift toward a low-carbon economy may involve extensive changes in policies, regulations, technologies, and changes in market conditions. Depending on the nature, pace, and focus of these developments, factors such as total greenhouse gas emissions caps, carbon pricing, renewable energy regulations, and shifts in consumer demand and preferences could potentially increase operating costs or reduce market sales over the analysis timeframe. The Company continues to focus on research, innovation, and diversification of related product lines. As market sales are not significantly impacted under the various scenarios, the Company places emphasis on analyzing the effects on operating costs.</p> <p>According to the evaluation reports published by the IPCC, four Representative Concentration Pathways (RCPs) are proposed to describe possible climate change scenarios, summarized as follows 1:</p> <ul style="list-style-type: none"> (1) RCP2.6: A low-emissions scenario, aiming to limit global warming to below 2°C compared to pre-industrial levels. It is also known as the 2°C scenario. (2) RCP4.5 is a medium-emissions scenario, which does not meet the 2°C limit or the 1.5°C goal. This pathway is expected to result in approximately 2.4°C of warming. (3) RCP6.0 is a medium-high emissions scenario, in which greenhouse gas emissions peak around 2060 and begin to decline toward the end of the century. This pathway may lead to 2.8°C of warming. (4) RCP8.5 is a high-emissions scenario that aligns with current policy trajectories, with potential warming reaching 4.3°C. It is also referred to as the business-as-usual scenario. <p>1. In 2021, the IPCC released its Sixth evaluation Report (AR6), which considered combinations of Shared Socioeconomic Pathways (SSPs) and RCPs, along with additional scenarios. However, for the purpose of this analysis, the emissions scenarios from the Fifth evaluation Report are used as the basis of discussion.</p> <p>evaluation of Key Financial Impacts Under Different Transition Risk Scenarios</p>
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The Company has selected two distinct climate change scenarios for evaluation, as outlined below:

Scenario	Estimated Potential Financial Impact
RCP8.5 – High Emissions Scenario No additional carbon reduction measures beyond current national policies. Global carbon price ² : US\$ 2.63 per metric ton	No material impact identified
RCP2.6 – Low Emissions Scenario Net-zero emissions globally by 2050 Global carbon price ² : US\$ 268.13 per metric ton	No material impact identified

2. The carbon prices are based on scenario parameters published by the NGFS, using the REMIND-MAgPIE 2.1-4.2 model. The figures reflect the assumed global carbon prices for the year 2035. Source: [NGFS Phase 4 Scenario Explorer](http://www.iiasa.ac.at)(iiasa.ac.at).

The Company plans to address these transition risks by implementing energy-saving and carbon reduction initiatives aimed at minimizing the impact of its operations and supply chain on climate change, specifically targeting reductions in energy consumption, water usage, and waste generation. Efforts will also focus on improving energy efficiency, investing in green energy technologies, and dedicating resources to research and development of innovative green products that meet evolving consumer demands.

Physical risks

Physical risks may manifest as either immediate or long-term impacts.

Immediate risks are already occurring, such as increased flooding caused by extreme shifts in climate patterns, leading to operational disruptions at business sites and resulting in revenue declines or financial losses. Similarly, heightened drought frequency is causing supply chain interruptions, with expectations that these events will become more severe and frequent. Long-term risks are more likely to emerge around mid-century and beyond. Forecasting climate changes beyond 2050 presents significant challenges. A reasonable assumption is that long-term (and potentially irreversible) changes in climate patterns, such as rising average temperatures, will intensify over time.

The Company conducts physical risk scenario analyses to evaluate the potential impacts of climate change on its operations and resource allocation under the SSP5-8.5 and SSP1-1.9 scenarios. Under the high-emission SSP5-8.5 scenario, rising temperatures, along with increased frequency and intensity of extreme weather events, such as floods, droughts, and heavy rainfall, may exacerbate uncertainties related to water resources and agricultural conditions critical to the Company. Given that the Company operates in regions where water is a key production factor, fluctuations in water availability could directly threaten production stability, affecting cost control and supply chain coordination.

Conversely, under the more optimistic SSP1-1.9 scenario, global efforts to aggressively reduce greenhouse gas emissions result in a smaller increase in temperature and a lower likelihood of extreme weather events. Accordingly, risks related to water resources, infrastructure, and operational efficiency are comparatively manageable. However, even under low-risk scenarios, proactive adaptation measures are necessary to enhance resilience. Based on a comprehensive evaluation, the financial impact of physical risks on the Company will vary depending on the scenario and climate developments. Nevertheless, continuous monitoring and the implementation of appropriate strategies remain essential in the long term.

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

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

1-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emissions for the most recent two years (in metric tons of CO ₂ e), intensity (metric tons of CO ₂ e per million NT dollars), and the scope of data coverage.			
The emissions data for the most recent two years are as follows:			
Year	Scope 1 Emissions (tCO ₂ e)	Scope 2 Emissions (tCO ₂ e)	Emission intensity (tCO ₂ e/metric ton)
2023	26.5999	2,428.6843	0.0047
2024	Data is still being collected.	Data is still being collected.	Data is still being collected.

1-1-2 Greenhouse gas assurance information

Describe the assurance status for the most recent two years, including the scope of assurance, assurance provider, assurance standards, and assurance opinion.
The Company's greenhouse gas emissions disclosed for 2023 have been verified by an assurance provider in accordance with Assurance Standard No. 3000 (TWSAE 3000), resulting in a limited assurance opinion. The Company's greenhouse gas inventory and assurance process for 2024 is currently ongoing and will be disclosed upon completion.

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

Describe the baseline year and data for greenhouse gas emissions, reduction goals, strategies, specific action plans, and progress toward achieving the reduction goals.

In 2023, the Company replaced 50 office light fixtures of 50W with 28W fixtures and adopted high-efficiency variable frequency compressors to replace traditional compressors, resulting in a total carbon reduction of 0.833 (tCO₂e per year); in 2024, the Company will continue its carbon reduction efforts and promote energy saving and emission reduction in office spaces. The carbon reduction amount for 2024 is still being compiled and will be disclosed upon completion.

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

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

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

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(II) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(II) The Company formulated the "Fulfillment of Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct" at the board of directors meeting on March 20, 2020. The Audit Office was tasked with implementing the relevant policies. The status of Ethical management implementation for 2023 was reported at the Board of Directors meeting on March 11, 2025.	None.
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(III) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and the "Regulations Governing Procedure for Board of Directors Meetings" to regulate the handling details of conflicts of interest.	None.
(IV) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk evaluations and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(IV) To ensure the implementation of honest business operations, the Company has established effective accounting and internal control systems. The Company's internal auditing unit regularly audits the compliance of these systems, prepares audit reports for the Board of Directors, and has not discovered any internal control deficiencies that violate honest business operations.	None.

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(V) The Company's Board of Directors regularly invites external specialists to conduct corporate governance courses at the Company, and the senior management of the Company provides guidance on the related regulations of integrity management to each director before Board of Directors meetings.	
III. The Company's Whistleblowing System (I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (II) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(I) The Company has established a clear whistleblowing system in its "Procedures for Ethical Management and Guidelines for Conduct", and there is a whistleblowing channel in the stakeholder section on the company's website. The company assigns appropriate dedicated personnel to handle reports regarding the accused parties. (II) As per Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct", there is a confidentiality mechanism implemented for handling whistleblowing cases commitment to protecting, and from any improper treatment resulting from their whistleblowing activities.	None. None.

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

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

(IX) Internal Control Systems:

1. Internal Control Statement:

Please refer to the Market Observation Post System at:

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

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

Please refer to the Market Observation Post System at:

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

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

1. Important Resolution at the Shareholders Meeting:

Date	Session	Resolution Contents/Resolution Results/Implementation Status
2024.06.07	Shareholders' Annual Meeting	<p>(I) Acknowledge the Company Business Report and Financial Statements in 2023. Resolution Results: The proposal was approved by the attending shareholders. Implementation Status: The resolution results have been adhered to.</p> <p>(II) Acknowledge the Company Profits Distribution in 2023. Resolution Results: The proposal was approved by the attending shareholders. Implementation status: The ex-dividend date was April 13, 2024, and the distribution was completed on May 30, 2024. (Cash Dividend of \$4 per share).</p>
2024.09.25	Extemporaneous Shareholders' Meeting	<p>(I) The Company's amendment to the "Corporate Charter". Resolution Results: The proposal was approved by the attending shareholders. Implementation Status: The resolution results have been adhered to.</p> <p>(II) The Company's amendment to the "Procedure for Acquisition and Disposal of Assets". Resolution Results: The proposal was approved by the attending shareholders. Implementation Status: The resolution results have been adhered to.</p>

2. Important Resolution of the Board of Directors:

Date	Resolution Contents
2024.03.12	<p>(I) The Company's internal control system effectiveness evaluation and internal control system statement for the year ended December 2023.</p> <p>(II) Amendments to the Company's internal control-related regulations (rules of procedure for board meetings and audit committee charter).</p> <p>(III) Intend to reconfirm the process and general policy of prior consent for Assurance-related Non-Assurance Services and list of Non-Assurance Services for Ernst & Young Taiwan and its affiliates.</p>

Date	Resolution Contents
	<p>(IV) The case of the change of the Company's certified public accountant.</p> <p>(V) Evaluate the appointment, remuneration, independence, and suitability of the certified public accountant for the Company in the fiscal year 2024.</p> <p>(VI) To comply with the Company's application for initial public offering, it is proposed to arrange for a public offering of new shares through cash capital increase before listing.</p> <p>(VII) Proposal to establish a scheme for employee stock subscription for cash capital increase prior to listing.</p> <p>(VIII) Proposing to submit the case of cash capital increase participation by managers and employees holding director positions before listing, along with the allocation of employee stock options.</p> <p>(IX) The case of distribution of employee bonuses and directors' remuneration for The Company in 2023.</p> <p>(X) The Company's Business Report and Financial Statements in 2023.</p> <p>(XI) The Company's Profits Distribution in 2023.</p> <p>(XII) The Company's cash dividends distribution from profits for the year 2023.</p> <p>(XIII) The Company plans to enter into a "Legal Compliance Advisory Service Agreement" with Grand Fortune Securities Co., Ltd.</p> <p>(XIV) Acceptance of Shareholder Proposals Period.</p> <p>(XV) Proposing the date, venue, purposes of convening, and related matters for the 2024 Annual Shareholders' Meeting of the Company.</p>
2024.05.13	<p>(I) The Company's and its subsidiaries' greenhouse gas inventory and verification schedule plan.</p>
2024.08.07	<p>(I) The Company's Consolidated Financial Statements for the second quarter of 2024.</p> <p>(II) The Company's Loaning of Funds</p> <p>(III) The Company's application for a credit limit from the bank.</p> <p>(IV) The Company's endorsement/guarantee case.</p> <p>(V) The Company's amendments to the "Corporate Charter" and the "Procedures for Acquisition or Disposal of Assets."</p> <p>(VI) The Company's amendments to internal control-related regulations (Investment Cycle, Guidelines for Internal Control Systems, Implementation Rules for Internal Audits, Procedures for the Supervision and Management of Subsidiaries, and Level of Authority Table).</p> <p>(VII) The Company's intention to purchase securities of its subsidiary Ping Ho Materials Technology Co., Ltd.</p>

