Stock Code: 6951

CHIN HSIN ENVIRON ENGINEERING CO., LTD.

2025

Annual Report

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http://mops.twse.com.tw/ (Market Observation Post System)

https://www.chin-hsin.com.tw/ (Chin Hsin website)

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THIS IS A TRANSLATION OF THE 2025 ANNUAL REPORT (THE “ANNUAL REPORT”) OF CHIN HSIN ENVIRON ENGINEERING CO., LTD. (THE “COMPANY”). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE ANNUAL REPORT SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

I. Names, titles, contact numbers and emails of the Company's spokesperson and acting spokesperson:

Spokesperson: Andy Chang
Title: Manager of Finance Department
Telephone: (02) 2579-5580 ext. 315
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Deputy Spokesperson: Jordan Chang
Title: President
Telephone: (05) 552-9255 ext. 800
E-mail: jordan@mail.chin-hsin.com.tw

II. Address and Telephone Number of Headquarters, Branches and Plants:

Headquarters:
Address: No. 58-1, Yanping Road, Citong Township, Yunlin County
Telephone: (05) 552-9255 Fax: (05) 584-8282

III. Name, Address, Website and Telephone Number of Stock Transfer Agent:

Share Registrar: Grand Fortune Securities Co., Ltd.
Address: 6F, No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 10041
Website: https://www.gfortune.com.tw/
Telephone: (02)2383-6888 Fax: (02)2371-8735

IV. Name, Firm Name, Address, Website, and Telephone Number of CPAs for the Most Recent Financial Reports:

Name of CPAs: Huang Chin-Lien, Hsiu-Ling Li
CPA firm: PwC Taiwan
Address: 27th Floor, No. 333, Section 1, Keelung Road, Taipei City
Website: www.pwc.com.tw
Telephone: (02) 2729-6666 Fax: (02) 2757-6371

V. Name of any exchange where the Company's securities are traded overseas, and the method by which to access information on the overseas securities: None

VI. Corporate website: www.chin-hsin.com.tw

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One.Letter to Shareholders

Dear shareholders,

First, we welcome all shareholders who have taken time out of their busy schedules to attend today's 2026 Annual General Shareholders' Meeting. The following is an overview of the Company's 2025 business report and 2026 business plan:

I. Annual Business Results of 2025

(I) Business plan implementation results:

Under the full support of our shareholders and the dedicated efforts of all employees, the Company and its subsidiaries achieved consolidated operating revenue and net income after tax of NTD 865,617 thousand and NTD 247,739 thousand, respectively, in 2025. Compared to the consolidated operating revenue of NTD 698,725 thousand and net income after tax of NTD 209,973 thousand in 2024, these represent growth rates of 23.89% and 17.99%. Earnings per share after tax for 2025 reached NTD 5.39. On behalf of the Board of Directors, we extend our gratitude to all employees for their hard work and to our shareholders for their continued support.

Unit: NTD thousands

Title/year	2025	2024	Amount difference	Growth rate
Operating revenue	865,617	698,725	211,248	43.33%
Operating gross profit	510,441	402,304	146,083	57.01%
Net income before tax	309,613	263,794	132,242	100.52%
Net income after tax	247,739	209,973	106,651	103.22%
Earnings per share (NTD)	5.39	4.87	2.26	86.59%

(II) Budget execution status:

According to the current laws and regulations, the Company did not disclose the financial forecast for 2025, and the overall actual operating conditions and performance are generally consistent with the business plan formulated internally by the Company.

(III) Analysis of financial income, expenditure and profitability:

(1) Financial income and expenditure

Item		2025	2024
Financial structure	Debt to assets ratio (%)	29.26	30.23
	Long-term capital to fixed assets ratio (%)	152.39	246.58
Solvency	Current ratio (%)	155.37	205.05
	Quick ratio (%)	149.31	197.74

Note: Prepared based on data from the consolidated financial statements.

(2) Profitability

In terms of profitability, this year's net profit before tax reached NTD309,613 thousand, an increase of NTD 45,819 thousand compared to last year's net profit before tax of NTD 263,794 thousand, reflecting a growth of 17.37%. Earnings per share after tax stood at NTD 5.39, an increase of NTD 0.52 from last year's EPS after tax of NTD 4.87, achieving a growth rate of 10.68%. The overall profitability has demonstrated steady growth compared to the previous year.

Item	2025	2024
Return on assets	15.72%	16.04%
Return on shareholders' equity	22.25%	24.28%
Operating margin	40.79%	35.95%
Net profit margin after tax	28.62%	30.05%
Earnings per share after tax	\$5.39	\$4.87

(IV) Research and development status

The Company has introduced the technology-based management model for the clearance process, and worked with the Ministry of Environment to develop the "Electronic Waste Reporting Application". By linking internal and external systems through the Application Program Interface (API) and through the use of mobile devices, we developed a fully automated waste declaration platform that improves the efficiency of the disposal service process. The platform is now used by the Company's to serve our clearance customers but is also being promoted to external parties.

The Company collaborates with the Plastics Industry Development Center (PIDC) and manufacturing companies to jointly develop compounding ratios for incorporating various recycled plastic materials into the Chin Hsin Wood production line. This collaboration assists partner manufacturers in increasing the proportion of by-product resource utilization on their production lines and launching products aligned with SDGs 12, while also enhancing resource utilization efficiency in the waste plastics recycling industry.

R&D expenditures of approximately NTD 2,000 thousand are expected to be invested over the next year.

II. Summary of the Business Plan for 2026

(I) Management approach:

1. Continue to provide differentiated services that are different from the industry through our unique business model, technology-based clearance route management, and electronic waste declaration system application. By increasing the value of clearance services, we will maintain our maintain market share, encourage other waste operators to ally with us, and identify opportunities to acquire other waste operators to boost the economies of scale.

2. Provide the full range of disposal service options to expand the customer base, and to develop a market for special industrial waste disposal in line with economic trends.
3. Use the "star-shaped transportation network" and the "centralized waste transfer station" models to enhance the efficiency of resource allocation and reduce operating costs.
4. In response to the waste resource recycling policy implemented by medical institutions, the Company now provides all recycling and disposal services for all medical waste to consolidate our existing customer base while also boosting our competitiveness of the medical waste disposal market.
5. Establishing equipment for the recycling and reuse of empty bottles to strengthen the recycling and processing mechanism for plastic containers, reduce the proportion of empty plastic bottles sent for incineration, and achieve the environmental objective of waste resource recovery.
6. Strategically collaborating with manufacturing companies to develop technologies that integrate production line by-products with plastic-wood production, achieving the policy vision of waste minimization and assisting the industry’s green transformation.

(II) Business goals:

In the area of medical waste removal and reuse processing operations, the Company implemented a planned increase in clearance unit prices in 2025, achieving significant results in both revenue growth and gross margin improvement. In addition to continuously expanding economies of scale, the Company established a reuse processing plant in early 2024 to carry out high-temperature sterilization and reuse processing for certain categories of medical waste. In June 2025, the Company obtained a full-category medical waste reuse permit, expanding the scope of reuse processing and strengthening competitiveness. The Company also cooperates with multiple incineration treatment plants to provide comprehensive removal and treatment services to waste-generating entities such as medical institutions. At the same time, the Company is committed to converting its existing medical institution collection and transportation customers into reuse processing customers, securing tenders from large medical institutions, and increasing market share in the reuse segment for dialysis clinic networks, actively expanding its medical waste reuse processing business.

In terms of the industrial waste disposal business, economic activity means the types and forms of waste have become increasingly varied as well. Different forms of waste need to be processed in different ways. In the wake of reforms to environmental protection laws and regulations in Taiwan, the Company has gradually increased the number of waste treatment plants. We are also actively looking for waste recycling companies for our customers and planning better waste disposal solutions to meet the needs of more customer types in order to expand the industrial waste removal business.

With respect to Chin Hsin Wood production, the Company progressively completed joint R&D with external institutions in 2025 regarding the manufacturing processes of Chin Hsin Wood projects. Going forward, the Company will collaborate strategically with manufacturing companies to complete the R&D and commencement of production for technologies that incorporate their production line by-products into plastic-wood production lines and enable customized product manufacturing. This will assist manufacturers in viewing former production line waste from a resource perspective, prevent misallocation of waste resources, and implement the concept of recyclable waste or effective resource circulation.

The Company completed the construction of empty bottle recycling and processing equipment in the second half of 2025 and expects to commence operations in the first half of 2026. In coordination with government subsidy incentive policies, recovered plastic containers will undergo processing procedures such as washing, crushing, and pelletizing to replace the previous incineration treatment method, thereby achieving the goal of waste plastic resource recycling and enhancing resource use efficiency.

(III)Important production and sales policies:

1. Regularly organize training on service attitude and compliance for sales representatives, assistant sales representatives, and drivers. The customer complaints process is also enforced.

2. Continue to improve the quality of customer service, strengthen the connection with customers, and improve customer satisfaction.

3. Keeping abreast of market supply and demand information in order to adopt necessary marketing strategies in a timely manner.

4. Establish strategic alliances with resource suppliers to facilitate complete clearance processes.

5. Assess the environmental protection industry and market trends from time to time, in order to carry out diversified investment or develop new businesses in advance.

III. Future Development Strategy of the Company

(I) Taiwan's medical waste industry

Drawing on the operating models of the “star-shaped transportation network” and “centralized waste transfer stations” in northern Taiwan, the Company completed the addition of a waste transfer station in Tainan by the end of 2025. Through route integration and workforce allocation adjustments, transportation costs are expected to be effectively reduced, and resource allocation efficiency in southern Taiwan will be progressively strengthened. In recent years, through restructuring of the Group’s investment framework and the exit and consolidation of micro-sized industry peers, the Company has expanded its waste collection and transportation coverage to encompass all regions of Taiwan, thereby achieving economies of scale. Going forward, the Company will continue to expand its medical waste clearance business by developing waste clearance projects for medical device manufacturers, pharmaceutical companies, and warehouses, and by pursuing tenders from large medical institutions. At the same time, through continuous optimization of its self-developed “electronic six part receipt application,” the Company will enhance the digital management model of clearance operations, effectively increasing brand service value and market bargaining power.

On the other hand, to support resource recycling policies, the Ministry of Health and Welfare continues to enhance guidance for medical institutions in adopting recycling methods for their “medical plastic waste.” Medical institutions are actively responding and implementing these measures. In addition to maintaining strong partnerships with medical waste recycling processors to offer medical institutions comprehensive removal, treatment, and recycling options, the Company has also built its own medical waste recycling facilities, strengthening the industry chain for removal and recycling processes. This supports the Company in winning clearance contracts with large medical institutions, maintaining its market share in medical waste clearance services, and striving to lead the industry toward smarter, more efficient, and environmentally friendly practices. The Company also aims to establish industry compliance and order, reduce illegal dumping and improper waste handling, and become a leader in the waste clearance sector.

(II) Taiwan's industrial waste industry

According to the statistical table on industrial waste generation released by the Resource Circulation Administration of the Ministry of Environment, the cumulative scale of industrial waste generation reached 1,647 ten thousand metric tons as of the end of October 2025.

In response to national sustainable development policies, the Ministry of Environment has launched various “waste removal and treatment program” projects in cooperation with public and private institutions. To enhance policy implementation efficiency, a cooperative model has been adopted under which the competent authority formulates operational plans and public and private removal and treatment institutions carry out execution. Over the past two years, the Company has actively engaged in and assisted with certain regional asbestos-containing building material waste removal and treatment projects for local counties and cities. In 2026, the Company will continue to seek participation in relevant “waste removal and treatment program” projects and strengthen cooperative relationships with the competent authority.

As chemical materials and high-tech electronic component manufacturing industries continue to advance with new technologies and innovations, and as products incorporate sustainability and circularity considerations at the design stage, the types of waste generated have become increasingly complex, with varying treatment technologies required. In addition, as international brand owners strengthen supply chain management and manufacturers accelerate their sustainable transformation, greater emphasis is placed on the establishment of resource circulation networks. There is an urgent demand for the treatment of waste solvents from high-tech industries, waste cutting fluids from various industries, and metal-containing sludge. In the future, more industrial waste will be directed toward resource recycling and reuse processing. The removal, treatment, and reuse of industrial waste are also key focus areas of government planning and guidance. The Company will continue to develop additional resource recovery and processing partners and form strategic alliances with them, providing industrial waste-generating customers with diverse and comprehensive options for removal, treatment, and reuse, fully meeting customer needs and expanding the Company's industrial waste clearance business.