Date	Resolution Contents
	<p>(VIII) The Company's plan to subscribe to the cash capital increase of its subsidiary Ping Ho Materials Technology Co., Ltd.</p> <p>(IX) Drafting the agenda for the first extraordinary shareholders' meeting of the Company in 2024.</p>
2024.11.06	<p>(I) The Company's Consolidated Financial Statements for the third quarter of the year 2024.</p> <p>(II) The Company's cash dividend distribution of earnings for the first half of 2024.</p>
2024.12.24	<p>(I) The Company's Budget and Operational Plan for the Year 2025.</p> <p>(II) The Company's application for a credit limit from the bank.</p> <p>(III) The Company's Audit Plan for the year 2025.</p> <p>(IV) The Company's endorsement/guarantee case.</p> <p>(V) The Company's amendments to internal control-related regulations (Corporate Governance Best Practice Principles).</p> <p>(VI) The Company's establishment of the "Sustainability Information Management Procedures" and the "Sustainability Development Committee Charter."</p> <p>(VII) The Company's establishment of the Sustainability Development Committee and appointment of its members.</p> <p>(VIII) Company's 2023 Sustainability Report.</p> <p>(IX) The Company's planned investment in affiliated entities.</p> <p>(X) Review the Company's "Remuneration Committee Charter" and the "Director, Functional Committee, and Manager Performance Evaluation and Remuneration Method".</p> <p>(XI) The remuneration for the Directors and Managers of the Company.</p> <p>(XII) The Company's Manager Year-End Bonus for the Fiscal Year 2024</p>
2025.03.11	<p>(I) The Company's internal control system effectiveness evaluation and internal control system statement for the year ended December 2024.</p> <p>(II) The Company's amendment to the "Corporate Charter".</p> <p>(III) The revision proposal for the Company's internal control measures.</p> <p>(IV) Intend to reconfirm the process and general policy of prior consent for Assurance-related Non-Assurance Services and list of Non-Assurance Services for Ernst & Young Taiwan and its affiliates.</p> <p>(V) The case of the change and remuneration of the Company's certified public accountant.</p> <p>(VI) Evaluating the independence and suitability of the Certified Public Accountant for the Company for 2025.</p>

Date	Resolution Contents
	<p>(VII) The Company's Business Report and Financial Statements in 2024.</p> <p>(VIII) The Company Report on the Distribution of Employee Bonus and Directors' Remuneration in 2024.</p> <p>(IX) The Company's application for a bank guarantee facility for the first domestic issuance of secured convertible bonds.</p> <p>(X) The company's planned issuance of the first domestic secured convertible bond financing.</p> <p>(XI) The Company's plan to subscribe to the cash capital increase of its subsidiary Ping Ho Materials Technology Co., Ltd.</p> <p>(XII) Comprehensive re-election of the Company's directors.</p> <p>(XIII) The nomination of directors (including independent directors) candidates.</p> <p>(XIV) The acceptance period for shareholder proposals and nominations.</p> <p>(XV) Release the prohibition on the Company's newly appointed Directors from participation in competitive business.</p> <p>(XVI) Proposing the date, venue, purposes of convening, and related matters for the 2025 Annual Shareholders' Meeting of the Company.</p>
2025.05.12	<p>(I) The Company's Consolidated Financial Statements for the first quarter of the year 2025.</p> <p>(II) The Company's Profits Distribution in 2024.</p> <p>(III) The Company's cash dividend distribution of earnings for the second half of 2024.</p>

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

IV. Information Regarding the Company's Audit Fee

Information Regarding the Company's Audit Fee

Unit: NT\$ thousand

Accounting Firm Name	Name of Accountant	Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
Ernst & Young Taiwan	Kuo-Sen Hung	113/01/01-113/12/31	2,770	1,005	3,775	None
	Tzu-Ping Huang					

Note: The non-audit fees services of the Company for the fiscal year 2024 include Tax Compliance Audit, Internal Control Reviews, and Business Registration.

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

V. Information of the accountant changed: None.

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

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

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

Title (Note 1)	Name	2024		As of May 19, 2025	
		Increase (Decrease) the Number of Shares Held	Increase (Decrease) the Number of Pledged Shares	Increase (Decrease) the Number of Shares Held	Increase (Decrease) the Number of Pledged Shares
Chairman	Ming-Yang Wu	0	0	0	0
Director and CEO	Ming-Jen Hung	0	0	0	0
Director	Ming-Cheng Chung	0	0	0	0
Director	Chin-Lan Huang	0	0	0	0
Independent Director	Chi-Shan Hung	0	0	0	0
Independent Director	Tao-Min Chen	0	0	0	0
Independent Director	Jun-An Chang	0	0	0	0
President	Hung-Chieh Huang	10,000	0	0	0
Assistant Vice President	Yi-Sheng Chen	0	0	0	0

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

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

Unit: shares; April 27, 2025

Name (Note 1)	Shares hold		Shares held by spouse and minor children		Shareholding by Nominee Arrangement in total		If among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another, their names, and relationship (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or Name)	Relationship	
Ming-Yang Wu	2,101,172	6.74%	0	0%	0	0%	None	None	None
Yu-Chen Chung	1,587,324	5.09%	0	0%	929,550	2.98%	Shu-Fang Liu	Mother & Son	None
Shu-Fang Liu	1,496,260	4.80%	0	0%	0	0%	Yu-Jyun Jhong	Brothers	None
Ming-Jen Hung	1,268,420	4.07%	578,637	1.86%	420,000	1.35%	Fang-Mei Chan	Spouse	None
Cai Chiu Investment Co., Ltd.	929,550	2.98%	Not applicable	Not applicable	0	0%	None	None	None
Cai Chiu Investment Co., Ltd. Representative : Yu-Chen Chung	1,587,324	5.09%	0	0%	0	0%	Shu-Fang Liu	Mother & Son	None
Yung-Chiu Lo	905,000	2.90%	115,500	0.37%	0	0%	None	None	None
Yu-Jyun Jhong	682,556	2.19%	0	0%	0	0%	Shu-Fang Liu	Mother & Son	None
OmniGains Investment Co.	667,650	2.14%	Not applicable	Not applicable	0	0%	Yu-Chen Chung	Brothers	None
OmniGains Investment Co. Representative : Chun-Hui Wu	0	0%	0	0%	0	0%	None	None	None
Ming-Cheng Chung	589,680	1.89%	0	0%	0	0%	Shu-Fang Liu	Brother & Sister-in-law	None
Fang-Mei Chan	578,637	1.86%	1,268,420	4.07%	0	0%	Ming-Jen Hung	Spouse	None

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

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

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

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

Comprehensive Shareholding Ratio

Unit: Thousand Shares; December 31, 2024

Investment Business Reconfiguration (Note)	The Company's Investment		Investments by Directors, Supervisors, and Managers, under Direct or Indirect Control of the Business		Comprehensive Investment	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Ping Ho Materials Technology Co., Ltd.	18,962	94.81%	0	0%	18,962	94.81%
Ching Jin Industrial Co., Ltd.	2,470	100%	0	0%	2,470	100%
Wan Jing Industrial Co., Ltd.	900	100%	0	0%	900	100%
Feng Jia Industrial Co., Ltd.	6,351	100%	0	0%	6,351	100%

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

III. Fundraising Overview

I. Capital and Shares

(I) Source of Capital:

1. Formation of Share Capital:

Unit: Thousand shares/NT\$ thousand

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

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

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

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

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

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

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

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

Note 8: Approved by the Commercial Administration KUNG ZI No. 10652171400 from Kaohsiung City on June 13, 2017.

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

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

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

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

2. Type of Shares:

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

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

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

(II) List of Major Shareholders:

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

Unit: shares; April 27, 2025

Shares List of Major Shareholders	Number of Shares Held	Percentage of ownership
Ming-Yang Wu	2,101,172	6.74%
Yu-Chen Chung	1,587,324	5.09%
Shu-Fang Liu	1,496,260	4.80%
Ming-Jen Hung	1,268,420	4.07%
Cai Chiu Investment Co., Ltd.	929,550	2.98%
Yung-Chiu Lo	905,000	2.90%
Yu-Jyun Jhong	682,556	2.19%
OmniGains Investment Co.	667,650	2.14%
Ming-Cheng Chung	589,680	1.89%
Fang-Mei Chan	578,637	1.86%

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

1. Dividend Policy:

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

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

The proposed cash dividend for 2024 is \$109,128,250 (NT\$ 3.5 per share). Calculations are rounded down to the nearest dollar, with any fractional amounts less than one dollar transferred to other income. After the distribution, the undistributed earnings at the end of the period would be \$69,880,451.

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

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

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

(V) Remuneration of Employees, Directors and Supervisors:

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

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

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

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

3. The Board of Directors approved the distribution of remuneration:
 - (1) If there is a variance between the amount of employee remuneration and the remuneration for directors or supervisors, distributed in cash or stocks, and the estimated amount recognized for expenses for the year, the difference, reason, and handling of the situation should be disclosed: None.
 - (2) The amount of employee remuneration distributed in stocks, its proportion to the net profit after tax in the current individual or separate financial statements, and the total employee remuneration: Not applicable.
4. The actual distribution of remuneration for employees, directors, and supervisors in the previous year (including the number of shares distributed, the amount, and the stock price). Any differences from the recognized remuneration for employees, directors, and supervisors should be explained, including the variance, reasons, and how the situation was addressed:

Unit: NT\$ thousand

Items	Actual Distribution Status	Number of Accounts in 2023	Differences	Reason for Differences	Situation
Employee Remuneration	12,562	12,562	0	None	Not applicable
Directors' Remuneration	1,795	1,795	0	None	Not applicable
Total	14,357	14,357	0	None	Not applicable

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

II. Status of Corporate Bonds:

Status of Corporate Bonds

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

Issuance, conversion, exchange, or subscription procedures; issuance conditions; potential dilution of equity; and impact on existing shareholders' rights.	The issuance amount of this convertible bond is NT\$350 million. Based on the conversion price at issuance of NT\$55 per share, the maximum number of common shares convertible is approximately 6,363 thousand shares. Considering the company's outstanding shares at issuance of 31,180 thousand shares, the maximum equity dilution is about 16.95%. Regarding shareholders' equity, upon conversion to common shares, the reduction of liabilities results in an increase in shareholders' equity, thereby enhancing the net asset value per share. In the long term, this is beneficial to the Company's shareholders.
Name of the entrusted custodian institution for the exchange goal	None

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

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

Note 3: Fill in for overseas corporate bonds.

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

Note 5: Private offerings should be clearly marked.

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

III. Status of Preferred Stock: None.

IV. Status of Global Depository Receipt: None.

V. Status of Employee Stock Warrants: None.

VI. Status of Restricted Stock Awards: None.

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

VIII. Status of Financing Plans and Implementation:

For 2024, fundraising and issuance of the Company's first domestic secured corporate bonds:

1. Use of funds plan: Investment in subsidiary companies.
2. Approval date and document number: April 17, 2025, Jin Guan Zheng Fa Zi No. 11203562931.
3. Total planned issuance amount: NT\$351,750 thousand.
4. Source of funds: Issuance of the first domestic secured corporate bonds amounting to NT\$351,750 thousand.
5. Project items and implementation status:

Project items	Implementation Status		As of 2025.05.19	Implementation Status
First Domestic Secured Corporate Bonds	Amount Utilized	Planned	NT\$351,750 thousand	Implemented as planned
		Actual	NT\$351,750 thousand	
	Implementation Progress (%)	Planned	100.00%	
		Actual	100.00%	

IV. Operational Highlights

I. Business Activities

(I) Business Scope

1. Main areas of business operations

- J101060 Wastewater Treatment
- C801010 Basic Chemical Industrial
- C802120 Industrial and Additive Manufacturing
- CA01110 Smelting and Refining of Copper
- CB01030 Pollution Controlling Equipment Manufacturing
- F107080 Wholesale of Environmental Agents
- F107170 Wholesale of Industrial Catalyst
- F107200 Wholesale of Chemical Feedstock
- F107990 Wholesale of Other Chemical Products
- F199990 Other Wholesale Trade
- F401010 International Trade
- F113100 Wholesale of Pollution Controlling Equipment
- F199010 Wholesale of Recycling Materials
- J101030 Waste Disposing
- J101040 Waste Treatment
- J101080 Resource Recycling
- J101090 Waste Disposal
- J101990 Other Environmental Sanitation and Pollution Prevention Service
- C801990 Other Chemical Materials Manufacturing
- ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

2. Revenue distribution of the Company

Unit: NT\$ thousand; %

Items	2023		2024	
	Sales	Percentage (%)	Sales	Percentage (%)
Manufacturing and sales of wastewater Treatment Chemicals and Consumables	48,715	8.00	52,439	8.25
Wastewater Treatment	444,201	72.91	446,124	70.26
Waste Transportation	41,800	6.86	56,371	8.88
Others	74,526	12.23	80,067	12.61
Total	609,242	100.00	635,001	100.00

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

3. The services from the company

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

4. The new product (service) that the company plans to develop

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

(II) Industry Overview

1. Current Status and Development

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

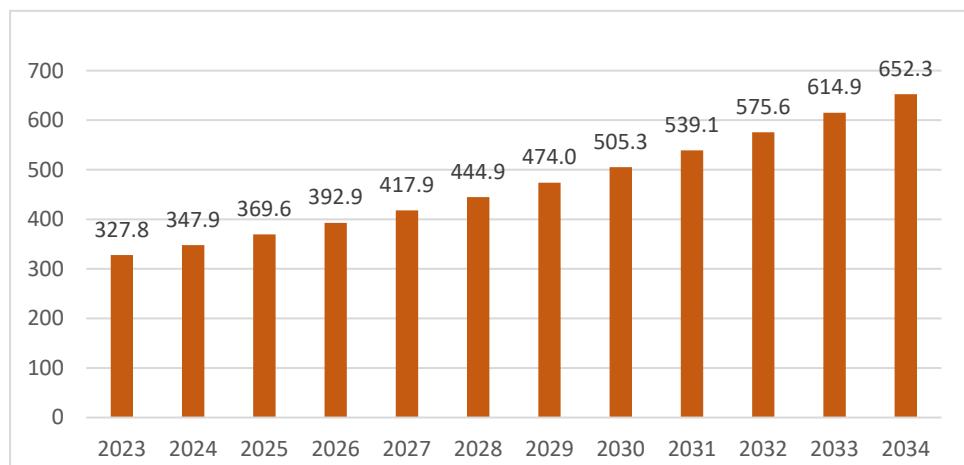
is an overview of the industry in which the Company and its subsidiaries operate, focusing on three main business areas, Wastewater Treatment, Manufacturing and sales of Wastewater Treatment Chemicals and Consumables, and Waste Transportation:

(1) Wastewater Treatment Industry

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

Global Water and Wastewater Treatment Market Size

Unit: US\$ billion



Sources: Global Communications Agency and Precedence Research, Inc.

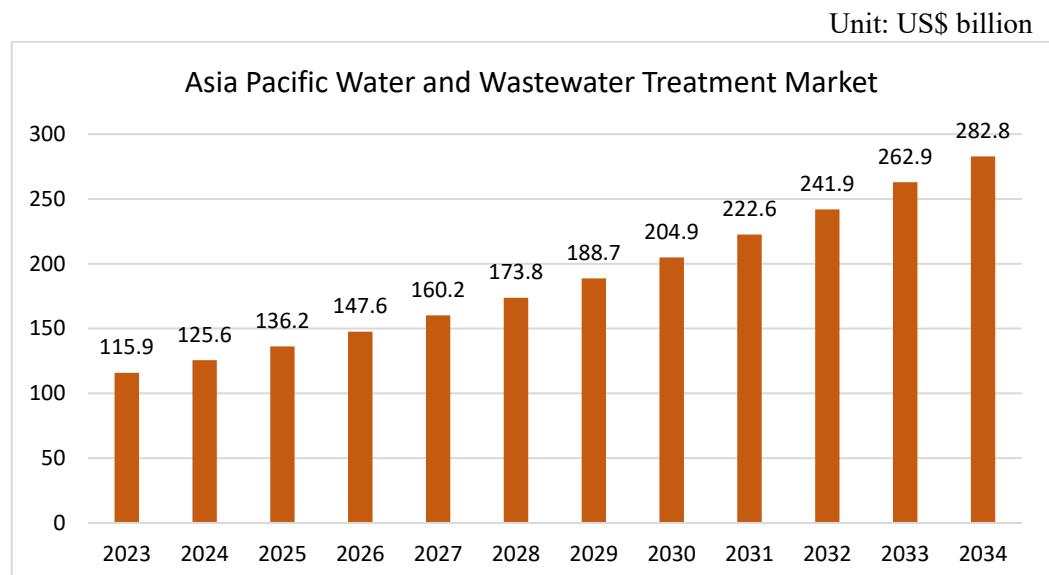
According to market intelligence from Global Communications Agency citing a report by Precedence Research, the global water and wastewater treatment market was valued at US\$ 327.8 billion in 2023. Based on the 2024 estimate of US\$ 347.9 billion, the market is expected to grow to approximately US\$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

Key drivers of growth in the water treatment industry include:

- A. Rising public and consumer awareness, along with population growth and urbanization: As public awareness of water quality protection continues to increase, companies are placing greater emphasis on water resource management and wastewater treatment within their production processes. In addition, rapid urbanization is driving a stronger demand for efficient water and wastewater treatment infrastructure.
- B. Climate change, water scarcity, and pollution: Global climate change, such as droughts and floods, has made water resource management increasingly critical. Governments and businesses around the world are allocating more resources to improve water treatment infrastructure.
- C. Environmental regulations and policy drivers: Stricter government regulations and standards on water quality and wastewater discharge, along with enhanced oversight and growing emphasis on ESG principles, are pushing industries and municipalities to increase investment in water and wastewater treatment technologies.
- D. Technological innovation and advancement: Water treatment technologies have not only improved in efficiency but have also achieved significant results in reducing energy consumption and pollutant emissions. The adoption of advanced technologies, such as reverse osmosis, membrane filtration, UV treatment, chemical processing, and innovations in monitoring systems, has made water treatment more efficient and cost-effective, further driving the growth of the wastewater treatment market.

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

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

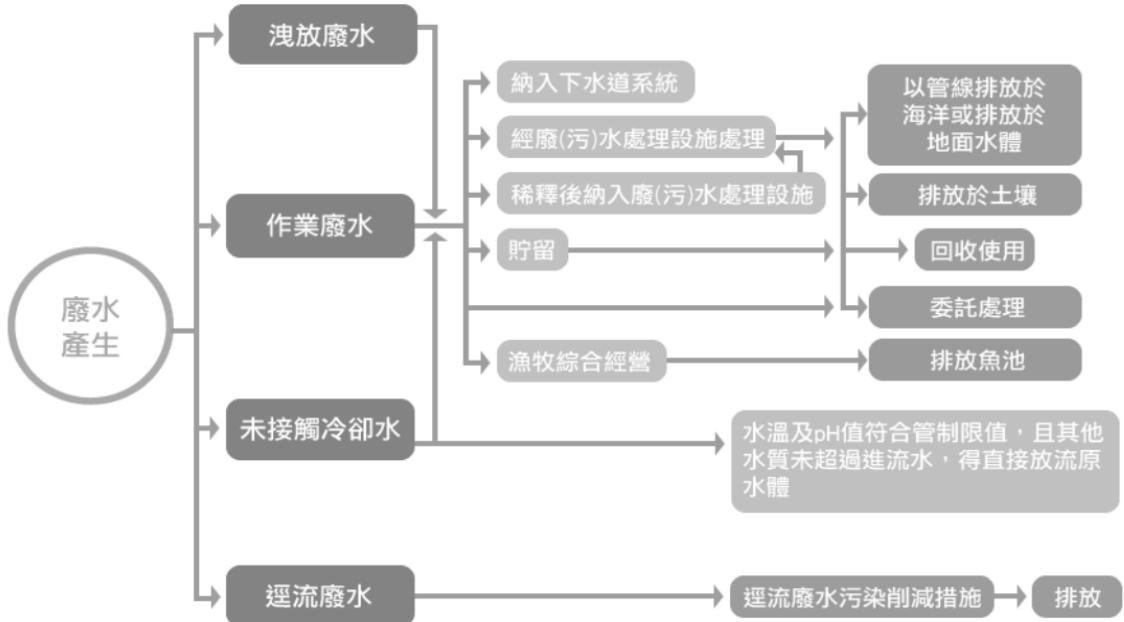


Sources: Global Communications Agency and Precedence Research, Inc.

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

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

Figure. Possible behavior after generating industrial wastewater.



Source: Ministry of Environment, Water Quality Protection Web

With continuous improvements in industrial production processes, the composition of wastewater and the heavy metals or waste substances it contains has become increasingly complex across various industries. In line with the trend toward environmental protection and sustainable development, relevant regulations have also become more stringent. If high-concentration metal-containing wastewater is discharged without proper treatment through wastewater treatment facilities or by licensed professional treatment providers, such as through illegal practices like bypass discharge, dilution discharge, or severely exceeding effluent standards, stricter penalties will apply. According to the Ministry of Environment's 2024 Environmental Statistics Annual Report, as of the end of 2023, a total of 33,634 enterprise wastewater pollution sources were officially registered, marking a 5.87% increase from the previous year. Among them, 10,022 enterprises are required to apply for discharge permits, and 8,835 permits have been issued, resulting in an issuance rate of 88.16%. In addition, 4,125 enterprises are required to establish dedicated wastewater treatment units or personnel, and by year-end, 4,024 had met the requirement, representing a setup rate of 97.55%, slightly up from 96.74% the previous year.

事業廢水污染源管理情形

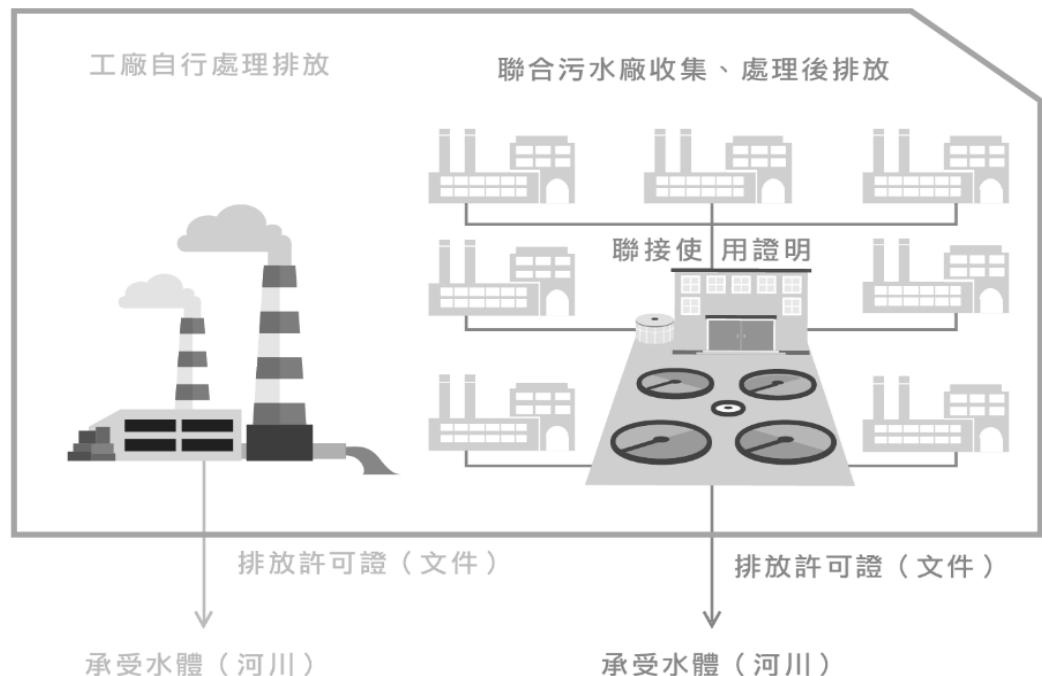
單位：家、%

年別	列管家數	排放許可證核發情形			廢水處理專責單位或人員設置情形		
		應申請家數	至年底已核發家數	核發率 (%)	應設置家數	至年底已達設置標準家數	設置率 (%)
110 年	31,950	10,359	9,364	90.39	4,159	3,999	96.15
111 年	31,770	10,066	9,198	91.38	4,113	3,979	96.74
112 年	33,634	10,022	8,835	88.16	4,125	4,024	97.55
較上年增減率 (%) /百分點	5.87	-0.44	-3.95	-3.22	0.29	1.13	0.81