(III) Recycling and reusing of medical waste

Taiwan's medical waste generation is approximately 45,000 metric tons per year. According to statistics from the Ministry of Environment, as of the end of October 2025, the cumulative volume processed through reuse amounted to 7,744 metric tons, with the remainder treated by incineration.

Among the medical waste generated by medical institutions and dialysis centers, high-quality plastics constitute one of the Company's clearance items. In the past, the Company disposed of such waste by transporting it to other reuse processing facilities. In view of current environmental trends emphasizing energy conservation, carbon reduction, and emission reduction, and in response to market changes and business expansion, the Company obtained an industrial waste reuse permit in January 2024, thereby entering the medical waste reuse processing market and enhancing its environmental corporate image. In June 2025, the Company further obtained a full-category medical waste reuse processing permit, fully expanding its high-temperature sterilization reuse processing operations for medical waste. This development is conducive to the Company's efforts to secure reuse processing tenders from large medical institutions and customers within dialysis clinic networks.

In addition, in line with the net-zero emissions trend, while providing medical institution customers with more comprehensive combinations of clearance, treatment, and reuse processing options, the Company leverages the resource integration linkage between medical waste plastic reuse processing and the Chin Hsin Wood production line to assist medical institutions in implementing the Ministry of Health and Welfare's policy promoting the reuse treatment of "medical waste plastics" and to respond to the concept of sustainable healthcare. This, in turn, enhances the Company's ability to secure or solidify clearance business with large medical institutions and maintain the Company's market share in medical waste clearance services.

(IV) Empty bottle recycling treatment

The Ministry of Environment is promoting amendments to the "Resource Circulation Promotion Act" and the "Waste Disposal Act" to strengthen demand-pull mechanisms through government priority procurement of circular products and to establish a “fee-and-subsidy” mechanism for recycled materials with low competitiveness, thereby driving the circular economy industry and creating stable market demand.

With the policy incentives of the Ministry of Environment, the Company completed the establishment of a recycled empty bottle plastic reuse processing line in 2025. This line processes plastic empty bottles, including containers with chemical residues that were previously treated by incineration, by utilizing the physical properties of thermoplastic heat deformation for reuse processing. Through mechanical sorting technologies, the quality of plastic classification is enhanced to ensure the purity of recycled materials, increase the proportion converted into resource materials, and implement the effective circular utilization of plastic resources.

(V) Chin Hsin’s manufacturing and sales of green wood building materials

In response to global environmental protection trends, industries across all sectors are taking steps toward carbon reduction, with high-emission industries in particular implementing measures such as process improvements, energy transition, and circular economy initiatives. The development of circular materials is a key strategy for addressing the ongoing depletion of the Earth’s resources, climate warming, and environmental change. International organizations and governments worldwide are actively promoting the circular materials industry, with rapid progress being made in related technologies, products, and application models.

The Company will continue to collaborate with the Plastics Industry Development Center (PIDC) and manufacturing companies to jointly develop compounding ratios for incorporating various recycled plastic materials into the Chin Hsin Wood production line. This collaboration assists partner manufacturers in increasing the proportion of by-product resource utilization on their production lines and launching products aligned with SDGs 12, while also enhancing resource utilization efficiency in the waste plastics recycling industry.

IV. Impact of external competition, regulatory environment, and overall business environment

In view of the severe challenges posed by the current global resource crisis and climate change, the international community generally regards “resource circulation” as a key pathway to achieving the United Nations Sustainable Development Goals (SDGs) and net-zero emission commitments. As Taiwan is a key link in the global supply chain, to achieve the 2050 net-zero emissions target and the vision of zero waste, while aligning with international standards and meeting sustainable development needs, the industrial economic model must be transformed in step with the international community toward a circular economy in order to consolidate the advantages of an export-oriented economy. The circular economy departs from traditional waste management thinking and advocates the establishment of a sustainable product policy framework, prompting the government to develop an enabling environment for promoting resource circulation and to strengthen the relevant legal foundation. This shifts the focus from end-of-pipe waste recycling and treatment to resource circulation across the entire product life cycle, with the policy objective of “maximizing the benefits of resource circulation and minimizing final waste disposal.”

Internationally, advanced legislation such as the EU’s “New Circular Economy Action Plan” and Japan’s “Basic Act for Establishing a Sound Material-cycle Society” has positioned the circular economy as a core driver for enhancing industrial competitiveness. In Taiwan, existing regulations have become insufficient to fully address the development of the circular economy and practical industry needs. To strengthen Taiwan’s resource circulation system and respond to the challenges arising from limited resources and excessive environmental burdens, the Ministry of Environment proposed an amendment draft to the “Resource Recycling Act” in May 2025, planning to rename it as the “Resource Circulation Promotion Act.” The key directions of the amendment include incorporating sustainability and circularity considerations into product design stages, introducing sustainable product policies such as green design guidelines, the use of recycled materials in products and engineering, source reduction, restrictions or prohibitions on certain uses, and measures to extend product lifespans through repair, while also promoting government priority procurement of circular products to create circular supply chains. The aim is to deeply integrate sustainability concepts into corporate core strategies and, through joint efforts among industry, government, academia, and research institutions, to build a more resilient, competitive, and responsible industrial future, thereby contributing key momentum to Taiwan’s sustainable development. In addition, in May, the Ministry of Environment concurrently proposed amendments to the “Waste Disposal Act,” planning for the Ministry of Environment to coordinate 10 ministries and 14 sets of management regulations to strengthen the quality and operational management of reused products, incorporate emerging waste types into regulatory oversight, expand the scope of responsible parties, and increase criminal penalties for illegal disposal, with the objective of effectively preventing and deterring illegal waste dumping.

In January 2026, the IMF released its latest World Economic Outlook, projecting global economic growth of 3.3% in 2026.

In the first half of 2025, Taiwan’s economic growth momentum was driven mainly by trade and investment. Traditional industry exports and automobile sales were constrained by U.S. tariffs and the impact of China’s intensified domestic competition. However, the surge in U.S. AI investment stimulated Taiwan’s equipment investment and merchandise exports, making the technology sector the primary growth engine supporting overall growth. In the first half of the year, global economic growth was mainly driven by temporary factors such as front-loaded trade activity and inventory adjustments rather than improvements in fundamentals. As these effects faded, economic indicators weakened, labor markets cooled, and tariffs pushed up price pressures in the United States, leading to a slowdown in the second half of the year.

The impacts of climate change have intensified. In the summer of 2025, many regions around the world experienced extreme weather events such as heatwaves, droughts, and torrential rainfall, disrupting food and energy supplies and increasing uncertainty surrounding inflation and economic growth. The increased frequency of extreme weather has also driven up infrastructure maintenance and insurance costs, posing long-term structural challenges. In addition, tensions in the Middle East have escalated due to conflicts between Israel and neighboring countries, leading to frequent volatility in energy and raw material markets and affecting global supply chain stability, with inflationary pressures remaining elevated. Although some countries are actively diversifying production bases and strengthening energy autonomy and strategic reserves to mitigate these impacts, overall supply chain risks remain difficult to fully eliminate. Looking ahead to the global economy in 2026, under the interaction of geopolitical and climate risks, numerous challenges will persist. Among them, U.S. trade policy, China's industrial adjustments, the outlook for artificial intelligence development, rising long-term interest rates driven by public fiscal concerns, geopolitical conflicts, and climate change will be particularly critical. These factors will not only affect Taiwan's export performance, but also influence domestic demand and consumption through financial markets and import prices.

Overall, the impact of U.S. tariffs continues to unfold, and global economic and trade momentum is expected to slow further. However, the rapid development of artificial intelligence has driven a global investment boom, which also benefits Taiwan. Nevertheless, due to a high comparison base, the contributions of private investment and net exports are expected to weaken compared with 2025. On the domestic demand side, as listed companies' profitability improves, wages and dividend payouts in 2026 are expected to increase. Together with multiple stimulus measures promoted by the government, the consumer market is expected to gradually recover. However, considering the relatively high base, economic growth momentum in 2026 is projected to slow compared with 2025.

We will pay close attention to the trends of industrial waste and stay ready to adjust our business strategy at any time to maintain the Company's stable operation and profitability.

Finally, in the coming year, the Company will continue to improve its competitive advantages and continue to improve the operating process to increase work efficiency, increase the training courses and professional knowledge of employees, and strengthen the implementation and review of the budget system to achieve profit goals. Nevertheless, I hope that all shareholders will continue to give the Company their greatest support and encouragement.

With best wishes

Good Health!

We wish you all prosperity in the year ahead!

Chairman Fang-Chen Chang

Two.Corporate Governance Report

I. Information on Directors, Supervisors, General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches

(I) Information of directors

March 24, 2026

Job title	Nationality or place of registration	Name	Gender/ Age	Date of election (assumption of office)	Term of office	Date of initial election	Shares held at the time of election		Current number of shares held		Shares held by spouse and underage children		Shares held in the name of others		Major experience/ Academic background	Currently holds positions in both the Company and one or more other companies	Managers, directors, or supervisors who are spouses or relatives within the second degree of kinship of another manager, director, or supervisor			Remarks (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relations	
Chairman	Republic of China	Sunny Friend Environmental Technology Co., Ltd.	-	April 24, 2023	3 years	June 22, 1999	27,495,300	68.74%	26,415,300	57.42%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Representative: Chang Fang-Cheng	Male 70	April 24, 2023	3 years	October 13, 2008	-	-		-	-	-	13,738	0.03%	1. Master of Business Administration, Tatung Institute of Technology 2. Master of Law, National Chengchi University 3. Deputy General Manager, Ruentex Construction Co., Ltd. 4. General Manager, Shing Yen Construction Development Co., Ltd.	1. Chairman and General Manager, Sunny Friend Environmental Technology Co., Ltd. 2. Chairman, Cheng Shin Environmental Engineering Co., Ltd. 3. Chairman, Liang Wei Environmental Engineering Co., Ltd. 4. Chairman, Beijing Ruentex Environmental Technology Corp. 5. Chairman, Jiangsu Shuqai Ruentex Environmental Technology Corp. 6. Chairman, Langfang Ruentex Environmental Technology Corp. 7. Chairman, Yuncheng Ruentex Environmental Technology Corp. 8. Chairman, Rizhao Panyue Environmental Technology Corp.	-	-	-	-
Vice Chairman	Republic of China	Sunny Friend Environmental Technology Co., Ltd.	-	April 24, 2023	3 years	June 22, 1999	27,495,300	68.74%	26,415,300	57.42%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Representative: Chang Yung-Tien	Male 58	April 24, 2023	3 years	June 22, 1999	51,400	0.13%	57,400	0.12%	11,821	0.03%	-	-	1. Master of Business Administration, National Chung Cheng University	1. Deputy General Manager, Sunny Friend Environmental Technology Co., Ltd. 2. Vice Chairman, Liang Wei Environmental Engineering Co., Ltd. 3. Vice Chairman, Cheng Shin Environmental Engineering Co., Ltd. 4. Director, Jiangsu Shuqai Ruentex Environmental Technology Corp. 5. Director, Langfang Ruentex Environmental Technology Corp. 6. Director, Rizhao Panyue Environmental Technology Corp.	-	-	-	-
Director	Republic of China	Sunny Friend Environmental Technology Co., Ltd.	-	April 24, 2023	3 years	June 22, 1999	27,495,300	68.74%	26,415,300	57.42%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Representative: Tsai Mei-Chun	Female 51	April 24, 2023	3 years	May 10, 2024	-	-	5,000	0.01%	-	-	-	-	Master of Visual Communication Design, National Yunlin University of Science and Technology	Manager, Sunny Friend Environmental Technology Co., Ltd.	-	-	-	-