Source: Ministry of Environment, Environmental Statistics Annual Report

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

工廠廢水處理流程示意圖

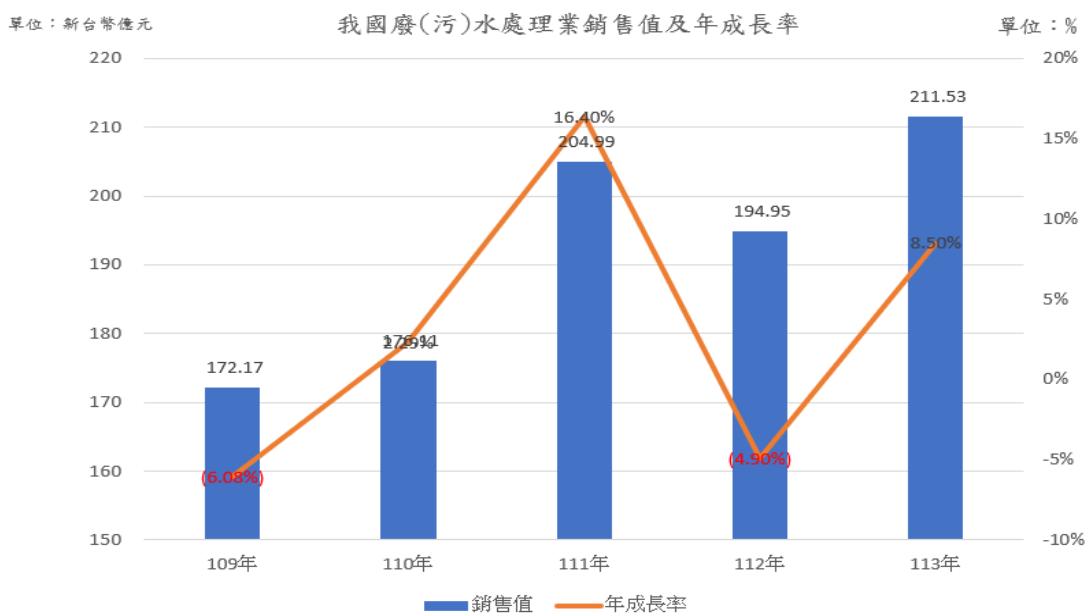


Source: Ministry of Environment, Water Quality Protection Web

The wastewater treatment-related business in Taiwan primarily revolves around the wastewater treatment engineering and equipment industry. This sector specializes in tailoring wastewater treatment equipment for clients, who then either operate the wastewater treatment themselves or outsource it to others. According to the "2024 SME White Paper" published by the Ministry of Economic Affairs, the number of small and medium-sized enterprises (SMEs) in Taiwan exceeded 1.674 million in 2023, accounting for over 98.88% of all enterprises. Because small and medium-sized enterprises face high costs to install wastewater treatment equipment, many cannot afford full setups. As a result, most factories only install simple treatment processes tailored to the types of wastewater they produce. However, if their operations change such as modifying processes or expanding production lines, the existing wastewater treatment equipment may become insufficient and lack flexibility. Therefore, besides planning their own wastewater treatment facilities, these companies often need to rely on specialized wastewater treatment service providers. These service providers can handle wastewater treatment on their behalf, ensuring effective processing as well as convenient monitoring and management.

Regarding the market development status of Taiwan's wastewater treatment industry, according to the Ministry of Finance's monthly statistical report (see table below), as of the end of 2024, there were approximately 597 wastewater treatment operators in Taiwan. The industry's sales value grew from about NT\$17.217 billion in 2020 to approximately NT\$21.153 billion in 2024, with a compound annual growth rate (CAGR) of around 5.28%. In 2020, due to the outbreak of COVID-19, some domestic manufacturers experienced partial shutdowns or reduced production, causing sales to decline by 6.08% compared to the previous year. From 2021 to 2022, as the pandemic eased and lockdowns were gradually lifted nationwide, people's daily lives began to return to normal. This helped stimulate economic recovery and restored growth momentum in the wastewater treatment industry, resulting in a 16.40% increase in sales value in 2022. In 2023, however, global economic pressures such as monetary tightening and inflation weakened end-user demand. Combined with ongoing inventory adjustments in the supply chain, the wastewater treatment industry's sales value dropped slightly by 4.90% compared to 2022. In 2024, according to the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan, Taiwan's annual economic growth rate reached 4.59%. Although slightly lower than China's 5.0%, Taiwan's overall economic performance outpaced the averages of the US, Europe, and the global rate of 2.8%. Correspondingly, the wastewater treatment industry's sales value in 2024 grew by 8.50% compared to 2023.

Looking ahead to 2025, the Ministry of Environment revised the "Effluent Standards" at the end of 2024. The revisions include newly added and stricter regulations on ammonia nitrogen, phosphorus, copper, and the reduction of excessive residual chlorine discharge. These measures aim to reduce the load of high-concentration phosphorus entering water bodies, lower copper concentrations in specific watersheds, improve water quality, and promote resource recovery and low-carbon smart wastewater treatment projects along with related subsidy applications. The revision also newly incorporates ammonia nitrogen control for wastewater from industries such as leather manufacturing, printed circuit board production, hospitals, and medical institutions. Additionally, total phosphorus discharge limits have been added for effluent from wafer fabrication, semiconductor manufacturing, optoelectronic materials production, and science park industrial areas. These measures are expected to further support the continued growth of the wastewater treatment industry.



Source: Ministry of Finance, Monthly statistics of Finance.

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

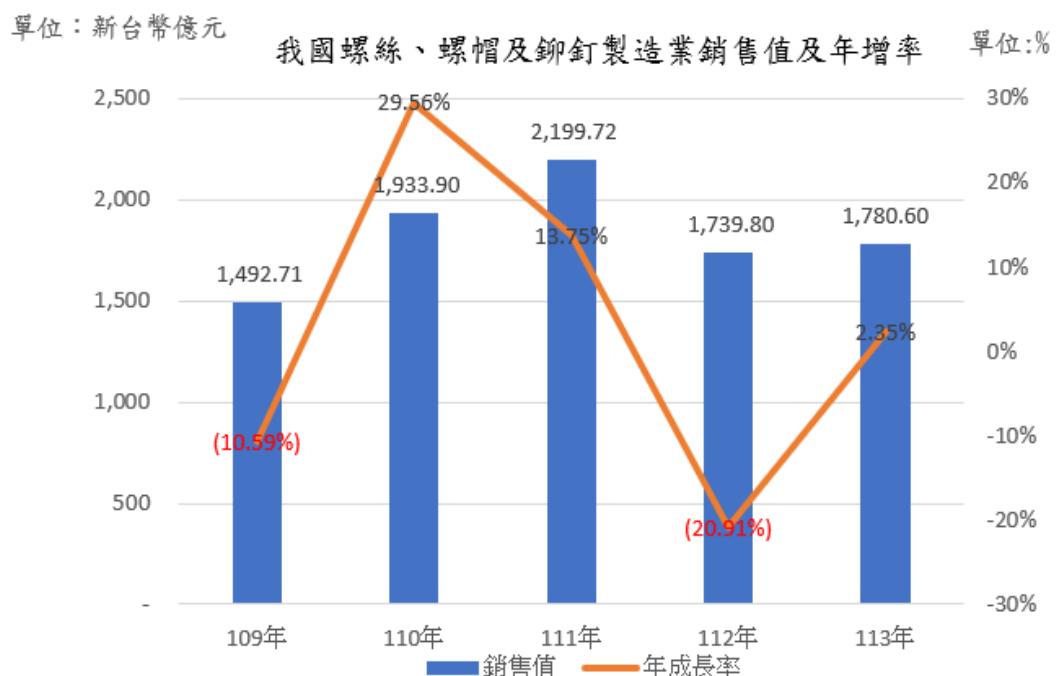
A. Screw and Nut Industry

Screw and nut products are collectively referred to as fasteners. Taiwan ranks as the world's third-largest exporter of fasteners such as screws, nuts, and bolts. The increase in automotive orders from international car manufacturers to Taiwanese suppliers, combined with domestic efforts to raise the proportion of high-value products shipped, has helped boost the shipment share of higher-priced products like advanced automotive and aerospace fasteners, as well as special specification screws. Taiwanese manufacturers have made significant progress in developing high-end screws and nuts for automotive, aerospace, and precision equipment applications. As a result, about 75% of the industry's output value over the

past five years has been for export. According to the Ministry of Economic Affairs, there are over 1,800 factories engaged in screw-related manufacturing in Taiwan. The largest industrial cluster is located in Kaohsiung, where more than 700 factories are concentrated. The screw and nut industry cluster spans from Gangshan and Luzhu districts in Kaohsiung to the Guiren district in Tainan City, making Taiwan a key global supplier. Data from the Ministry of Economic Affairs' Industrial Production and Sales Dynamic Survey shows that the sales value of Taiwan's screw and nut industry grew from approximately NT\$149.271 billion in 2020 to about NT\$178.060 billion in 2024, with an average annual compound growth rate of around 4.51%. Between 2020 and 2021, the outbreak of COVID-19 caused a slowdown in demand from downstream industries such as global automobile manufacturing and consumer electronics. However, from the second half of 2021, as countries gradually lifted lockdowns and resumed operations, orders from international major manufacturers rebounded, which helped product prices recover. Domestic demand also benefited from factors such as growth in the construction industry, public infrastructure projects, and Taiwanese businesses returning to expand manufacturing capacity. As a result, both domestic and export sales values grew simultaneously, and due to the low base in 2020, total sales in 2021 increased by 29.56%. In the second half of 2022, prices for upstream wire rods declined, but international nickel prices rose significantly compared to 2021. Meanwhile, delayed fastener subcontracting orders from global automotive manufacturers began to pick up steadily. The shipment share of niche fastener products for aerospace and electric vehicles increased, driving the average prices of screws and nuts higher in 2022 compared to 2021. These factors helped most manufacturers sustain growth, resulting in a 13.75% increase in sales value for the fastener industry in 2022 compared to 2021. In 2023, the sales value declined significantly by 20.91% compared to 2022. This was primarily due to economic slowdowns in major markets such as Europe and the United States, driven by geopolitical instability. Additional contributing factors included post-pandemic inventory adjustments by European and American clients, intensified competition from Chinese exports, the implementation of the EU Carbon Border Adjustment Mechanism (CBAM), and sluggish domestic construction activity, all of which negatively affected both domestic and overseas market

demand. In 2024, Taiwan's fastener industry showed signs of recovery from the previous downturn, with the overall annual sales value increasing slightly by 2.35% compared to the previous year, reflecting a relatively flat performance.

According to the Metal Industries Research & Development Centre, the performance of fastener products is closely tied to global manufacturing activity. However, factors such as the Russia-Ukraine war and the Red Sea crisis have driven up global shipping costs and commodity prices, adding uncertainty to the market outlook. According to a market research report by Data Bridge Market Research, the global industrial fasteners market is valued at approximately US\$ 102.58 billion in 2024 and is projected to reach US\$ 161.05 billion by 2032, with a forecasted CAGR of 5.80% from 2025 to 2032. With ongoing industry upgrades and global economic growth, Taiwan's fastener industry is expected to emerge from the downturn, despite continued competition from Southeast Asia and mainland China.