Job title	Nationality or place of registration	Name	Gender/ Age	Date of election (assumption of office)	Term of office	Date of initial election	Shares held at the time of election		Current number of shares held		Shares held by spouse and underage children		Shares held in the name of others		Major experience/ Academic background	Currently holds positions in both the Company and one or more other companies	Managers, directors, or supervisors who are spouses or relatives within the second degree of kinship of another manager, director, or supervisor			Remarks (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relations	
Director	Republic of China	Chen Sung-Yuan	Male 56	April 24, 2023	3 years	April 24, 2023	3,100,000	7.75%	2,980,000	6.48%	978	0.00%	-	-	1. Department of Tourism, Xihu Vocational High School 2. Sales Manager, Cleanway Co., Ltd.	Chairman, Shung Shing Enterprise Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Wang Tay-Chang	Male 66	April 24, 2023	3 years	April 24, 2023	-	-		-	-	-	-	-	1. PhD, Finance, Wharton School of the University of Pennsylvania 2. Department of Accounting, National Taiwan University 3. Independent Director, OBI Pharma Inc. 4. Independent Director, TaiMed Biologics Inc. 5. Independent Director, First Financial Holding Co., Ltd. 6. Independent Director, Ruentex Industries Ltd. 7. Professor, Department of Accounting, National Taiwan University	1.Dean of the Department of Digital Finance Technology and Director of the Institute of Asset Management at Chang Gung University 2. Independent Director, Taivex Biologics Corp.	-	-	-	-
Independent Director	Republic of China	Hsu Chin-Shui	Male 69	April 24, 2023	3 years	April 24, 2023	-	-		-	-	-	-	-	1. PhD, Graduate Institute of Business Administration, National Chengchi University 2. Assistant Manager and Deputy General Manager, Procurement and Outsourcing Center, Ruentex Engineering & Construction Co., Ltd. 3. General Manager, Ruentex Engineering & Construction Co., Ltd. 4. Responsible person of Human Resources Department, Ruentex Group, Ruentex Engineering & Construction Co., Ltd. 5. Part-time Assistant Professor, Soochow University 6. Part-time Assistant Professor, Shih Chien University 7. Supervisor, Sunny Friend Environmental Technology Co., Ltd.	Chairman, Homemesh Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Huang Tsai-Hsing	Male 71	April 24, 2023	3 years	April 24, 2023	-	-		-	-	-	-	-	1. Department of Chemical Engineering,	Security Manager, Chang Lin Security Co., Ltd.	-	-	-	-

Job title	Nationality or place of registration	Name	Gender/ Age	Date of election (assumption of office)	Term of office	Date of initial election	Shares held at the time of election		Current number of shares held		Shares held by spouse and underage children		Shares held in the name of others		Major experience/ Academic background	Currently holds positions in both the Company and one or more other companies	Managers, directors, or supervisors who are spouses or relatives within the second degree of kinship of another manager, director, or supervisor			Remarks (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relations	
															Chung Yuan Christian University 2. Industrial Safety Specialist, SCI Pharmtech Inc. 3. Production Manager, Eli Lilly And Company (Taiwan) Inc.					

Note 1: The Company does not have a General manager or person of an equivalent post (the highest level manager) and the Chairman of the Board of Directors who are the same person, spouses, or relatives of first degree of kinship (such as increasing the number of independent directors and having a majority of the directors who are not concurrently serving as employees or managers).

1. Major shareholders of corporate shareholders

March 24, 2026

Name of corporate shareholder	Major shareholders of the corporate shareholders
Sunny Friend Environmental Technology Co., Ltd.	Ruentex Development Co., Ltd. (25.67%); Yuanting Investment Co., Ltd. (7.42%); Renying Industrial Co., Ltd. (3.36%); Ruentex Industries Ltd. (3.07%); Chengzhi Investment Co., Ltd. (2.90%); Dah Lun Investment Co., Ltd. (0.97%); Ying Jia Investment Co., Ltd. (0.86%); Standard Chartered (Taiwan) Bank Main Branch in custody for Vanguard Emerging Market Stock Index Fund Investment Account managed by the Vanguard Group (0.78%); Jing Jia Mei Investment Management Consulting Co., Ltd. (0.76%); Standard Chartered (Taiwan) Bank Main Branch in custody for the Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.72%)

2. Major shareholders who are legal entities, their principal shareholders

March 24, 2026

Name of corporate entity	Major shareholders of the corporate entity
Ruentex Industries Ltd.	Ruentex Industries Ltd. (25.70%); Hui Hong Investment Co., Ltd. (6.45%); Yi Tai Investment Co., Ltd. (4.00%); Chang Chun Investment Co., Ltd. (3.85%); Ruen Hua Dyeing & Weaving Co., Ltd. (1.51%); Ying Jia Investment Co., Ltd. (1.22%); Tang Prize Foundation (0.90%); Ruen Tai Xing Co., Ltd. (0.88%); JPMorgan Custody for Fubon Starlight Global Equity Index Fund(0.79%); JPMorgan Chase Bank, N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund (0.76%)
Yuan Ting Investment Co., Ltd.	Golden Diamond Investment Co., Ltd. (32.00%); Chien-Mei Liu (28.00%); Ming-Yuan Cheng (20.00%); Cheng, Ting-ba (10.00%); Ting-Jie Cheng (10.00%)
Ruentex Leasing Co., Ltd.	Yin Yen-Liang (92.86%), Wang Chi-Fan (7.14%)
Ruentex Industries Ltd.	Ruentex Development Co., Ltd. (14.28%); Ruentex Engineering & Const. Co (4.55%); Yi-Tai Investment Co., Ltd. (4.22%); Huihong Investment Co., Ltd. (4.02%); Ying Jia Investment Co., Ltd. (3.78 %); Changchun Investment Co., Ltd. (3.43%); Jing Hung Investment Co., Ltd. (3.31%); Sheng Cheng Investment Co., Ltd. (3.18%); Run Hua Dyeing & Weaving Co., Ltd. (1.88%); Li-Ching Chen (1.86%)
Inventiv Investment Corp.	Chung Hui-Min (43.33%), Chang Fang-Cheng (43.33%), Chang Chih-Hao (6.67%), Chang Chih-Chi (6.67%)
Ta Luen Investment Co., Ltd.	Guo-hong Chen (41.00%), Qi-dong Chen (41.00%), Yi-ling Liu (12.00%), Ji-fu Chen (6.00%)
Ying-Jia Investment	Changchun Investment (75.86%), Ruen-Hua Dyeing and Weaving (24.14%).
Standard Chartered (Taiwan) Bank Main Branch in custody for Vanguard Emerging Market Stock Index Fund Investment Account managed by the Vanguard Group.	Not applicable.
Jing Jia Mei Investment Management Consulting Co., Ltd.	Ming Wang (100.00%)
Standard Chartered (Taiwan) Bank Main Branch in custody for the Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds.	Not applicable.

3. The professional qualifications of the Directors and the disclosure of the Independent

Directors' information

Criteria / Name	Professional qualification and experience (Note 1)	Independence (Note 2)	Number of concurrent independent directorships held in other publicly listed companies
Sunny Friend Environmental Technology Co., Ltd. Representative: Chang Fang-Cheng	Academic background: 1. Master of Business Administration, Tatung Institute of Technology 2. Master of Law, National Chengchi University Experience: 1. Chairman and General Manager, Sunny Friend Environmental Technology Co., Ltd. 2. Chairman of Cheng Shin Environmental Engineering Co., Ltd., Liang Wei Environmental Engineering Co., Ltd., Huan Hsin Precision Co., Ltd., Beijing Ruentex Environment Technology Corp., Jiangsu Shuqai Ruentex Environmental Technology Corp., Langfang Ruentex Environmental Technology Corp., Yuncheng Ruentex Environmental Technology Corp., Rizhao Panyue Environmental Technology Corp. 3. Deputy General Manager, Ruentex Construction Co., Ltd. 4. General Manager, Shing Yen Construction Development Co., Ltd.	-	0
Sunny Friend Environmental Technology Co., Ltd. Representative: Chang, Yung-Tien	Academic background: 1. Master of Business Administration, National Chung Cheng University Experience: 1. Deputy General Manager, Sunny Friend Environmental Technology Co., Ltd. 2. Vice Chairman of Cheng Shin Environmental Engineering Co., Ltd., Liang Wei Environmental Engineering Co., Ltd., and Huan Hsin Precision Co., Ltd. 3. Director of Jiangsu Shuqai Ruentex Environmental Technology Corp., Langfang Ruentex Environmental Technology Corp., Yuncheng Ruentex Environmental Technology Corp., and Rizhao Panyue Environmental Technology Corp. 4. General Manager, Hicitron Corp.	-	0
Sunny Friend Environmental Technology Co., Ltd. Representative: Tsai Mei-Chun	Academic background: 1. Master of Visual Communication Design, National Yunlin University of Science and Technology Experience: 1. Manager, Sunny Friend Environmental Technology Co., Ltd.	-	0
Chen Sung-Yuan	Academic background: 1. Department of Tourism, Xihu Vocational High School Experience: 1. Chairman, Shung Shing Enterprise Co., Ltd. 2. Sales Manager, Cleanway Co., Ltd.	-	0
Wang Tay-Chang	Academic background: 1. PhD, Finance, Wharton School of the University of Pennsylvania 2. Department of Accounting, National Taiwan University Experience: 1. Professor, Department of Accounting, National Taiwan University 2. Professor of the Department of Digital Finance Technology and Director of the Institute of Asset Management at Chang Gung University	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11) (12)	1
Hsu Chin-Shui	Academic background: 1. PhD, Graduate Institute of Business Administration, National Chengchi University Experience: 1. Chairman, Homemesh Co., Ltd. 2. Assistant Manager and Deputy General Manager, Procurement	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11) (12)	0

Criteria / Name	Professional qualification and experience (Note 1)	Independence (Note 2)	Number of concurrent independent directorships held in other publicly listed companies
	and Outsourcing Center, Ruentex Engineering & Construction Co., Ltd. 3. General Manager, Ruentex Engineering & Construction Co., Ltd. 4. Responsible person of Human Resources Department, Ruentex Group, Ruentex Engineering & Construction Co., Ltd. 5. Part-time Assistant Professor, Soochow University 6. Part-time Assistant Professor, Shih Chien University 7. Supervisor, Sunny Friend Environmental Technology Co., Ltd.		
Huang Tsai-Hsing	Academic background: 1. Department of Chemical Engineering, Chung Yuan Christian University Experience: 1. Industrial Safety Specialist, SCI Pharmtech Inc. 2. Production Manager, Eli Lilly And Company (Taiwan) Inc.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11) (12)	0

Note 1:The Company's directors and independent directors do not fall into any of the situations listed in Article 30 of the Company Act.

Note 2: Independent directors shall not fall under any of the following conditions in the two years before being elected or during the term of office (disclose in the table above if applicable):

(1) Be an employee of the Company or its affiliates.
(2) Be a director or supervisor of the Company or its affiliates.
(3) Be a holder of one percent or more of the Company's issued shares, in their name or their spouses, underage children or in the name of others, or be one of the top ten natural person shareholders of the Company.
(4) Be a spouse, relative within second degree of kinship, or a direct relative within third degree of kinship of the managers mentioned in the first subparagraph or those listed in the previous two subparagraphs.
(5) Be a director, supervisor, or employee of a corporate shareholder who directly holds more than five percent of the total shares issued by the Company, is among the top five shareholders, or has been designated as a representative under Article 27, Paragraph 1 or 2 of the Company Act to serve as a director or supervisor of the Company.
(6) Be a director, supervisor, or employee of a company where more than half of the board seats or voting shares are controlled by the Company.
(7) Be a director (or member of the board), supervisor (or auditor), or employee of a company where the Chairman, General Manager, or equivalent of this Company, or their spouse, holds a similar position
(8) Be a director (or member of the board), supervisor (or auditor), manager, or shareholder owning more than five percent of the shares of a specific company or institution that has a financial or business relationship with the Company.
(9) Be an individual or entity, including sole proprietor, partner, director (or trustee), supervisor (or auditor), manager, or the spouse of someone holding a position just listed, who provides auditing or related professional services such as commercial, legal, financial, or accounting services to the Company or its affiliates, with remunerations exceeding NTD 500,000 in the past two years. However, members of the Remuneration Committee, special committees for public tender offers, or special committees for mergers and acquisitions who perform duties in accordance with this Act or relevant provisions of the Business Mergers and Acquisitions Act are exempt from this restriction.
(10) Not be a spouse or relative within the second degree of kinship of another director.
(11) Not be subject to any of the matters described in Article 30 of the Company Act.
(12) Not be a government agency, legal person, or its representative as defined in Article 27 of the Company Act.

4. Diversification and independence of the Board of Directors

(1) Diversification of the Board of Directors: Describe the policy, goals, and current diversity status of the Board of Directors'. The diversity policy includes, but is not limited to, criteria for the selection of directors, required professional qualifications and experience of the Board, and considerations of gender, age, nationality, and cultural composition or ratios. The policy also outlines specific company goals and the extent to which these goals have been achieved. If the number of Board seats for either gender does not reach one-third in a TWSE/TPEx listed company, the Company should state the reasons for this and outline the measures planned to enhance gender diversity among the board members.

1-1 Diversity policy: Article 20 of the Company's "Corporate Governance Best Practice Principles" has clearly stipulated that the composition of the Board of Directors should be diversified. The diversity policy should include, but is not limited to, the following two major standards:

(a) Basic conditions and values: Gender, age, nationality, and culture, etc. The number of female directors should account for at least one-third of the total number of directors.

(b) Professional knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

The Company places great importance on the independence of Board members. Directors who also serve as Company managers should not make up more than one-third of the Board. Additionally, a suitable diversity policy is formulated in alignment with the Company’s operations, business model, and developmental needs. The Board of Directors and management value inclusiveness and diversity, and support the Company's values.

1-2 Specific goals: Independent directors should not serve for more than nine consecutive years, directors who also serve as Company managers should not make up more than one-third of the Board, and there should be an even age distribution. Each gender should comprise at least one-third of the board seats, and professional expertise should cover all necessary fields, with at least one director possessing specialized knowledge in each area.

1-3 Achievement status:

(a) The consecutive terms of office of the independent directors have not exceeded nine years.

(b) The Company does not have directors who are also employees. The external directors account for 100% (7 seats), and the independent directors account for 43% (3 seats).

(c) The age distribution is 51 to 71 years old, including 3 directors between 50 to 59 years old, 2 directors between 60 to 69 years old, and 2 directors between 70 to 79 years old.

(d) Currently, the Board of Directors consists of 85.71% male members (6 seats) and 14.29% female members (1 seat). The Company is committed to gender equality in Board composition and aims to increase female Board representation to at least one-third (33.33%) of the seats. To achieve this goal, the Company will actively seek female candidates with substantial practical experience and expertise relevant to the Company's operations, striving to enhance female representation on the Board.

(e) In terms of professional competencies, 100% of board members (7 seats) possess operational judgment, management skills, crisis management abilities, international market perspective, leadership, and decision-making capabilities. Additionally, 57% of board members (4 seats) have industry knowledge, and 29% (2 seats) possess accounting and financial analysis skills.

1-4 Implementation of board diversity is as follows:

The Board of Directors of the Company consists of 7 directors (including 3 independent directors).

(a) General directors: Chairman Chang Fang-Cheng is a master of law from National Chengchi University, who has legal professional knowledge. Vice Chairman Chang Yung-Tien is a master of business administration and operational judgment from the Graduate Institute of Business Administration, Chung Cheng University. Chairman Chang Fang-Cheng and Vice Chairman Chang Yung-Tien, and Director Tsai Mei-Chun serve as the General Manager, Deputy General Manager and key management personnel of the TWSE-listed medical and industrial waste disposal companies. Director Chen Sung-Yuan has many years of experience in the industrial waste disposal market, and has accumulated profound industrial business capabilities. All directors have professional knowledge of the industry, business management, operational judgment, crisis management, international market perspective, leadership and decision-making.

(b) Independent directors: The term of office of the independent directors of the Company is less than 3 years. Independent Director Wang Tay-Chang holds a Ph.D. in Finance and Financial Management from the Wharton School of the University of Pennsylvania and is a professor in the Department of Accounting at the College of Management, National Taiwan University. Independent Director Hsu Chin-Shui holds an MBA from the Graduate

Institute of Business Administration at National Chengchi University and has served as the General Manager of Ruentex Construction Co., Ltd. and the Head of Human Resources at Ruentex Group. Independent Director Huang Tsai-Hsing holds a Bachelor's degree in Chemical Engineering from Chung Yuan Christian University and has previously worked as an Industrial Safety Specialist at SCI Pharmtech Inc. and a Production Manager at Eli Lilly And Company (Taiwan) Inc. Each director brings expertise in finance and accounting, management, operational judgment, and industry knowledge.

The Board members' professional backgrounds encompass management, accounting and financial analysis, as well as technical and engineering expertise. With experience in the environmental waste disposal industry, they are able to offer professional operational insights from various perspectives, thereby enhancing the Company's operational performance and management effectiveness.

Implementation of the diversity of the Company's Board of Directors is as follows:

Core of Diversification / Directors/ Supervisors Name	Basic composition					Possessed capabilities							
	Nationality	Gender	Concurrently holds position as an employee of the Company	Age	Years of service of independent directors	Operational judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision-making
Sunny Friend Environmental Technology Co., Ltd. Representative: Chang Fang-Cheng	Republic of China	Male	None	70		✓		✓	✓	✓	✓	✓	✓
Sunny Friend Environmental Technology Co., Ltd. Representative: Chang Yung-Tien	Republic of China	Male	None	58		✓		✓	✓	✓	✓	✓	✓
Sunny Friend Environmental Technology Co., Ltd. Representative: Tsai Mei-Chun	Republic of China	Female	None	51		✓		✓	✓		✓	✓	✓
Chen Sung-Yuan	Republic of China	Male	None	56		✓		✓	✓	✓	✓	✓	✓
Wang Tay-Chang	Republic of China	Male	None	66	3 years	✓	✓	✓	✓		✓	✓	✓
Hsu Chin-Shui	Republic of China	Male	None	69	3 years	✓	✓	✓	✓		✓	✓	✓
Huang Tsai-Hsing	Republic of China	Male	None	71	3 years	✓		✓	✓	✓	✓	✓	✓

(2) Independence of the Board of Directors: Explain the number and percentage of independent directors, and describe the independence of the board of directors. Additionally, explain whether there are any circumstances that fall under the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act, including whether there are relationships of spouses or immediate family (within second degree of kinship) among the directors, supervisors, or between directors and supervisors.

The Board of Directors includes a total of 3 independent directors, accounting for 43% of the board. The independent directors possess the necessary professional knowledge and have maintained their independence throughout their tenure. They also attend regular board training courses each year. The proportion of external and independent directors are 100%, and there are no relative kinships, such as spouses or relatives within the second degree, between the directors. In conclusion, the independent Directors of the Board of Directors have maintained sufficient independence to state that the Board of Directors is effectively independent.

(II) Information on the General Manager, Deputy General Managers, Assistant Managers, and heads of various departments and branches

March 24, 2026

Job title	Nationality	Name	Gender	Election (Assumption of office) Date	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Major experience/Academic background	Positions held in other companies	Managers who are spouses or relatives within second degree of kinship			Employee stock options acquired by managers	Remarks (Note 2)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relations		
General Manager	Republic of China	Chang Tsai-Jung	Male	January 1, 2022	214,415	0.47%	10,143	0.02%	-	-	Department of Electrical Engineering, Provincial Yunlin Institute of Technology Assistant Manager, Plant Affairs Department, Sunny Friend Environmental Technology Co., Ltd.	Note 1	-	-	-	None	-
Sales Department Assistant Vice President	Republic of China	Wu, Chin-Lung	Male	January 1, 2025	135,000	0.29%	35,000	0.08%	-	-	Master's degree from the Institute of Small and Medium Enterprise Management Strategy, TransWorld University Manager, Sunny Friend Environmental Technology Co., Ltd.	-	-	-	-	None	-
Accounting Manager	Republic of China	Chang, Chi	Male	August 11, 2023	2,000	0.00%	-	-	-	-	Master of Accounting, National Chengchi University Bachelor's degree, Department of Accounting, National Taiwan University Assistant Manager, Audit Service Department, PwC Taiwan	-	-	-	-	None	-
Chief Auditor	Republic of China	Hsiao, Yi-Chin	Female	January 1, 2022	46,735	0.10%	-	-	-	-	Department of Sociology and Accountancy, National Taipei University Senior Auditor, KPMG Audit Specialist, Sunny Friend Environmental Technology Co., Ltd.	-	-	-	-	None	-

Note 1: General Manager of Liang Wei Environmental Engineering Co., Ltd., Cheng Shin Environmental Engineering Co., Ltd., and Huan Hsin Precision Co., Ltd.

Note 2: The Company does not have a General manager or person of an equivalent post (the highest level manager) and the Chairman of the Board of Directors who are the same person, spouses, or relatives of first degree of kinship (such as increasing the number of independent directors and having a majority of the directors who are not concurrently serving as employees or managers).

II. Remuneration to directors, supervisors, General Manager, and Deputy General Managers in the most recent year

(I) Remuneration to directors, independent directors, and supervisors in the most recent year (2025) (separately disclose their names and method of payment)

Remuneration to directors and independent directors

Unit: NTD thousands

Job title	Name	Remuneration to directors								The sum of A, B, C and D and as a percentage of net income after tax		The relevant remuneration received by those who concurrently serve as employees								The sum of A, B, C, D, E, F and G as a percentage of net income after tax		Remuneration received from subsidiaries, other invested businesses, or the parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Business execution expense (D)				Salaries, bonuses, and special allowances (E)		Severance pay and pension (F)		Employee remuneration (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Sunny Friend Environmental Technology Co., Ltd. Chang Fang-Cheng	-	-	-	-	1,080	1,080	80	80	1,320/ 0.53%	1,320/ 0.53%	-	-	-	-	-	-	-	-	1,320/ 0.53%	1,320/ 0.53%	13,716
Vice Chairman	Sunny Friend Environmental Technology Co., Ltd. Representative Chang Yung-Tien	840	840	-	-	540	540	80	80	1,530/ 0.62%	1,530/ 0.62%	-	-	-	-	-	-	-	-	1,530/ 0.62%	1,530/ 0.62%	7,140
Director	Sunny Friend Environmental Technology Co., Ltd. Representative Tsai Mei-Chun	-	-	-	-	540	540	50	50	690/ 0.28%	690/ 0.28%	-	-	-	-	-	-	-	-	690/ 0.28%	690/ 0.28%	2,413
Director	Chen Sung-Yuan	-	-	-	-	540	540	80	80	690/ 0.28%	690/ 0.28%	-	-	-	-	-	-	-	-	690/ 0.28%	690/ 0.28%	-
Independent Director	Wang Tay-Chang	840	840	-	-	-	-	105	105	945/ 0.38%	945/ 0.38%	-	-	-	-	-	-	-	-	945/ 0.38%	945/ 0.38%	-
Independent Director	Hsu Chin-Shui	840	840	-	-	-	-	95	95	935/ 0.38%	935/ 0.38%	-	-	-	-	-	-	-	-	935/ 0.38%	935/ 0.38%	-
Independent Director	Huang Tsai-Hsing	840	840	-	-	-	-	95	95	935/ 0.38%	935/ 0.38%	-	-	-	-	-	-	-	-	935/ 0.38%	935/ 0.38%	-

1. Describe the policy, system, standards, and structure for the remuneration of independent directors, and explain the relationship between the remuneration amount and the responsibilities, risks, time commitment, and other factors involved: The policy on the remuneration for directors is described in the Company's article of incorporation, "If the Company is profitable in the fiscal year, it shall allocate 7% of the profit as the remuneration of employees in the form of stocks or cash as resolved by the board." Employees of subsidiaries are also entitled to receive remuneration, provided that they meet the criteria specified by the board of directors. Up to 1% (inclusive) of the aforementioned profit may be distributed as director's remuneration at the discretion of the board of directors. If any, profits must first be taken to offset cumulative losses before the remainder can be distributed as employee/director remuneration in the above percentages."
   In addition, in accordance with the Company's "Remuneration Payment Regulations for Directors, Audit Committee Members, and Remuneration Committee Members", all independent directors of the Company serve as members of the Audit Committee and the Remuneration Committee, bearing the responsibility of participating in committee meetings for discussions and resolutions. Therefore, their remuneration consists primarily of a fixed monthly salary and a fixed transportation allowance as independent directors and Remuneration Committee members. They do not participate in the distribution of directors' remuneration as stipulated in Article 22 of the Company's Articles of Incorporation.
2. In addition to the disclosures in the above table, the remuneration received by directors of the Company for providing services (such as serving as the parent company/all companies within the financial statements/invested businesses) in the most recent year: None.