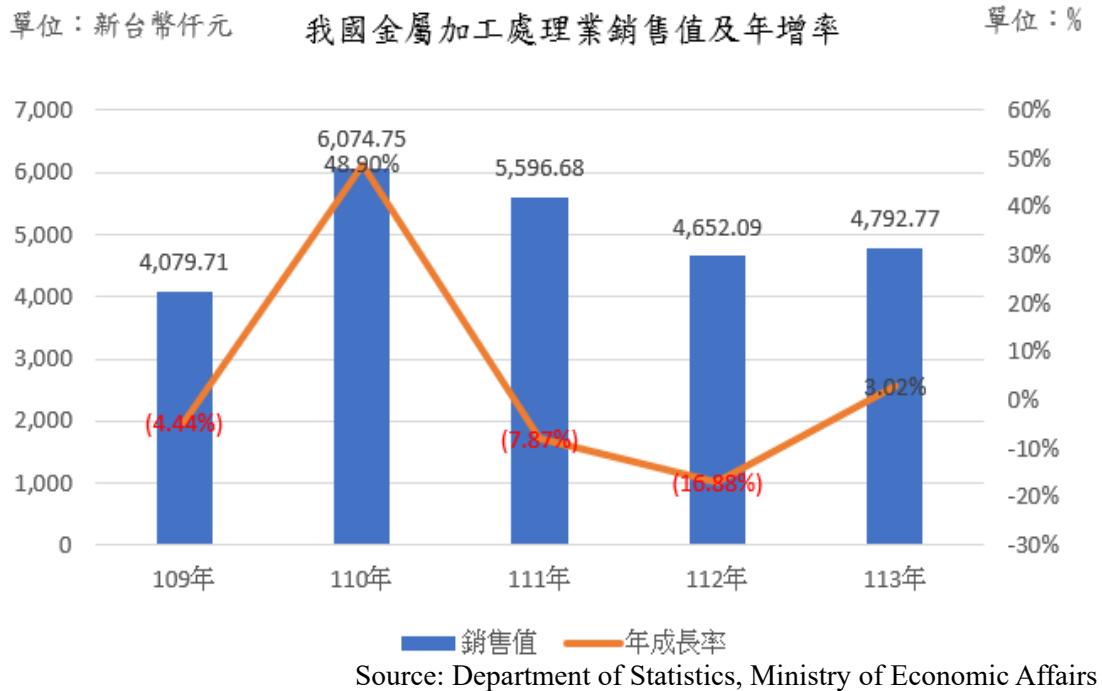
Source: Department of Statistics, Ministry of Economic Affairs

B. Metal Processing Industry

The metal processing industry encompasses various sectors, including metal forging, powder metallurgy, metal heat treatment, metal surface treatment, and other metal processing operations. According to data from

the Taiwan Institute of Economic Research's Industrial Economics Database and the Ministry of Economic Affairs' Industrial Production, Sales, and Inventory Survey, the sales value of Taiwan's metal processing and treatment industry grew from NT\$407.971 billion in 2020 to NT\$479.277 billion in 2024, representing a CAGR of approximately 4.11%. In 2020, the industry was impacted by the outbreak of COVID-19, which led to a decline in demand from downstream sectors such as automotive, machinery, and electronics. However, from the second half of 2020 onward, the relatively stable domestic pandemic situation spurred increased demand from private construction and public infrastructure projects. Additionally, export orders from downstream industries rebounded significantly, driven by recovering demand in Europe and the United States. At the same time, prices for upstream steel and basic metals continued to rise, with overseas price hikes becoming more pronounced due to supply shortages. The widening price gap between domestic and international products supported stronger pricing power for local manufacturers. This encouraged downstream players to replenish inventories, resulting in a marked improvement in industry conditions in 2021. However, in 2022, the outbreak of the Russia-Ukraine war and mounting inflationary pressures weakened economic activity and consumer demand in Europe and the U.S. Meanwhile, successive interest rate hikes by major economies, along with China's strict lockdown policies, disrupted global supply chains. These factors led to a slowdown in export orders and shipments for automobiles, computers, electronics, and optical products. Rising inventory levels further dampened restocking sentiment among downstream firms, causing industry sales to decline by approximately 7.87% year-over-year. In 2023, the overall surface treatment segment continued to face headwinds, primarily due to its reliance on the automotive and electronic component sectors, which were affected by ongoing global economic uncertainties, including the Russia-Ukraine conflict, inflationary pressures, and structural issues in the Chinese economy. As a result, the metal processing and treatment industry recorded a year-on-year sales decline of 16.88% in 2023. In 2024, Taiwan's economic indicators rebounded, and global economic growth reached approximately 2.8%. Against this backdrop, the metal processing and treatment industry in Taiwan grew by around 3.02% for the year. According to a market research report by GII Global Information, the global metal surface treatment market

is projected to reach US\$ 100.69 billion in 2024 and is expected to grow to US\$ 127.17 billion by 2029, representing a CAGR of 4.78%. This suggests that the metal processing and treatment industry is poised for recovery and is likely to maintain steady growth in the coming years.



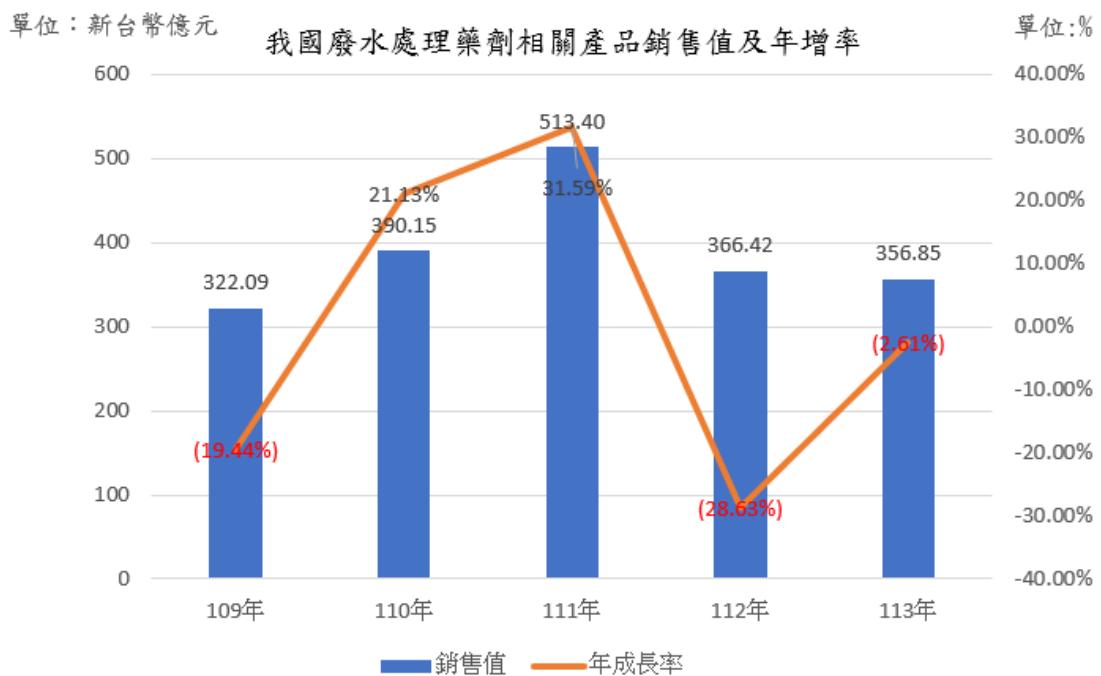
(2) Industry of Manufacturing and sales of wastewater Treatment Chemicals and Consumables

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

According to the Industrial Production, Shipment & Inventory Statistics Survey database from the Ministry of Economic Affairs, the sales value increased from approximately NT\$32.209 billion in 2020 to about NT\$35.685 billion in 2024, representing a CAGR of approximately 2.60%. In 2021, demand for caustic soda rose significantly due to the commissioning of new alumina and nickel mining capacities in Indonesia. Additionally, China's dual energy consumption control policies, which imposed production and power restrictions, drove up international alkali prices, leading to increased sales value. In 2022, the Russia-Ukraine conflict further pushed global energy prices higher, with European natural gas prices soaring and causing sharp electricity cost increases. As a result, energy-intensive caustic soda producers in Europe were forced to cut production or halt exports. To fill the supply gap, European customers ramped up large-scale imports of caustic soda from abroad, pushing Asian prices to new highs and driving up sales value. Furthermore, as COVID-19 restrictions eased worldwide, economic recovery gradually regained momentum. Domestic and international economic growth, along with increased manufacturing activity, drove expansion in the wastewater treatment sector, resulting in higher overall sales of wastewater treatment chemicals. However, in 2023, supply constraints arose due to maintenance and production irregularities at caustic soda plants. Coupled with the global economic slowdown caused by monetary tightening and inflationary pressures, end-market demand weakened. As a result, companies remained cautious with investments, and both consumption and capital expenditures decelerated. Ongoing inventory adjustments throughout the supply chain further dampened industry conditions, leading to a 28.03% decline in overall sales of wastewater treatment chemicals in 2023 compared to 2022. In 2024, total sales in this segment continued to contract slightly, decreasing by approximately 2.61% year-over-year.

In 2024, the Ministry of Environment has progressively initiated revisions to three key regulations: the "Effluent Standards," the "Water Pollution Control Measures and Management Regulations," and the "Regulations Governing the Collection of Water Pollution Fee." These amendments introduce stricter control standards, including reductions in emissions of copper, phosphates, and ammonia nitrogen. The updated regulations aim to promote the resource recovery of wastewater treatment and encourage energy-saving and energy-generating developments within industrial wastewater management. According to research data from GII Global Information, the global market for water and wastewater

treatment chemicals is projected to grow from US\$ 323.17 billion in 2023 to US\$ 559.44 billion by 2031, representing a CAGR of 7.10% from 2024 to 2031. The increasing demand for water supply in industries such as sugar and ethanol production, fertilizers, geothermal power generation, petrochemical manufacturing, and refining is driving the growing necessity for wastewater treatment. This, in turn, accelerates the demand for chemicals used in water and wastewater treatment processes.



Source: Department of Statistics, Ministry of Economic Affairs

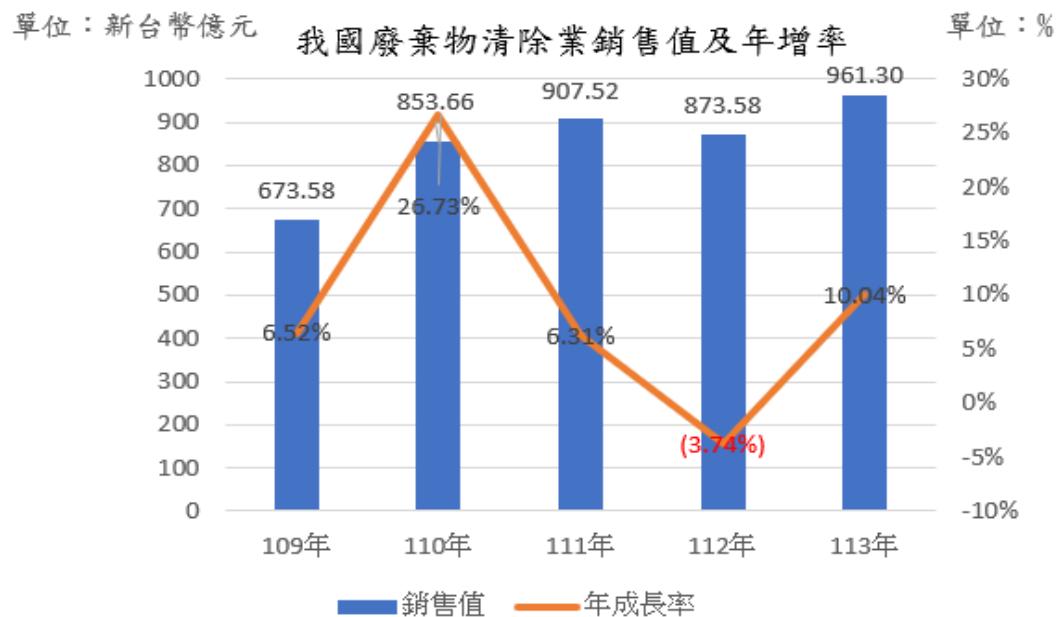
Note: The data primarily reference liquid alkali (1810123) and other industrial catalysts and additives (1990090) from the Ministry of Economic Affairs' statistical database.

(3) Waste Transportation Industry

The primary regulation for waste management is the "Waste Disposal Act (hereinafter referred to as the Waste Disposal Act)", and its competent authority is the Ministry of Environment in Taiwan. The Waste Disposal Act was enacted with the legislative objective of waste removal and environmental sanitation improvement. Concerning the definition and categorization of waste, the act classifies waste into general waste and industrial waste, with industrial waste further categorized into general industrial waste and hazardous industrial waste. As for the responsibilities of competent authorities, the Ministry of Environment formulates methods for recycling, processing, and reuse of general waste (including general industrial waste). On the other hand, the reuse of industrial waste is governed by the respective competent authorities of each industry. Each

municipality/city (county or city) government is tasked with accepting and reviewing industrial waste cleaning plans, issuing control numbers for reuse organizations, and conducting inspections on these organizations.