(II) Remuneration to the General Manager and Deputy General Manager in the most recent year (2025) (separately disclose their name and method of payment)

Unit: NTD thousands

Job title	Name	Salaries (A)		Severance pay and pension (B)		Bonuses and special allowances (C)		Amount of employee remuneration (D)				The sum of A, B, C and D and as a percentage of net income after tax (%)		Whether any remuneration was received from investments outside of subsidiaries or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Chang Tsai-Jung	1,893	1,893	106	106	1,321	1,321	2,047	-	2,047	-	5,367/ 2.17	5,367/ 2.17	-

(III) The remuneration of the top five highest-paid managers in listed companies:

Unit: NTD thousands

Job title	Name	Salaries (A)		Severance pay and pension (B)		Bonuses and special allowances (C)		Amount of employee remuneration (D)				The sum of A, B, C and D and as a percentage of net income after tax (%)		Whether any remuneration was received from investments outside of subsidiaries or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Chang Tsai-Jung	1,893	1,893	106	106	1,321	1,321	2,047	-	2,047	-	5,367/ 2.17	5,367/ 2.17	-
Sales Department Assistant Vice President	Wu, Chin-Lung	1,450	1,450	81	81	752	752	1,078	-	1,078	-	3,361/ 1.36	3,361/ 1.36	-
Accounting Manager	Chang, Chi	1,307	1,307	82	82	833	833	684	-	684	-	2,906/ 1.17	2,906/ 1.17	-

(IV) The name of managers receiving employee remuneration and details of the distribution:

Unit: NTD thousands, %

<table>
<tr><th colspan="2">Job title</th><th>Name</th><th>Stock amount</th><th>Cash amount</th><th>Total</th><th>The total amount as a percentage of net income after tax (%)</th></tr>
<tr><td rowspan="3">Managers</td><td>General Manager</td><td>Chang Tsai-Jung</td><td rowspan="3">-</td><td rowspan="3">3,809</td><td rowspan="3">3,809</td><td rowspan="3">1.54</td></tr>
<tr><td>Assistant Vice President of Sales Department</td><td>Wu Chin-Lung</td></tr>
<tr><td>Accounting Manager</td><td>Chang Chi</td></tr>
</table>

(V) A comparative analysis detailing the percentage of total remuneration provided to the Company’s directors, supervisors, General Manager, and Deputy General Manager by the parent company and all consolidated entities, relative to net income after tax in both the parent company only and consolidated financial statements for the past two years. This should include a description of the remuneration policy, standards, and structure, the process for determining remuneration, and the correlation between remuneration, operational performance, and future risk factors.

1. An analysis of the total remuneration paid to the Company’s directors, supervisors, General Manager, and Deputy General Manager as a percentage of net income after tax for the past two years.

Job title	2024		2025	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Directors	3.00%	3.01%	2.84%	2.84%
General Manager and Deputy General Manager	2.35%	2.36%	2.17%	2.17%

The remuneration to the directors, General Manager and Deputy General Managers of the Company shall be paid in accordance with the relevant management regulations of the Company, and shall be sufficient to express the responsibilities and risks assumed by them.

2. The Company's remuneration policy, standards, and composition, as well as the procedures for determining remuneration and its relevance to business performance.

(1) The policy, standards and composition of remuneration

(a) The Company's remuneration to directors follows Article 19 of the Articles of Incorporation, which states that the Company may provide remuneration to directors for executing business duties. The Board of Directors is authorized to determine this remuneration based on the directors' level of involvement in operations and their contribution value, as well as typical industry standards. Additionally, if the Company has profits for the year, the board, according to Article 22 of the Articles of Incorporation, may allocate up to 1% for directors' remuneration. Independent directors, however, are paid with a fixed monthly salary and an allowance for transportation and other expenses, as stipulated in Article 3 of the Company's "Remuneration Policy for Directors, Audit Committee Members, and Remuneration Committee Members", and do not participate in profit-based remuneration. The remaining directors' remuneration primarily consists of a fixed allowance and a share of directors' remuneration.

The procedure for determining the amount of directors' remuneration is based on the annual company's operational results, operational performance and performance evaluation of the Board of Directors, and the Remuneration Committee members propose relevant suggestions on the proportion of directors' remuneration for the year. After the Board of Directors' resolution is approved, the distribution is based on the Company's "Regulations Governing the Remuneration to Directors, Audit Committee Members and Remuneration Committee Members" to provide directors with reasonable remuneration.

(b) The remuneration for the Company's managers is specified in the Company's "Employee Salary Management Policy" and "Manager Remuneration Management Policy", which outline various allowances and bonuses to acknowledge and reward employees for their efforts. The related bonuses are also determined based on the Company's annual operational performance, financial status, operational conditions, and individual work performance. Additionally, if the Company makes profit for the year, 7% of the profits will be allocated for employee remuneration (of this amount, no less than 28% should be distributed to the entry level employees) in accordance with Article 22 of the Company's Articles of Incorporation. The Company uses the performance evaluation results based on the "Performance Management Regulations" as a reference for issuing manager bonuses. The managers' performance evaluation criteria are divided into:

I. Financial indicators: The Company's financial profitability is linked to the Company's employee remuneration distribution procedures and year-end bonus distribution procedures, and is adjusted with reference to the target achievement rate of managers.

II. Non-financial indicators: The performance of managers is evaluated based on various factors, such as the implementation of the Company's core values, operational management capabilities, and participation in sustainable business practices. The corresponding remuneration is determined by assessing their performance, with the relevant performance evaluations and remuneration reasonableness being reviewed by the Remuneration Committee and the Board of Directors.

(c) The Company's remuneration composition, as outlined in the Remuneration Committee's organizational charters, includes cash remuneration, stock options, dividend bonuses, retirement benefits or severance payments, various allowances, and other measures that provide substantial rewards.

(2) Procedures for determining remuneration

(a) To regularly assess the salaries and remuneration of directors and managers, the Company bases its evaluations on the results of the "Regulations Governing the Board Performance Evaluation" for directors and the "Performance Evaluation Management Procedures" applicable to managers and employees.

(b) The self-evaluation results for the Board of Directors, individual board members, and members of each functional committee in 2025 were all excellent. Additionally, the performance evaluations for the Company's managers in 2025 showed that all managers met the established target requirements.

(c) The performance evaluation and remuneration fairness for the Company's directors and managers are assessed and reviewed by the Remuneration Committee and the Board of Directors. In addition to considering individual performance achievement and contributions to the Company, the overall operational performance, future industry risks, and development trends of the Company are also taken into account. The remuneration system may be reviewed in light of actual business conditions and relevant laws at any time. Furthermore, the Company considers current corporate governance trends and provides reasonable remuneration to ensure a balance between sustainable operations and risk management. The actual amount of remuneration paid to directors and managers in 2025 is reviewed by the Remuneration Committee and then resolved by the Board of Directors.

(3) Association with business performance and future risks

(a) The Company's remuneration policy, including payment standards and systems, is reviewed based on the overall operational status of the Company. Variable remuneration is determined by performance across various metrics, such as achievement rates and contributions, in order to enhance the overall effectiveness of the board and the management team. In addition, the fixed remuneration is determined by taking into account the remuneration level of the industry or a similar industry, to ensure that the management of the Company is competitive in the industry, and to retain outstanding management talent.

(b) The Company's managers' performance targets are integrated with "risk management" to ensure that potential risks within their areas of responsibility are managed and mitigated. The evaluation results based on actual performance are then linked to the relevant remuneration policies. Important decisions made by the Company's management are carefully considered after weighing various risk factors. The outcomes of these decisions are reflected in the Company's profitability, thereby linking the remuneration of the management team to the effectiveness of risk control. The remuneration to the managers also includes employee stock options. The actual value is related to the Company's future stock price, and thus the Company and the managers share the future business risks.

III. Operational status of corporate governance

(I) Operations of the Board of Directors: Number of meetings held, attendance rate of each director, goals for strengthening the board's functions in the current and previous year, evaluation of the implementation of those goals, and other relevant information to be recorded: The Board of Directors held 6 (A) meetings in the most recent year (2025). The attendance of directors is as follows:

Job title	Name	Number of attendance in person (B)	Number of attendance by proxy	Percentage of actual attendance (%) (B/A)	Remarks
Chairman	Sunny Friend Environmental Technology Co., Ltd. Representative: Chang Fang-Cheng	6	0	100.00%	-
Director	Sunny Friend Environmental Technology Co., Ltd. Representative: Chang, Yung-Tien	6	0	100.00%	-
Director	Sunny Friend Environmental Technology Co., Ltd. Representative: Tsai Mei-Chun	6	0	100.00%	-
Director	Chen Sung-Yuan	6	0	100.00%	-
Independent Director	Wang Tay-Chang	6	0	100.00%	-
Independent Director	Hsu Chin-Shui	6	0	100.00%	-
Independent Director	Huang Tsai-Hsing	6	0	100.00%	-

Other matters to be recorded:

I. If any of the following situations occur regarding the operation of the Board of Directors, the Company should specify the date, term, agendas, opinions of all independent directors, and the Company's handling of the independent directors' opinions:

(I) Items listed under Article 14-3 of the Securities and Exchange Act: The Company elected independent directors and established an Audit Committee at the extraordinary shareholders' meeting on April 24, 2023, and the relevant matters under Article 14-5 of the Securities and Exchange Act are applicable.

Date of board meetings (term)	Agendas	All independent directors' opinions	The Company's handling of the opinions of the independent directors
February 27, 2025 (15th meeting of the 13th term)	1. The Company proposed to review the parent company only and consolidated financial statements, business reports, and final accounts for 2024. 2. Statement of Internal Control System of the Company in 2024. 3. Amendment to the Company's "Articles of Incorporation". 4. Proposed acquisition of land and building at No. 3, Dougong 3rd Road, Douliu City,	No opinion	Not applicable

	Yunlin County.		
May 9, 2025 (16th meeting of the 13th term)	1. The Company's appointment and remuneration of the signing CPA for 2025. 2. Consolidated financial statements of Q1 2025.	No opinion	Not applicable
August 7, 2025 (18th meeting of the 13th term)	1. Consolidated financial statements of Q2 2025. 2. Amendment of the Company's "Sterilization and WPC Production Cycle." 3. Amendment of the Company's "Sterilization and WPC Production Cycle Audit Rules." 4. Amended the Company's "Budget Management Regulations."	No opinion	Not applicable
November 6, 2025 (19th meeting of the 13th term)	1. Consolidated financial statements of Q3 2025. 2. Amended the Company's "Sustainable Development Best Practice Principles."	No opinion	Not applicable
December 26, 2025 (20th meeting of the 13th term)	1. 2026 annual operating budget. 2. Define the scope of the definition of the Company's "entry-level employees." 3. Amended the Company's "Employee Remuneration Distribution Procedures." 4. Amended the Company's "Measures of Remuneration to Directors, Audit Committee and Remuneration Committee". 5. Formulation of the Company's ""Audit Implementation Rules for the Employee Remuneration Distribution Procedures." 6. The Company's 2026 audit plan. 7. The percentage of 2025 remunerations to directors of the Company.	No opinion	Not applicable

(II) Any written record or statement of an opposition or reservation expressed by independent directors on a proposal: None.

II. For the recusal of a director from a motion due to a conflict of interest, the name of the director, the content of the motion, the reason for recusal, and the participation in voting shall be stated:

Date of board meetings	Term	Name of director	Agendas	Reasons for recusal	Participation in voting
December 26, 2025	13th term 20th meeting	Chang Yung-Tien	Amended the Company's "Measures of Remuneration to Directors, Audit Committee and Remuneration Committee".	Matters involving one's own remuneration.	Mr. Chang Yung-Tien recused himself from the voting. All other attending directors approved the proposal.
December 26, 2025	13th term 20th meeting	Chang Fang-Cheng, Chang Yung-Tien, Chen Sung-Yuan, Tsai Mei-Chun	The percentage of 2025 remunerations to directors of the Company.	Matters involving directors' remuneration.	Mr. Chang Fang-Cheng, Mr. Chang Yung- Tien, Ms. Tsai Mei-Chun, and Mr. Chen Sung-Yuan recused themselves from the voting. All other attending directors approved the proposal.

III. Listed companies should disclose information regarding the self-evaluation (or peer evaluation) of their Board of Directors, including the evaluation cycle and period, the scope of evaluation, the method of evaluation, and the content of the evaluation. Additionally, the Company should provide details on the ongoing status of the board's evaluation:

The Company has established a performance evaluation system for the Board of Directors. The Board of Directors approved the "Regulations Governing the Board Performance Evaluation" on March 15, 2023, to exert the self-discipline of the board members and improve the functions of the Board of Directors. The Board of Directors shall conduct at least one annual internal performance evaluation on the Board of Directors, directors, and functional committees in accordance with these regulations, and complete the evaluation before the end of Q1 of the next year. The evaluation results shall be regularly reviewed.