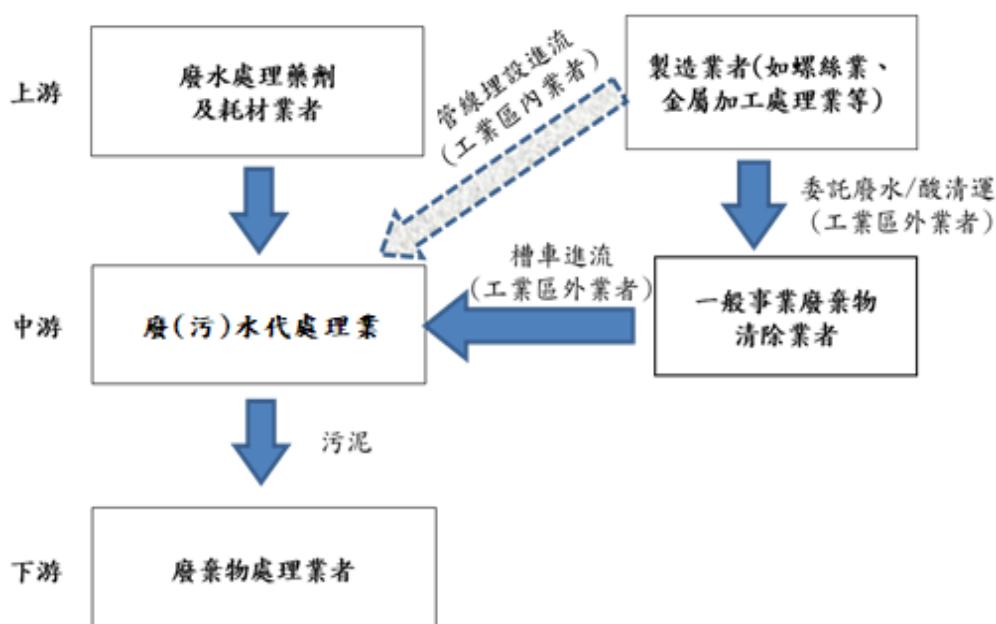
In terms of the market development of the waste disposal industry in Taiwan, according to data from the Ministry of Finance's monthly reports (as shown in the table below), the industry's sales value has increased from approximately \$67.358 billion in 2020 to about \$96.130 billion in 2024, with a CAGR of approximately 9.30%. In recent years, the rise of green, environmental protection, energy-saving, and recycling industries, coupled with increasing environmental awareness and stricter waste disposal regulations, has contributed to the growth of domestic waste transportation needs. As a result, the sales value of the waste transportation industry has generally shown an increasing trend. Between 2020 and 2021, the U.S.-China trade war prompted increased investment and factory relocations by Taiwanese businesses back to Taiwan, driving growth in environmental treatment demand. Additionally, the COVID-19 pandemic generated large volumes of medical and quarantine-related waste, further boosting demand for general industrial waste disposal services. As a result, the waste disposal industry continued to grow steadily from 2020 through 2022. In 2023, factors such as global monetary tightening and inflationary pressures led to weakening end-market demand, causing the industry's sales value to decline slightly by 3.74%. In 2024, with stable domestic economic growth, the waste disposal sector's sales value rebounded, increasing approximately 10.04% year-over-year. Due to increasing environmental awareness in Taiwan, coupled with regulatory amendments by the Ministry of Environment, including the 2024 amendment to the "General Industrial Waste Reuse Management Regulations" and the 2025 amendment to the "General Waste Recycling, Collection, and Disposal Regulations," have relaxed operational scopes and expanded the categories of recyclable waste for recycling operators. These changes are expected to enhance waste processing volumes and stimulate greater demand for waste disposal services.



Source: Ministry of Finance, Monthly statistics of Finance.

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

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



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

3. Product Trends

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

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

(1) Production Aspect

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

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

B. Spent Pickling Liquor

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

(2) Legal Aspect

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

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

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

(3) Management Aspect

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

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

The Company has amassed extensive experience over the years, fostered talent, participated in environmental seminars, and collaborated with academia to innovate new technologies. We specialize in the storage equipment, transportation, and treatment of wastewater and spent pickling liquor from industrial factories, boasting significant technical expertise and service experience in this field. In order to ensure quality management, we have implemented the ISO 9001 system to enhance the quality of our wastewater and spent pickling liquor processing techniques. Additionally, we utilize a GPS system to monitor the removal process of these substances. This allows our customers to track removal traces and monitor direction in real-time via online access. By doing so, we effectively mitigate the legal risks associated with engaging unscrupulous manufacturers.

(4) Technical Aspect

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

A. Wastewater Treatment

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

- a. General heavy metal wastewater and nickel-containing wastewater consist of heavy metals such as zinc, iron, and nickel. Through the chemical coagulation process, solid-liquid separation is achieved, resulting in the formation of insoluble metal hydroxides, which are then removed through sedimentation separation. By employing this processing method, the metal ions that can be removed include chromium, copper, nickel, zinc, cadmium, lead, and iron, among others. To ensure compliance with discharge water standards, the pH range for precipitating various metal ions varies. Due to the coexistence of multiple metal ions, the optimal pH range for precipitation may vary slightly, typically between 8 and 10. In practice, beaker tests should be conducted based on the characteristics of the wastewater in each factory to determine the necessary pH range.
- b. Chromium-containing wastewater is a crucial part of the pre-completion processing in the electroplating process, contributing to enhancing product attributes such as corrosion resistance, wear resistance, conductivity, and gloss. However, due to the use of toxic chemicals in certain stages of electroplating and the need for multiple part washing operations, the resulting wastewater often contains highly polluting substances, posing significant risks to human health. Typically, chromium-containing wastewater is treated using the chromium reduction method. This involves adding the reducing agent sodium bisulfite under acidic conditions to reduce hexavalent chromium to trivalent chromium. Subsequently, sodium hydroxide is added to adjust the pH level, facilitating the formation of trivalent chromium hydroxide, which precipitates and separates from the wastewater.

c. The primary source of ammonium nitrogen in wastewater is the addition of ammonium chloride as a complexing agent in the electroplating process. To eliminate ammonium nitrogen, an air stripping method is employed. This technique utilizes mass transfer effects to separate ammonia from the water phase under alkaline conditions, typically conducted in a stripping tower. The separated gaseous ammonia can be recovered through water or acid, and it holds recycling value when its concentration is high.

B. Spent Pickling Liquor

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

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

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

4. Product Competition

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

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

(III) Overview of Research and Development

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

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

2. Research and Development Personnel's Education and Experience

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

Unit: Person

Year Education	2023	2024	2025 As of May 19
Doctoral and Masters	6	6	6
Bachelor's Degree (including Junior College)	5	7	7
Include and Below Senior High School	-	1	1
Total	11	14	14
Average Years of Service (years)	7.4	6.2	6.5

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

- Investment in research and development expenses for over the past five years

Unit: NT\$ thousand

Year Items	2020	2021	2022	2023	2024
Research and development expense	10,674	15,083	12,322	13,841	14,702
Net Operating Revenue	490,781	600,094	672,972	609,242	635,001
Percentage (%)	2.17%	2.51%	1.83%	2.27%	2.32%

- Successfully developed technologies or products

Year	Developed technologies or products
2022	The recycling and recovery of ammonium chloride from electroplating plant wastewater for crystallization into ammonium chloride
2023-2024	Using SBR to remove organic pollutants from wastewater
2025	Developing equipment for continuous flow air stripping of high-concentration ammonia nitrogen wastewater and the cyclic recovery of ammonium chloride

(IV) Short and Long-term Business Development Plan

1. Short-term Plan

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

- (1) To ensure the smooth operation of processing techniques, it's essential to implement quality policy, objectives, and audits of the quality system.
- (2) Continue to deepen on developing key industries, such as the metal surface treatment sector, electronic components manufacturing, and medical chemical products production.
- (3) Strive to uphold the reputation of existing customers, enhance customer satisfaction, and promote through customer marketing efforts.
- (4) Continuously expand the marketing scope by participating in seminars and events, including briefings organized by the Environmental Protection Administration or other regulatory authorities.
- (5) Continuing collaboration with the academic community to develop new technologies.

2. Long-term Plan

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

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

II. Market and Sales Overview

(I) Market Analysis

1. Main products (services) in sales regions

Unit: NT\$ thousand

Year Items	2023		2024	
	Sales Amount	%	Sales Amount	%
Local	609,242	100.00	635,001	100.00
Export	-	-	-	-
Total	609,242	100.00	635,001	100.00

2. Market share

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

According to statistics from the Ministry of Finance's Monthly Statistical Bulletin, Taiwan's Wastewater Treatment industry had an estimated sales revenue of approximately NT\$21.153 billion in 2024. Based on our Company's individual operating revenue of NT\$518 million for the same year, our market share in Taiwan's Wastewater Treatment industry was around 2.45%. With regulations on effluent standards becoming increasingly stringent and phased control standards for ammonia nitrogen amended by environmental laws, our subsidiary, Ping Ho Materials Technology, has introduced a new process for recycling and reusing ammonia nitrogen wastewater. Looking ahead, this initiative not only allows for optimization of our product portfolio and gradual improvement in overall operational efficiency for the group but also enables us to meet the evolving needs of the environmental protection industry. By implementing a circular economy approach, we aim to create the greatest benefit for the group and provide opportunities for future growth in the Company's market share.

3. Market Future Demand and Growth

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

According to data from the Ministry of Finance, there were approximately 597 wastewater treatment companies in Taiwan as of the end of 2024. The wastewater treatment sector in Taiwan comprises numerous specialized companies offering a wide range of services tailored to various scales and industries, from domestic sewage treatment to industrial wastewater solutions. These companies adhere to environmental

regulations to ensure treated water meets discharge standards. Most wastewater treatment businesses in Taiwan focus on engineering and equipment-based services. They typically provide customized wastewater treatment systems for clients, who then either operate the systems independently or outsource the operations. The Company primarily serves small and medium-sized enterprises (SMEs) through contract-based wastewater treatment services. Due to the increasingly stringent regulatory landscape and the high capital investment required to upgrade equipment in response to evolving pollutant characteristics, more SMEs are choosing to outsource their wastewater treatment operations. Effectively treating wastewater from various industries requires extensive operational experience accumulated over years of real-world application. Each batch of wastewater may differ in composition, necessitating adjustments to treatment parameters. This flexibility allows for effective degradation of pollutants and ensures compliance with discharge standards through real-time monitoring at the outlet. In addition to wastewater treatment, we also assist clients with the design, construction, operation, and maintenance of wastewater treatment facilities, adjusting our approach based on local environmental regulations and standards. Given the importance of environmental protection and ongoing regulatory updates, the wastewater treatment industry has a notable barrier to entry in terms of equipment and technology. With increasing demand driven by environmental awareness and legal compliance, the sector is expected to attract more investment, gradually boosting overall supply capacity.

4. Competitive Advantage

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

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

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

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

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

The Company has adopted the ISO9001:2005 quality management system, implementing rigorous quality control in both the Wastewater Treatment process and the recycling process of spent pickling liquor. This ensures that the treated wastewater meets high-quality standards and complies with relevant regulations. Through systematic information feedback and automated medication mechanisms, we can effectively monitor and control water quality. By integrating various types of information into actionable management insights, we aim to reduce operational costs and enhance efficiency.

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

The Company's wastewater treatment facility is strategically located within the renowned screw/nut industry cluster in Gangshan District, Kaohsiung, Taiwan, Benzhou Industrial Park. This area boasts a large concentration of small and medium-sized enterprises. In addition, the Gangshan District of Kaohsiung and the Luzhu area are well-known for their screw industry clusters and numerous metal surface treatment-related manufacturers. As a result, there is a significant volume of electroplating and pickling wastewater generated in the area. For many manufacturers, the cost of setting up their own wastewater treatment facilities and hiring specialized technical personnel can be prohibitively high. By offering

immediate services in close proximity, the Company assists customers in resolving their process wastewater issues. The Company has also established a subsidiary, Ping Ho Materials, in the Tainan Industrial Park. Leveraging its experience in contract-based wastewater treatment services, the subsidiary aims to expand the range of wastewater treatment solutions available to manufacturers in the Tainan area. It focuses on the treatment and resource recovery of high-ammonia-nitrogen wastewater, incorporating processes that enable water reclamation and reuse. The regenerated industrial water produced will be sold for industrial use or for secondary domestic use within industrial zones.

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

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

- (6) The Waste Transportation Industry possesses platform matching capabilities, offering waste transportation services for a wide range of waste types nationwide.

The Company's operations in the Waste Transportation Industry are managed by two subsidiaries, Ching Jin and Wan Jing Industrial Co., Ltd., both of which have been in the industry for over 15 years. They maintain excellent relationships with various waste treatment organizations. In addition to offering waste transportation services for a wide range of waste types, our platform matching capability allows us to match each customer's different waste code categories with the most suitable downstream waste treatment organizations. Our waste transportation services cover the entire country and are not limited to specific regions.

5. Advantageous and disadvantageous of prospects and response measures:

(1) Advantageous Factors

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

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

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

For a long time, small and medium-sized enterprises (SMEs) have accounted for over 98% of all businesses in Taiwan. While each SME may produce a relatively small amount of wastewater (or pollutants), managing this waste requires specialized wastewater treatment techniques, equipment, and trained personnel. Therefore, SMEs often struggle with challenges such as lack of economies of scale, suitable treatment facilities, technical expertise, skilled labor, and financial resources. These challenges can diminish their willingness to invest in improving wastewater management or complying with regulatory requirements, leading to unfortunate instances of illegal discharge. In recent years, businesses have increasingly recognized the advantages of outsourcing wastewater treatment operations to professional providers. This approach allows them to ensure compliance with legal regulations and achieve cost savings. The benefits of this specialized format have become apparent to operators, leading to the normalization of wastewater outsourcing. This trend is beneficial for the Company's future business expansion and growth in operational scale.

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

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

(2) Disadvantageous and Response Measures

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

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

Response Measures:

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

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

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

Response Measures:

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

wastewater treatment capabilities. Furthermore, we plan to increase the recycling and reuse of ammonia nitrogen wastewater and introduce reclaimed water use business, diversifying our operational portfolio and contributing to the future growth momentum of operations.

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

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

Response Measures:

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

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

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

Response Measures:

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

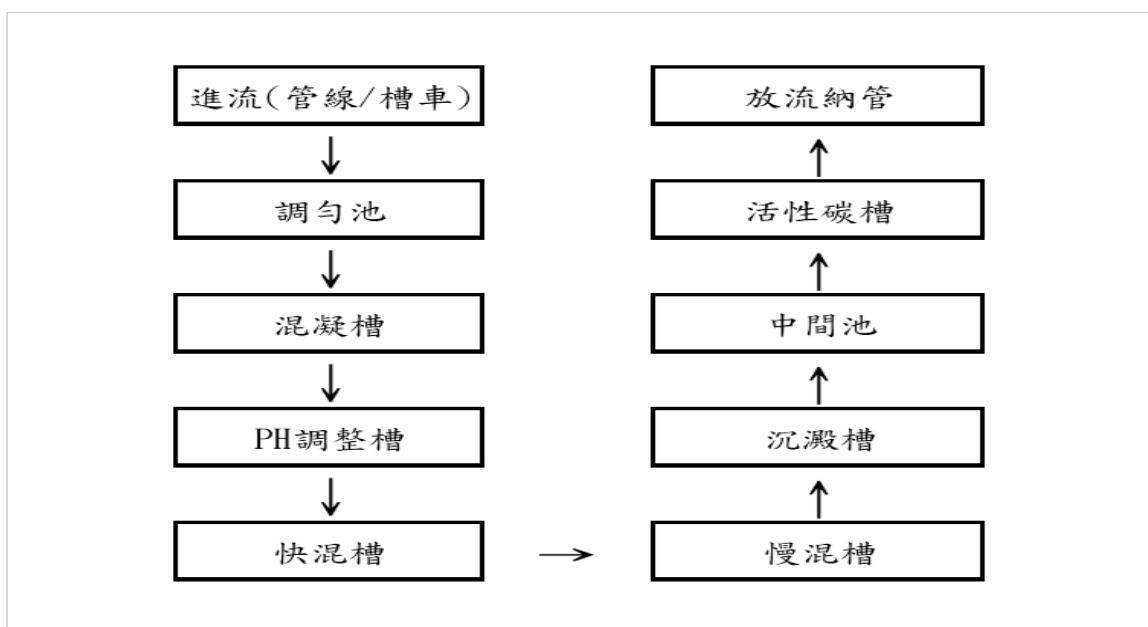
(II) Major Products and Their Production Processes and Purpose

1. Important Uses of Major Products:

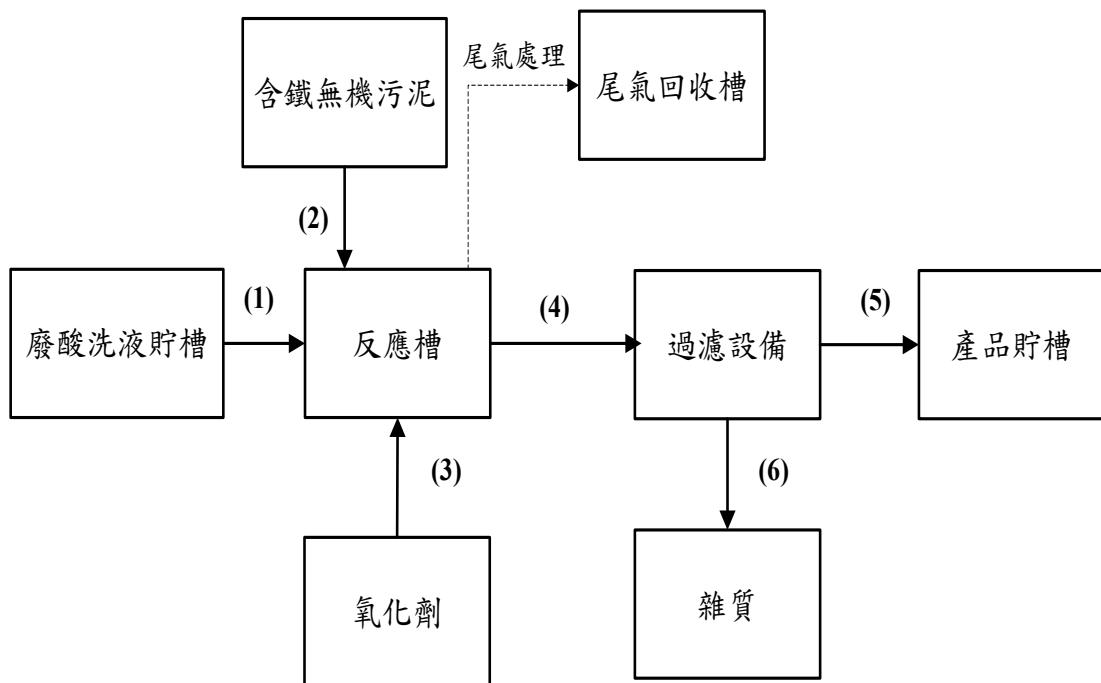
The Company's operations encompass services across the upstream and downstream segments of wastewater treatment. These services include the sale of water treatment chemicals, acidic wastes and sludge transportation, contract treatment of wastewater and acidic wastes, and maintenance and operation of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

2. The production process of the Major product:

(1) Wastewater Treatment Process



(2) Process of spent pickling liquor



(III) Supply status of the main raw materials

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

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

(IV) Suppliers (customers) accounting for over 10% of total purchases (sales) in the past two fiscal years

1. Information on major suppliers for the past two years

Unit: NT\$ thousand

Items	2023				2024				As of the end of the previous quarter of 2025			
	Name	Amount	Ratio of net purchases for the entire fiscal year (%)	Relation with Issuer	Name	Amount	Ratio of net purchases for the entire fiscal year (%)	Relation with Issuer	Name	Amount	Ratio of net purchases as the end of the previous quarter of the current fiscal year (%)	Relation with Issuer
1	A026	33,810	26	None	A026	35,020	27	None	A026	9,766	32	None
2	A001	21,954	17	None	A001	26,845	21	None	A001	5,034	17	None
3	A007	16,477	13	None	A002	18,888	15	None	A002	3,913	13	None
4	A002	14,227	11	None	A007	12,729	10	None	Others	11,491	38	None
5	Others	41,666	33	None	Others	36,512	27	None				
	Net Purchase	128,134	100		Net Purchase	129,994	100		Net Purchase	30,204	100	

Note 1: As of the date prior to the printing of the annual report, any company listed or traded on securities brokerages should disclose the most recent financial information audited or reviewed by an accountant.

Reason for Change: The Company's primary raw material purchases, including liquid alkali, activated carbon, strong oxidizers, and heavy metal catchers, slightly increased from each supplier in 2024 compared to 2023. This was primarily due to relatively stable prices of wastewater treatment chemicals. Overall, the changes were mainly attributed to factors such as customer demand and raw material prices.

2. Major Clients in the Last Two Fiscal Years

Unit: NT\$ thousand

Items	2023				2024				As of the end of the previous quarter of 2025 (Note 1)			
	Name	Amount	Ratio of net sales for the entire fiscal year (%)	Relation with Issuer	Name	Amount	Ratio of net sales for the entire fiscal year (%)	Relation with Issuer	Name	Amount	Ratio of net sales as the end of the previous quarter of the current fiscal year (%)	Relation with Issuer
1	C1002	75,515	12	None	C4001	80,067	13	None	C1002	20,548	13	None
2	C4001	74,526	12	None	C1002	78,862	12	None	C4001	20,408	12	None
	Others	459,201	76		Others	476,072	75		Others	122,845	75	
	Net Sales	609,242	100		Net Sales	635,001	100		Net Sales	163,801	100	

Note 1: As of the date prior to the printing of the annual report, any company listed or traded on securities brokerages should disclose the most recent financial information audited or reviewed by an accountant.

Reason for Change: The primary sources of the Company's revenue include wastewater treatment services, wastewater treatment chemicals and supplies, and waste removal. In 2024, operating revenue slightly increased compared to 2023, primarily due to growth in waste removal services. However, the rankings of the major customers have remained relatively stable over the past two years.

III. The information of employees employed for the two most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report.

Unit: Person

Year		2023	2024	As of May 19, 2025
Number of Employees	Manager	3	3	3
	General Staff	64	67	64
	Production employees	43	47	45
	Total	110	117	112
Average age		40.2	40.1	40.9
Average Years of Service		5.1	5.3	5.7
Education Level Composition	Doctoral	0.00%	0.00%	0%
	Master's degree	10.00%	7.69%	8.04%
	Bachelor's Degree (including Junior College)	40.91%	39.32%	41.07%
	Senior High School	40.00%	45.30%	42.86%
	Include and Below Senior High School	9.09%	7.69%	8.03%

IV. Environmental Protection Expenditure

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

V. Labor Relations

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

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

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

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

2. Continuing Education and Training:

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

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

(4) Direct Personnel Training: Training on the indispensable knowledge, skills, and operational methods required for on-site in their work.

3. Retirement system and its implementation status:

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

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

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

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

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

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

VI. Cyber Security Management

(I) The framework for managing cyber security risks, policies governing, specific management plans, and the allocation of resources towards cyber security management:

1. Cyber Security Risk Management Framework:

The Company has established a management department tasked with overseeing information system security management operations. This department executes information security risk evaluation mechanisms to enhance the effectiveness and timeliness of information security management, ensuring the security of various aspects such as the information environment, computer hosts, network usage, system access, and mobility, including mobile devices.

2. Cyber Security Policy:

- (1) System Security Standards: Establish the company's information security management system aims to standardize the operational behavior of personnel.
- (2) Technology Application: Implementing information security management measures by establishing information security management equipment.
- (3) Personnel Training: Conduct information security training to enhance the information security awareness of all employees.

3. Specific management plan and resources invested in cyber security management:

- (1) Commission professional computer information vendors for maintenance services.
- (2) Network and computer system security management.
- (3) Access control, development, and maintenance of system security management.
- (4) Information Asset Security Management.
- (5) Set up network firewalls, install antivirus software, and set folder access permissions.
- (6) Performing regular monthly maintenance and virus scans on the company's computer equipment, network devices, and servers.

(II) Please list any losses, potential impacts, and response measures resulting from significant cyber security incidents that occurred in the most recent year up to the date of the annual report's publication. If it is not possible to reasonably estimate these, please explain why. As of 2024 and up to the publication date of the annual report, the Company did not experience any significant cyber security incidents, nor did it incur related losses or impacts.