In December 2025, the Company issued 7 copies of the "Board Members Self-Evaluation Questionnaire" and received all 7 responses. Along with the "Board Performance Self-Evaluation Questionnaire", "Audit Committee Performance Self-Evaluation Questionnaire", and "Remuneration Committee Performance Self-Evaluation Questionnaire", the performance evaluations were compiled into the 2025 Board Performance Evaluation Report, which was presented to the board on March 5, 2026.

The Audit Committee's performance evaluation questionnaire includes 5 major aspects: Participation in the Company's operations, understanding of the Audit Committee's responsibilities, improvement of the decision-making quality of the Audit Committee, composition and selection of members for the Audit Committee, and internal controls. A total of 22 questions were assessed. In 2025, the weighted total score of the evaluation was full marks. The Audit Committee strictly adhered to laws and regulations, operated according to all relevant provisions, and its overall performance was stable and good.

The Remuneration Committee's performance evaluation questionnaire includes 5 major aspects: Participation in the Company's operations, understanding of the Remuneration Committee's responsibilities, improvement of the decision-making quality of the Remuneration Committee, composition and selection of members for the Remuneration Committee, and internal controls. A total of 19 questions were assessed. In 2025, the weighted total score of the evaluation was full marks. The Remuneration Committee strictly adhered to laws and regulations, operated according to the relevant provisions, and its overall performance was stable and good.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Conducted once a year	From January 1, 2025 to December 31, 2025	Performance evaluation of the Board of Directors, individual directors, and functional committees (the Remuneration Committee and the Audit Committee)	At the end of each year, the "Board Member Self-Evaluation Questionnaire" is issued, along with the "Board Performance Self-Evaluation Questionnaire" and the	Board of Directors’ performance evaluation: (1) Level of participation in the Company's operations (2) Quality of Board of Directors' decision making (3) The composition and structure of the Board of Directors (4) Election and continuing education of directors

			"Functional Committee Performance Self-Evaluation Questionnaire" for separate performance evaluations. These evaluations are compiled into an annual Board Performance Evaluation Report.	(5) Internal control Individual directors' performance evaluation: (1) Understanding of the goals and missions of the Company (2) Awareness of the responsibilities of directors (3) Level of participation in the Company's operations (4) Management of internal relationship and communication (5) Professional and continuing education of directors (6) Internal control Functional committees' performance evaluation: (1) Level of participation in the Company's operations (2) Awareness of the responsibilities of the functional committee (3) Quality of functional committees' decision making (4) Composition of functional committees and election of members (5) Internal control

IV. Evaluation of goals to strengthen board functions for the current and most recent year (e.g. Establishment of an Audit Committee, enhancement of information transparency) and implementation status:

1. The Company's Board of Directors has established the Audit Committee and the Remuneration Committee, both composed entirely of independent directors. Any material motions of the Company are first submitted to the Audit Committee for discussion and then to the Board of Directors for resolution. Decisions are implemented only after consulting all directors and reaching a consensus. If the Board of Directors has approved a material motion, it will be announced in accordance with relevant laws and regulations and the requirements of the competent authorities, and the spokesperson and acting spokesperson will be appointed. Additionally, a dedicated employee is responsible for the disclosure of public information. The Company's website includes an Investor Section that provides updates on financial, operational, and corporate governance information, enhancing transparency.

2. The Company has appointed dedicated personnel for corporate governance, responsible for overseeing

governance-related affairs. This includes organizing board and shareholders meetings in accordance with legal requirements, preparing minutes for these meetings, assisting directors in assuming office and in continuous education, providing necessary information for directors to fulfill their duties, supporting directors in legal compliance, reporting to the board on the qualification reviews of independent directors at nomination, election, and throughout their tenure, managing matters related to changes in directorship, and handling other items stipulated in the Company's Articles of Incorporation or contracts.

3. The Company's Board of Directors reported the "Director Liability Insurance" on May 9, 2025.

4. In order to enable the Board of Directors to have the ability to respond to industry competition and business risks, the Company requires directors to continue with their training each year. All directors completed the required training hours in 2025.

5. The Company regularly conducts self-review on the operation of the Board of Directors, and internal auditors compile an audit report on Board activities. Each monthly audit report is provided to all independent directors for review by the end of the following month.

(II) Operational status of the Audit Committee

1. Composition of the Audit Committee

In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee composed entirely of independent directors. This term includes 3 members, with the tenure lasting from April 24, 2023, to April 23, 2026.

The professional qualifications and experience of the Audit Committee members:

Members	Professional qualification and experience
Wang Tay-Chang	Academic background: 1.PhD, Finance, Wharton School of the University of Pennsylvania 2.Department of Accounting, National Taiwan University Experience: 1.Professor, Department of Accounting, National Taiwan University 2. Professor of the Department of Digital Finance Technology and Director of the Institute of Asset Management at Chang Gung University Qualified as a lecturer at public or private colleges or universities in financial accounting, and not subject to any of the circumstances set forth in Article 30 of the Company Act.
Hsu Chin-Shui	Academic background: 1.PhD, Graduate Institute of Business Administration, National Chengchi University Experience: 1. Chairman, Homemesh Co., Ltd. 2. Assistant Manager and Deputy General Manager, Procurement and Outsourcing Center, Ruentex Engineering & Construction Co., Ltd. 3. General Manager, Ruentex Engineering & Construction Co., Ltd. 4. Responsible person of Human Resources Department, Ruentex Group, Ruentex Engineering & Construction Co., Ltd. 5. Part-time Assistant Professor, Soochow University 6. Part-time Assistant Professor, Shih Chien University 7. Supervisor, Sunny Friend Environmental Technology Co., Ltd.

Members	Professional qualification and experience
	Possesses extensive practical experience in operations management, as well as capabilities in leadership, operational judgment, business management, and crisis management, and is not subject to any of the circumstances set forth in Article 30 of the Company Act.
Huang Tsai-Hsing	Academic background: 1. Department of Chemical Engineering, Chung Yuan Christian University Experience: 1. Industrial Safety Specialist, SCI Pharmtech Inc. 2. Production Manager, Eli Lilly And Company (Taiwan) Inc. Possesses extensive knowledge required for the Company's business, as well as capabilities in leadership, operational judgment, business management, and crisis management, and is not subject to any of the circumstances set forth in Article 30 of the Company Act.

2. Summary of the Audit Committee's annual work focus

(1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.

(2) Evaluation of the effectiveness of the internal control system.

(3) Establish or amend the procedures for material financial business acts for the acquisition or disposal of assets, derivative transactions, loaning of funds to others, endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.

(4) Any matter involving the interests of the directors.

(5) Material asset or derivative transactions.

(6) Material loaning of funds, endorsements or guarantees.

(7) Offering, issuance or private placement of equity securities.

(8) The appointment, dismissal or remuneration of the CPAs.

(9) Appointment and dismissal of the heads of finance, accounting or internal audit.

(10) Annual financial reports signed or sealed by the Chairman, managers and the head of accounting, and the Q2 financial reports certified by CPAs.

(11) Other matters regulated by other companies or competent authorities.

3. The Audit Committee held a total of 5 meetings in the most recent year (2025), with the attendance of the committee members as follows:

Job title	Name	Number of attendance in person (B)	Number of attendance by proxy	Percentage of actual attendance (%) (B/A)	Remarks
Independent Director	Wang Tay-Chang	5	0	100.00%	-
Independent Director	Hsu Chin-Shui	5	0	100.00%	
Independent Director	Huang Tsai-Hsing	5	0	100.00%	

Other matters to be recorded:

1. If any of the following situations occur regarding the operation of the Audit Committee meeting, the date, term, agendas, opinions of independent directors on any objections, reservations, or major recommendations, the decision of the Audit Committee, and the Company's handling of the opinions of the Audit Committee should be disclosed:

(I) Matters listed under Article 14-5 of the Securities and Exchange Act:

Date and term of the Audit Committee meeting	Agendas	Independent directors' objections, reservations or major recommendations	Audit Committee's resolution	The Company's handling of the opinions of the Audit Committee
February 27, 2025 13th meeting of the 1st term	1. The Company proposed to review the parent company only and consolidated financial statements, business reports, and final accounts for 2024. 2. Statement of Internal Control System of the Company in 2024. 3. Motion of earnings distribution for the Company in 2024. 4. Amendment to the Company's "Articles of Incorporation". 5. Proposed acquisition of land and building at No. 3, Dougong 3rd Road, Douliu City, Yunlin County.	None.	Approved by all attending members unanimously.	Not applicable.
May 9, 2025 14th meeting of the 1st term	1. The Company's appointment and remuneration of the signing CPA for 2025. 2. Consolidated financial statements of Q1 2025.	None.	Approved by all attending members unanimously.	Not applicable.
August 7, 2025 15th meeting of the 1st term	1. Consolidated financial statements of Q2 2025 2. Amendment to the Company's "Production Cycles of Sterilization and Wood". 3. Amendment of the Company's "Sterilization and WPC Production Cycle Audit Rules." 4. Amended the Company's "Budget Management Regulations."	None.	Approved by all attending members unanimously.	Not applicable.
November 6, 2025 16th meeting of the 1st term	1. Consolidated financial statements of Q3 2025. 2. Amended the Company's "Sustainable Development Best Practice Principles."	None.	Approved by all attending members unanimously.	Not applicable.
December 26, 2025 17th meeting of the 1st term	1. Formulation of the Company's ""Audit Implementation Rules for the Employee Remuneration Distribution Procedures." 2. The Company's 2026 audit plan.	None.	Approved by all attending members unanimously.	Not applicable.

(II) Any other matters not approved by the Audit Committee but approved by more than two thirds of all directors: None.

II. For the recusal of an independent director from a motion due to a conflict of interest, the name of the independent director, the content of the motion, the reason for recusal, and the participation in voting shall be stated: None.

III. Communication between independent directors and internal audit managers and CPAs (e.g. the material matters, methods and results of communication on the Company's financial and business conditions):

(I) Communication policy between independent directors and internal audit managers and CPAs

1. The Company's internal audit unit submits an audit report to the independent directors on a monthly basis in accordance with the audit plan.
2. The Company's internal audit unit tracks and addresses internal control deficiencies and abnormalities, providing regular reports on improvements.
3. The Company's internal audit manager regularly reports to the Audit Committee on the annual audit plan, internal control self-evaluation results, and the status of completed audit tasks. Communications regarding audit findings are documented and presented to the Board of Directors.
4. The CPAs shall participate in the Audit Committee meeting at least once a year to report the results of the annual audit.
5. The CPAs report to the independent directors at least once a year on their independence, the financial reports of the Company and its subsidiaries, key audit matters, and the status of internal control audits. Additionally, the CPAs thoroughly communicate any impacts on accounting items due to regulatory amendments.
6. The Company arranges at least two separate communication meetings between the independent directors and the internal audit manager and the CPAs every year.

(II) Summary of the communication between the independent directors and the internal audit manager and the CPAs

Date	Method	Attendees	Communication matters	Results
February 27, 2025	Seminars	Independent Director Wang Tay-Chang Independent Director Hsu Chin-Shui Independent Director Huang Tsai-Hsing Chief Auditor Hsiao, Yi-Chin CPA Huang Chin-Lien	1. Communication at the completion stage of the audit of the 2024 financial statements (including key audit matters).	The CPAs responded directly to questions of the Audit Committee.
February 27, 2025	13th meeting of the 1st term Audit Committee	Independent Director Wang Tay-Chang Independent Director Hsu Chin-Shui Independent Director Huang Tsai-Hsing Chief Auditor Hsiao, Yi-Chin CPA Huang Chin-Lien	1. Internal audit report for Q4 2024 2. Report of the audit findings for the 2024 consolidated financial statements. 3. Issuance of the Company's 2024 Statement of Internal Control System.	No objection.
May 9, 2025	14th meeting of the 1st	Independent Director	1. Internal audit report	No objection.

	term Audit Committee	Wang Tay-Chang Independent Director Hsu Chin-Shui Independent Director Huang Tsai-Hsing Chief Auditor Hsiao, Yi-Chin CPA Huang Chin-Lien	of Q1 2025. 2. Description of the appointment and remuneration of the signing CPA for 2025. 3. Report the audit findings for the consolidated financial statements of Q1 2025.	
August 7, 2025	15th meeting of the 1st term Audit Committee	Independent Director Wang Tay-Chang Independent Director Hsu Chin-Shui Independent Director Huang Tsai-Hsing Chief Auditor Hsiao, Yi-Chin CPA Huang Chin-Lien	1. Internal audit report of Q2 2025. 2. Report the audit findings for the consolidated financial statements of Q2 2025.	No objection.
November 6, 2025	16th meeting of the 1st term Audit Committee	Independent Director Wang Tay-Chang Independent Director Hsu Chin-Shui Independent Director Huang Tsai-Hsing Chief Auditor Hsiao, Yi-Chin CPA Huang Chin-Lien	1. Internal audit report of Q3 2025. 2. Report the audit findings for the consolidated financial statements of Q3 2025.	No objection.
December 26, 2025	Seminars	Independent Director Wang Tay-Chang Independent Director Hsu Chin-Shui Independent Director Huang Tsai-Hsing Chief Auditor Hsiao, Yi-Chin CPA Huang Chin-Lien	1. Communication and audit quality indicator (AQI) report of the governance unit during the review and planning stages of the 2025 financial statements.	The CPAs responded directly to questions of the Audit Committee.