VII. Important Contracts

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

Contract Nature	Party	Contract Period	Major Contents	Restrictions
Procurement of Services Contract	Economic Development Bureau, Kaohsiung City Government	2025.01.01-2025.12.31	"Contracted Operation and Maintenance Work for the Benzhou Wastewater Treatment Plant in Gangshan, Kaohsiung City"	—
Medium and Long-term Loans	Chang Hwa Bank	2020.04.23-2035.04.23	Line of credit: \$151,000 thousand, with principal and interest amortized monthly.	Land-secured collateral
Medium and Long-term Loans	Chang Hwa Bank	2020.04.23-2027.04.23	Line of credit: \$60,000 thousand, with principal and interest amortized monthly	Property-secured collateral
Medium and Long-term Loans	Chang Hwa Bank	2020.04.23-2035.04.23	Line of credit: \$95,000 thousand, with principal and interest amortized monthly.	Property-secured collateral
Medium and Long-term Loans	Chang Hwa Bank	2019.03.15-2029.03.15	Line of credit: \$75,760 thousand, amortizing principal and interest monthly.	Machinery secured collateral
Medium and Long-term Loans	Taiwan Business Bank	2014.06.30-2026.06.30	Line of credit: \$92,400 thousand, with principal and interest repaid monthly	Land-secured collateral
Medium and Long-term Loans	Chang Hwa Bank	2025.02.05-2030.02.05	Line of credit: \$18,000 thousand, with principal and interest amortized monthly.	Credit Guarantee Funds
Medium and Long-term Loans	Chang Hwa Bank	2024.12.13-2029.12.13	Line of credit: \$15,000 thousand, with principal and interest amortized monthly.	Credit Guarantee Funds
Medium and Long-term Loans	Chang Hwa Bank	2024.12.06-2029.12.06	Line of credit: \$19,000 thousand, with principal and interest amortized monthly.	Credit Guarantee Funds
Medium and Long-term Loans	Chang Hwa Bank	2024.12.06-2029.12.06	Line of credit: \$9,000 thousand, with principal and interest amortized monthly.	Credit Guarantee Funds

V. Review of Financial Conditions, Financial Performance, and Risk Management

I. Financial Status:

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

Analysis of Financial Status

Unit: NT\$ thousand

Items	Year	2023	2024	Difference	
				Amount	%
Current assets		361,849	437,390	75,541	20.88%
Property, Plant, and Equipment		880,480	845,468	(35,012)	(3.98%)
Intangible assets		0	0	0	0.00%
Other assets		46,952	65,861	18,909	40.27%
Total assets		1,289,281	1,348,719	59,438	4.61%
Current liabilities		288,460	269,273	(19,187)	(6.65%)
Non-current liabilities		264,842	209,668	(55,174)	(20.83%)
Total liabilities		553,302	478,941	(74,361)	(13.44%)
Capital stock		291,795	311,795	20,000	6.85%
Capital surplus		146,721	261,215	114,494	78.04%
Retained earnings		287,379	288,432	1,053	0.37%
Other equity interest		10,084	8,336	(1,748)	(17.33%)
Total equity		735,979	869,778	133,799	18.18%

I. Explanation of significant changes (for variances exceeding 10,000 thousand and changes exceeding 20% in proportion):

Current assets increased primarily due to a cash capital increase carried out in 2024.

Other assets increased primarily because of higher security deposits and deferred tax assets compared to the previous period.

Non-current liabilities decreased primarily due to repayment of long-term bank loans.

Capital surplus increased mainly because of the premium from the cash capital increase before the Company's initial public offering during this period.

II. Future response plans for significant impact: The aforementioned changes have no significant adverse impact on the Company, and the overall performance of the Company has not deviated significantly. Therefore, there is no need to draft a response plan.

II. Financial Performance:

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

Comparative Analysis of Financial Performance

Unit: NT\$ thousand

Items	Year	2023	2024	Increase (Decrease) Amount	Percentage Change (%)
Operating Revenue		609,242	635,001	25,759	4.23%
Operating Income		173,266	162,416	(10,850)	(6.26%)
Income Before Tax		164,689	149,073	(15,616)	(9.48%)

1. Analysis and explanation for changes exceeding 20% before and after, and with the amount of change reaching NT\$10 million: None.
2. Expected sales volume,basis, and the potential impact on the company's future financial operations and corresponding plan:

Since the Company did not prepare and announce financial forecasts, the expected sales volume and basis are not applicable. The overall performance of the Company has not shown any significant anomalies. Therefore, there is no need to formulate a response plan. The Company determines its sales volume for the upcoming year based on historical sales performance, anticipation of future market demand changes, and alignment the operational objectives with the Company and its production capacity scale when setting these goals.

III. Analysis of Cash flow:

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

(I) Liquidity Analysis for the Recent Two Years:

Unit: NT\$ thousand

Items	Year	2023	2024	Increase (Decrease) Amount	Increase (Decrease) Ratio (%)
Operating activities		200,058	168,075	(31,983)	(15.99%)
Investing activities		8,208	(40,237)	(48,445)	(590.22%)
Financing activities		(160,509)	(77,575)	82,934	(51.67%)

Analysis of change in proportion:

1. Operating activities: Primarily due to better profits in 2023.
2. Investing activities: Primarily due to increased holdings of financial assets at fair value through profit or loss in 2024.
3. Financing activities: Primarily due to cash capital injection in 2024.

(II) Liquidity Improvement Plan:

Although the Company recorded net cash outflows from both investing and financing activities in 2024, it still maintains sufficient cash on hand to support its operations. In the event of any shortfall, financing will be obtained through bank loans. Therefore, the Company is not currently exposed to liquidity risk arising from an inability to secure funding.

(III) Cash Flow Analysis for the Coming Year:

Unit: NT\$ thousand

Cash and Cash Equivalents Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (3)	Estimated Cash Surplus (Deficit)	Estimated Leverage of Cash Deficit	
			(1)+(2)-(3)	Investment Plans	Financing Plans
144,732	211,873	(396,868)	(40,263)	—	351,750

1. Analysis of Expected Cash Flow Changes for the Coming Year:

- (1) Operating Activities: Net cash inflow is expected from operating activities, primarily due to stable revenue and profitability.
- (2) Other Activities: Cash outflows are anticipated primarily from estimated shareholder dividends and investment expenditures.
2. Remedial Measures and Liquidity Analysis for Potential Cash Shortfalls: To support the Group's operational expansion, the Company plans to issue convertible bonds with a par value of NT\$350,000 thousand, which is expected to raise approximately NT\$351,750 thousand.

Analysis for estimated leverage of cash deficit and liquidity: Not applicable.

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

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

(I) Shift investment policy in recent year

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

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

December 31, 2024; Unit: NT\$ thousand; %

Items Company	Major operating item	Investment Income in 2024	Shareholding Ratio (%)	The main reasons for profit or loss of investees	Improvement Plans	Future other investment plans
Ping Ho Materials Technology Co., Ltd.	Wastewater Treatment	(24,948)	94.81	Due to insufficient operational scale, the Company has been unable to achieve profitability, resulting in losses.	The Company is continuing to expand its business operations.	None
Ching Jin Industrial Co., Ltd.	Waste Transportation	20,055	100.00	The operation is in good condition	None	None
Wan Jing Industrial Co., Ltd.	Waste Transportation	3,636	100.00	The operation is in good condition	None	None
Feng Jia Industrial Co., Ltd.	Manufacture and Wholesale of Chemical Feedstock	27,320	100.00	The operation is in good condition	None	None

(III) Investment Plan for the Coming Year

In March 2025, the Board of Directors approved an investment in the subsidiary, Ping Ho Materials. The Company will implement its investment plans in line with operational development needs and, moving forward, will make appropriate announcements in accordance with regulatory requirements based on the progress of the investment.

VI. Analysis of Risk Management

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

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

Unit: NT\$ thousand

Items	2023		2024	
	Amount	Percentage of consolidated net operating revenue	Amount	Percentage of consolidated net operating revenue
Consolidated Interest Expenses	10,385	1.70%	9,348	1.47%

Source: The consolidated Financial Statements certified by a CPA in 2023 and 2024.

The Group's interest expenses accounted for 1.70% and 1.47% of net operating revenue in 2023 and 2024, respectively, primarily reflecting financing costs from bank borrowings. As the impact on overall operations remains limited, interest rate fluctuations currently have only a minor effect on the Group. The Group continues to closely monitor developments in the financial markets and interest rate trends, while maintaining strong relationships with financial institutions to secure more favorable interest terms. Flexible measures will be adopted as needed to mitigate the impact of interest rate fluctuations on the Group's profitability.

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

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

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

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

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

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

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

(III) Future Research and Development Plans and Expenditure:

1. Future R&D Plan:

Product/Business Type	Future Research and Development Direction
Wastewater Treatment	<ul style="list-style-type: none">A. Enhancing wastewater treatment techniques, including the recycling and reuse of nickel electroplating wastewater and ammonia nitrogen wastewater, etcB. Developing equipment for the continuous inflow of high-concentration ammonia nitrogen wastewater to recycle ammonium chloride through gas stripping

	<p>C. Applying the Sequencing Batch Reactor (SBR) for the biological treatment of wastewater to remove organic pollution</p> <p>D. Implement a reclaimed water reuse system tailored for use in actual factory settings</p>
Sales of Chemicals and Consumables	Developing a heavy metal adsorbent capable of capturing various heavy metals present in wastewater

2. Expected Research and Development Expenditure:

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

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

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

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

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

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

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

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

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

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

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

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

1. Purchase of goods:

The Company primarily specializes in providing industrial wastewater treatment services. Its main raw materials include caustic soda, sulfuric acid, oxidizers, coagulants, heavy sub-powder, and activated carbon. Over the past three years, the Company has enjoyed stable and ample supplies of these materials. Additionally, it has

maintained excellent cooperation with all suppliers, ensuring a steady and smooth flow of goods. Therefore, there have been no significant abnormalities in the Company's raw material supply. Overall, the Company has maintained long-term partnerships with its raw material suppliers, characterized by excellent quality and consistent delivery schedules. Since the main purchased items are not considered special materials, in the event of potential supply shortages or delays from existing suppliers, the Company will explore alternative suppliers to mitigate its risk.

2. Sales:

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

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

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

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

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

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

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

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

1. Purpose of Preparation

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

2. Operating Procedure

(1) Security Monitoring System

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

(2) Division of Labor and Authority

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

(3) Data Backup and Maintenance Methods

- A. Network system administrators are tasked with drafting network security guidelines, configuring and operating network management tools to ensure the security and integrity of both the system and its data.
- B. Personal computers and network system servers should have antivirus scanning tools, and scan for computer viruses and update virus codes regularly .
- C. Important files and data on personal computers and network systems should be backed up regularly on a daily basis to ensure availability in case of need.
- D. The reported data should be stored on the computer and backed up separately. To facilitate management, data should be classified and stored by date, file, and department categories.

3. Control Focus

- (1) Whether the company have professional personnel responsible for handling matters related to cyber security prevention and crisis management.
- (2) Whether a security control mechanism for computer network systems has been established to ensure the safety of network data transmission and prevent unauthorized system access.
- (3) Whether anti-virus software is installed internally and the network firewall is set up externally in the inter-company computer network system.
- (4) Whether educated employees the concept of using legal software properly.
- (5) Whether the highest level of access to the online reporting system should be carefully evaluated by responsible supervisors.

- (6) Whether the company should set up the accounts and permissions of users according to their respective business scopes and responsibilities, and shall not use them privately. Once a user leaves their original position, their account and permissions should be revoked immediately.
- (7) Whether user accounts and passwords should avoid easily guessable and decipherable passwords, and passwords should be changed regularly.
- (8) Whether network system administrators are tasked with drafting network security guidelines, configuring and operating network management tools.
- (9) Whether personal computers and network system servers should have antivirus scanning tools.
- (10) Whether important files and data on personal computers and network systems should be backed up regularly on a daily basis.
- (11) Whether the reported information stored in a computer and backed up separately.

4. Appendix

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

This regulation was established on November 5, 2018.

VII. Other Important Matters: None.

VI. Special Disclosure

I. Information of Affiliated Enterprise:

Please refer to the Market Observation Post System at:

<https://emops.twse.com.tw/server-java/t58query>, and enter the company code to search for the related corporate information.

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

III. Other matters that require additional description: None.

IV. The matters of special note shall include an explanation of any material differences from the rules of the ROC in relation to the protection of shareholder equity observed in primary exchange listed (emerging stock) companies: Not applicable.

VII. Recent year and as of the publication date of the annual report, material events under Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act that significantly affect shareholders' equity or securities price: None



Ping Ho Environmental
Technology Co., Ltd.

Chairman: Ming-Yang Wu