(III) The Company's governance operations and the differences between the practices and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, along with the reasons for these differences

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
I. Has the Company established and disclosed its corporate governance operations in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company resolved at the Board meeting on June 9, 2023, to establish the "Corporate Governance Best Practice Principles", which have been disclosed on the Company's website and the MOPS.	No significant difference.
II. Equity structure and shareholders' equity of the Company				
(I) Has the Company established internal procedures for handling shareholder suggestions, disputes, and litigation matters, and has it implemented these procedures accordingly?	✓		(I) The Company’s "Corporate Governance Best Practice Principles" includes relevant provisions, and a spokesperson and acting spokesperson system is in place. The Company works with professional shareholder services firms to handle the following issues.	No significant difference.
(II) Does the Company possess a list of its major shareholders	✓		(II) The Company has dedicated personnel for managing shareholder information and has appointed a securities firm to assist with shareholder services. This	No significant difference.

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
who effectively control the Company, as well as the ultimate controllers of these major shareholders?			includes providing the shareholder register and information on major shareholders holding more than 5% of shares on a quarterly basis, allowing the Company to maintain a list of major shareholders and their ultimate controllers. Directors, managers, and shareholders holding more than 10% of the shares submit their information monthly to the designated public disclosure platform in accordance with the requirements of the competent authorities.	
(III) Has the Company established and implemented risk control and firewall mechanisms between itself and its affiliates?	✓		(III) The Company has established the "Procedures for the Acquisition or Disposal of Assets", "Regulations Governing the Management of Related Party Transactions", "Regulations Governing Financial and Business Matters Between Related Parties", and "Regulations Governing the Supervision of Subsidiaries", to regulate the financial and business matters between related parties, including the management procedures for purchases and sales, acquisitions or disposals of assets, and other transactions. The relevant material transactions shall be submitted to the Board of Directors for approval, and shall be approved or reported to the shareholders' meeting.	No significant difference.
(IV) Has the Company established internal regulations to prohibit insiders from trading securities using non-public market information?	✓		(IV) The Company has established the "Insider Trading Prevention Management Measures" and "Internal Material Information Handling Procedures" to regulate that insiders are prohibited from trading securities based on non-public market information.	No significant difference.
III. The composition and responsibilities of the Board of				

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
Directors (I) Has the Board of Directors established a diversification policy, specific management goals, and put them into place effectively?	✓		(I) The Company passed the "Corporate Governance Best Practice Principles" at the 2nd meeting of the 13th term of the Board on June 9, 2023, and included a diversification policy under Chapter III, "Strengthening the Function of the Board of Directors". The nomination and election of the Company's Board members are conducted in accordance with the provisions of the Company's Articles of Incorporation, adopting a candidate nomination system. In addition to evaluating the educational and professional qualifications of each candidate, the Company also adheres to the "Regulations Governing the Election of Directors" and the "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the Board members. The composition of the Board of Directors of the Company has been determined in accordance with Article 3 of the "Regulations Governing the Election of Directors" with a diversity policy that includes, but is not limited to, the following two standards: 1. Basic conditions and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. Article 20 of the "Corporate Governance Best Practice Principles" (the Board of Directors has the ability) specifies that the composition of the Board of Directors	No significant difference.

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			should be diversified. No more than one-third of all directors shall concurrently serve as managers of the Company. The Company should also formulate a policy on the diversity of its operations, business model and development needs. The 13th Board of Directors of the Company consists of 7 members (including 3 independent directors). Chairman Chang Fang-Cheng has legal professional knowledge, Vice Chairman Chang Yung-Tien has professional competence in business management and operational judgment. Chairman Chang Fang-Cheng and Vice Chairman Chang Yung-Tien, and Director Tsai Mei-Chun serve as the General Manager, Deputy General Manager and key management personnel of the TWSE-listed medical and industrial waste disposal companies, respectively. Director Chen Sung-Yuan has many years of experience in the industrial waste disposal market, and has accumulated profound industrial business capabilities. All directors have professional knowledge of the industry, business management, operational judgment, crisis management, international market perspective, leadership and decision-making. The term of office for each independent director is less than three years. Independent Director Wang Tay-Chang has professional knowledge in finance and accounting. Independent Director Hsu Chin-Shui has professional competence in business management and operational judgment. Independent Director Huang Tsai-Hsing has professional knowledge and practical experience in the industry. The professional backgrounds of the Company’s directors encompass management,	

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			accounting and financial analysis, as well as technical and engineering expertise. With experience in the environmental waste disposal industry, they are able to offer professional operational insights from various perspectives, thereby enhancing the Company's operational performance and management effectiveness. The members of the Company's 13th Board of Directors include no directors with employee status. External directors account for 100% (7 seats), and independent directors account for 43% (3 seats). The age distribution ranges from 51-71 years, including 3 directors aged 50-59, 2 directors aged 60-69, and 2 directors aged 70-79. Male directors account for 85.71% (6 seats) and female directors account for 14.29% (1 seat). The Company places importance on gender equality in the composition of the Board of Directors and has set a goal of increasing the proportion of female directors to at least one-third (33.33%). However, due to the industry characteristics of the waste disposal sector, there are relatively few female professionals in the field, and this goal has not yet been achieved. In the future, the Company will actively seek female director candidates with extensive practical experience and substantial work experience required for the Company's business, and will endeavor to increase the number of female directors to achieve this goal. The Board of Directors has formulated a diversity policy regarding its composition, which is disclosed on the Company's website and the MOPS.	

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
(II) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(II) The Company has established the Remuneration Committee and Audit Committee as required by law. Currently, no other functional committees have been set up, but in the future, additional committees may be established based on legal requirements and practical needs.	Established depending on the laws and the actual needs of the Company.
(III) Has the Company established Regulations Governing the Board Performance Evaluation and evaluation method, conducted regular performance evaluations annually, reported the results to the board, and utilized the evaluation results as a reference for individual director remuneration and nominations for director elections?	✓		(III) The Company's Board of Directors approved the amendments to the Regulations Governing the Board Performance Evaluation on March 15, 2023, and the General Manager's Office is responsible for the implementation of the self-evaluation questionnaire. The Company issued the "Board Performance Self-Evaluation Questionnaire" in December 2025, together with the performance evaluation of the Board of Directors' performance evaluation questionnaire, the Audit Committee Performance Self-Evaluation Questionnaire, and the Remuneration Committee Performance Self-Evaluation Questionnaire, to prepare the 2025 Board of Directors' performance evaluation report. The results of the performance evaluation will be submitted to the Board of Directors on March 5, 2026, and will be used as a reference for individual directors' remuneration and nomination for a new term of office. Overall, the board's operations remain in good standing. For the implementation and results of the performance evaluation of the Board of Directors and individual directors in 2025, please refer to the description of "III. Operational Status of Corporate Governance, (I) Operation of the Board of Directors, and Other Matters to be Recorded" in this annual report.	No significant difference.

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
(IV) Has the Company conducted regular assessment of the independence of the CPAs?	✓		(IV) The Company's CPAs are selected based on their professional responsibilities and independence, and are hired after being approved by the Board of Directors. The Board of Directors evaluates whether the CPAs are suitable based on the actual performance of their business. In accordance with Article 29 of the "Corporate Governance Best Practice Principles", the Company evaluates the independence and suitability of the appointed CPAs at least once per year. The CPAs provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)", and the assessment is conducted based on 13 AQI metrics alongside the following standards: 1. The appointed CPAs have not exceeded a tenure of seven years without replacement. 2. There is no material financial interest between the appointed CPAs and the Company. 3. The Company has appointed CPAs to avoid any improper relationship with the Company. 4. The appointed CPAs shall ensure that their assistants adhere to principles of integrity, impartiality, and independence. 5. The appointed CPAs do not held, nor have they held within the past two years, a position such as director, manager, or any role with significant influence over the audit matters of the Company. Nor will the CPAs assume any similar position during the upcoming audit period. 6. The appointed CPAs have no marital or familial relationship within the	No significant difference.

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			second-degree of kinship with any members of the Company's management. 7. No substantial gifts or presents of value exceeding general social etiquette standards have been received from the Company or its directors and managers. 8. The name of the appointed CPA shall not be used by others. 9. The appointed CPAs must not engage in any financial lending transactions with the Company. 10. The appointed CPAs shall not engage in other business that may threaten their independence. 11. The appointed CPAs shall not receive any commission related to the business. 12. The appointed CPAs shall not hold the Company's shares. 13. The appointed CPAs shall not perform the Company's routine work and receive fixed salaries. 14. The appointed CPAs shall not have joint investment and share of profit with the Company. 15. The appointed CPAs shall not be involved in the management functions of the Company's decision-making. In 2025, the Company appointed PwC Taiwan's CPA, Mr. Huang Chin-Lien, and Ms. Li Hsiu-Ling, CPAs to perform the audit. After confirming that the CPAs have no financial interests and business relationships with the Company except relating to this audit and tax matters, the independence and suitability	

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			were evaluated with reference to the AQI indicator information, and they were both confirmed to be suitable. In recent years, the Company has also continued to introduce digital audit tools to improve audit quality. The evaluation results regarding the independence and suitability of the CPAs for the most recent year were discussed and approved by the Audit Committee on March 7, 2026, and subsequently submitted for approval by the Board of Directors on March 7, 2026.	
IV. Has the listed company appointed an appropriate number of qualified corporate governance personnel and designated a corporate governance manager responsible for corporate governance matters (including but not limited to providing the necessary information for directors and supervisors to perform their duties, assisting directors and supervisors in complying with laws, organizing board and shareholders' meetings in	✓		(I) The Company has appointed a corporate governance manager, who was appointed by the Board of Directors on August 11, 2023, as the highest manager in charge of corporate governance affairs. Additionally, suitable personnel are assigned to handle corporate governance affairs, overseeing the General Manager's Office in providing the necessary information for directors to execute their duties and ensuring compliance with regulations related to company operations. The main responsibilities are as follows: 1. Handling Company registration and registration changes. 2. Handling matters related to the Board of Directors and shareholders' meetings in accordance with the law, and assisting the Company in complying with relevant laws regarding the Board of Directors and shareholders' meetings. 3. Preparing the minutes of the Board of Directors and shareholders' meetings. 4. Providing the necessary information for the directors to execute their duties, along with the latest regulatory developments related to the Company's	No significant difference.

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<tr><th rowspan="2">Evaluation items</th><th colspan="3">Operational status</th><th rowspan="2">Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>accordance with the law, and preparing board and shareholders' meeting minutes)?</td><td></td><td></td><td>operations, to assist the directors in complying with laws and regulations.
5. Matters related to investor relations.
6. Other matters stipulated in the Articles of Incorporation or contracts.
7. Matters will be handled in accordance with legal requirements.
(II) The Company's corporate governance manager, Chang Chi, has completed the required training hours for 2024, with the following details:
<table>
<tr><th>Date of continuing education</th><th>Organizer</th><th>Course name</th><th>Hours of continuing education</th></tr>
<tr><td>March 26, 2025</td><td>Chinese National Association of Industry and Commerce</td><td>Key Matters for Attention and Discussion of Common Issues for the Board of Directors and Shareholders’ Meetings in 2025</td><td>3</td></tr>
<tr><td>May 12, 2025</td><td>Chinese National Association of Industry and Commerce</td><td>Corporate Governance - An Overview of Asset Succession and Equity Succession</td><td>3</td></tr>
<tr><td>July 25, 2025</td><td>Securities and Futures Institute</td><td>2025 Regulatory Compliance on Insider Equity Trading Briefing Seminar</td><td>3</td></tr>
<tr><td>Deacmber 11, 2025</td><td>Corporate Operating and Sustainable Development Association</td><td>Corporate Governance and Securities Regulations - An Analysis of Corporate Governance Risks from a Prosecutor’s Perspective</td><td>3</td></tr>
</table></td><td></td></tr>
<tr><td>V. Has the Company established</td><td>✓</td><td></td><td>The Company has spokesperson and acting spokespersons, and maintains good</td><td>No significant</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Operational status</th><th rowspan="2">Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and appropriately responded to important corporate social responsibility issues raised by stakeholders?</td><td></td><td></td><td>relationship with stakeholders, respecting and protecting their legitimate rights and interests. In addition, the Company has established a dedicated stakeholder section and a corporate social responsibility section on its website, appropriately responding to key sustainability issues of concern to stakeholders. The Company also reports a summary of its communications with stakeholders to the Board of Directors on an annual basis. The corporate governance officer reported to the Board of Directors on December 26, 2025 regarding stakeholder engagement activities for the year.
Based on respect for stakeholders' rights and interests, the Company identifies its stakeholders and has established a stakeholder section on the Company's website. Through appropriate communication channels, the Company understands stakeholders' reasonable expectations and needs and appropriately responds to the material sustainable development topics of concern to them.
<table><tr><th>Stakeholders</th><th>Priority issues of concern</th><th>Communication channels, response methods, and communication frequency</th><th>Communication results</th></tr><tr><td>Shareholder</td><td>Economic performance, waste, ethical corporate</td><td>Annually - Shareholders' Meeting
Occasionally -</td><td>1.The 2025 financial report was disclosed on MOPS ahead of the regulatory schedule.
2. The Board performance</td></tr></table></td><td>difference.</td></tr>
</table>

Evaluation items	Operational status						Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description				
				management, climate change, customer relationship management, occupational safety and health	Company Website Annually - Annual Shareholders' Meeting Report Occasionally - MOPS Monthly - Operational Information Disclosure	evaluation for 2025 was completed at the end of December 2025 and presented to the Board in March 2026. 3. Relevant training courses were arranged by the Company, and all directors of the Company completed the required training hours in 2025 in accordance with the "Guidelines for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies." 4. Three investor conferences were held in 2025. In 5.2025, 1 shareholders' meetings were held.	
			Government agency	Legal compliance, engagement	Occasionally - Policy Briefings Occasionally -	The Company assigns personnel from relevant departments to regularly participate in public	

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	

	with local communities, climate change, waste	Public Hearings Occasionally - Government Website Occasionally - Official Correspondence	sector meetings to discuss the current status of environmental regulations and provide recommendations on implementation matters.
Business organizations (including medical institutions)	Waste, air quality, GHG emissions, customer relationship management, water use and discharge, ethical corporate management, green products, occupational safety and	Occasionally - Telephone Interview Occasionally - In-person Visits Occasionally - E-mail Occasionally - Official Correspondence	Frontline sales personnel interviewed customers and completed the 2025 customer satisfaction survey to understand customer feedback and satisfaction levels.

<table>
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<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>health</td><td></td><td></td></tr>
<tr><td>Suppliers</td><td>Supplier management, ethical corporate management, GHG emissions, use of raw materials, engagement with local communities</td><td>Occasionally - E-mail
Occasionally - Contact by Phone
Occasionally - Plant Visits</td><td>1. In 2025, important suppliers were evaluated each quarter. All participating suppliers achieved a passing score of at least 80, totaling 84 suppliers.
2. The Company also promoted the advocacy and communication of “including corporate social responsibility clauses in material contracts.” In 2025, a total of 49 key suppliers completed the signing of ethical corporate management clauses, and 49 completed corporate social responsibility self-assessments.</td></tr>
<tr><td>Employees</td><td>Economic performance, employee diversity and</td><td>Quarterly - Labor-management Meeting</td><td>Labor-management meetings were held each quarter in 1.2025.
2. In 2025, occupational safety</td></tr>
</table>
</td><td></td></tr>
</table>

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			(continued) equality, occupational safety and health, ethical corporate management, employee career development | Quarterly - Employee Welfare Committee; Occasionally - Internal Communication Document | and health education and training for new employees comprised a total of 45 sessions. 3. In 2025, the Company provided education and training for ethical conduct and legal compliance to employees, totaling 787 attendances and 3,122.4 hours.	
VI. Has the Company appointed a professional shareholder service agency to handle shareholder meeting affairs?	✓		The Company has appointed the Stock Affairs Department of Grand Fortune Securities as the professional shareholder service agency to handle shareholder meeting affairs.	No significant difference.
VII. Information transparency (I) Does the Company have a website to disclose financial, business, and corporate governance information? (II) Has the Company adopted other methods of information disclosure, such as	✓ ✓		(I) The Company has set up a company website: https://www.chin-hsin.com.tw/, where financial and business information is disclosed under the Investor Section, and corporate governance-related information is disclosed under the Corporate Governance section for reference by shareholders and the public. (II) The Company has established a spokesperson system and designated personnel responsible for collecting and disclosing company information, ensuring the implementation of the spokesperson system in accordance with regulations.	No significant difference. No significant difference.

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
establishing an English website, appointing personnel responsible for collecting and disclosing company information, implementing a spokesperson system, or posting the proceedings of investor conferences on the Company's website?			Other relevant information is disclosed regularly and as needed on the "MOPS" as required. The proceedings and related materials of investor conferences are also made available on the Company's website under the Investor Section, providing reference for shareholders and the general public.	
(III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and disclose the financial reports of Q1, Q2, and Q3 and its monthly operational status before the prescribed deadline?		✓	(III) The Company has announced and reported the annual financial report signed by the Chairman, managers and accounting managers, and audited by CPAs, approved by the Board of Directors, and recognized by the Audit Committee, within 75 days after the end of each fiscal year, and announced and reported the annual financial statements signed by the Chairman, managers and accounting managers, and audited by CPAs, and approved by the Board of Directors, and recognized by the Audit Committee, within 45 days after the end of Q1, Q2, and Q3 of each fiscal year, and announced and reported the operational status of the previous month before the 10th day of the following month.	No significant difference.
VIII. Does the company provide other significant information that aids in understanding its	✓		(I) Employee Rights and Care The Company considers employees are most important asset and a crucial link in its connection with society. It is dedicated to caring for and supporting every	No significant difference.

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
corporate governance operations, including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, training for directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policies, and the status of liability insurance purchased for directors and supervisors?			employee, providing a stable, equal, and open working environment, which has been one of the Company's long-standing priorities. Adherence to relevant regulations is also a key focus of the Company. To protect workers' livelihoods and promote social security, the Company complies with regulations by providing employee insurance, labor and health insurance, and labor retirement fund contributions. Additionally, in accordance with labor laws, the Company ensures fair remuneration and benefits for employees and offers a comprehensive retirement system. The Company also provides on-site employees with personal protective equipment, conducts health checkups every two years, and arranges regular visits by occupational safety professionals to the plant. Employee benefits include year-end bonuses and holiday bonuses. Additionally, the Company selects outstanding employees annually and awards them appropriate bonuses as a form of encouragement. (II) Investor Relations The Company discloses all information on the MOPS as required by law, so that investors are fully aware of the Company's development direction and strategic direction. The Company has also appointed a spokesperson and an acting spokesperson to handle shareholders' suggestions and establish good communication channels with investors. (III) Supplier Relations The Company conducts operations with suppliers according to the procedures	

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			established by the Company regarding procurement, payment, and internal control. Upholding the concept of equality and mutual benefit, the Company builds partnerships with suppliers to maintain long-term cooperative relationships. This is achieved through the signing of contracts and supplier evaluations to ensure high-quality service or supply. (IV) Stakeholders' Rights The Company has established good communication channels with employees, customers and suppliers, and disclosed them under the Stakeholder Section on the Company's website. The Company also handles their opinions and suggestions properly. (V) The Company arranges training courses for directors occasionally in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies". Additionally, the Company regularly informs directors of updates to corporate governance-related laws and regulations. The Company's directors' continuing education: 1. Chairman - Chang Fang-Cheng	

Date of continuing education	Organizer	Course name	Hours of continuing education
September 19, 2025	Chinese National Association of Industry and Commerce	Stakeholder analysis and integrated project management in corporate governance	3

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	

November 4, 2025	The Greater China Financial Development Association	Risk Monitoring of Cross-strait Peace and War Amid Trump 2.0 and U.S.-China Competition	3

2. Vice Chairman - Chang Yung-Tien

Date of continuing education	Organizer	Course name	Hours of continuing education
April 18, 2025	Taipei Foundation of Finance	Corporate Governance - Corporate and Director/Supervisor Duties and Liabilities from the Perspective of the Securities and Exchange Act	3
May 23, 2025	Taiwan Project Management Association	Training Course for Directors of TWSE/TPEx Listed Companies - Anti-money Laundering and Counter-terrorism Financing	3

3. Director - Tsai Mei-Chun

Date of continuing education	Organizer	Course name	Hours of continuing education
April 29, 2025	Taiwan Corporate Governance Association	A Brief Analysis of the Current Status of Workplace Sexual Harassment and Bullying Prevention and Sharing of	3

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	

		Practical Experience	
August 12, 2025	Taiwan Corporate Governance Association	How Enterprises Can Optimize Innovative Intellectual Property Management and Integrate Sustainable Governance in the Face of the Digital Wave	3

4. Director - Chen Sung-Yuan

Date of continuing education	Organizer	Course name	Hours of continuing education
April 29, 2025	Taiwan Corporate Governance Association	A Brief Analysis of the Current Status of Workplace Sexual Harassment and Bullying Prevention and Sharing of Practical Experience	3
August 22, 2025	Taipei Foundation of Finance	Understanding Financial Statements and Safeguarding Risks: A Financial Governance Course for Directors and Supervisors	3

5. Independent Director - Wang Tay-Chang

Date of continuing education	Organizer	Course name	Hours of continuing education
April 29,	Taiwan Corporate Governance	A Brief Analysis of the Current	3

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	

2025	Association	Status of Workplace Sexual Harassment and Bullying Prevention and Sharing of Practical Experience	
July 15, 2025	Taiwan Project Management Association	Digital Transformation and the Latest Information Technology	3
November 22, 2025	Taiwan Corporate Governance Association	Directors' and Supervisors' Responsibilities and Corporate Governance Considerations for Foreign-invested Enterprises in Taiwan	3
November 22, 2025	Taiwan Corporate Governance Association	A Discussion on Corporate Employee Incentive Strategies and the Application of Incentive Tools	3

6. Independent Director - Hsu Chin-Shui

Date of continuing education	Organizer	Course name	Hours of continuing education
April 29, 2025	Taiwan Corporate Governance Association	A Brief Analysis of the Current Status of Workplace Sexual Harassment and Bullying Prevention and Sharing of Practical Experience	3
September 5, 2025	Taipei Foundation of Finance	FinTech Through the Lens of Stablecoins: Blockchain	3

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			(see below)	

		Practices and the Future	

7. Independent Director - Huang Tsai-Hsing

Date of continuing education	Organizer	Course name	Hours of continuing education
April 29, 2025	Taiwan Corporate Governance Association	A Brief Analysis of the Current Status of Workplace Sexual Harassment and Bullying Prevention and Sharing of Practical Experience	3
July 15, 2025	Taiwan Project Management Association	Digital Transformation and the Latest Information Technology	3

(VI) All directors shall attend the Board of Directors' meeting in person, unless having good cause to be absent. In addition, if a director has a conflict of interest in a motion being discussed at the Board of Directors' meeting, he/she shall not participate in the voting on that motion.

(VII) Implementation of risk management policies and risk measurement standards

The Company's risk management policy aims to effectively identify, assess, monitor, and control various risks, enhance the risk awareness of all employees, and ensure that potential risks are controlled within an acceptable level, achieving a balanced goal of rationalizing risks and rewards while optimizing benefits. For related risk disclosures, please refer to the Annual Report under "Five: Review and Analysis of Financial Condition and Performance, and Risk

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			Matters" and "VI: Risk Matters". (VIII) Implementation of customer policy The Company has established a customer service management policy. In terms of customer relationships and communication, through regular and occasional meetings and visits, ride-along services, and participation in building material exhibitions, customers gain a deeper understanding of the Company's products and receive services that are more closely aligned with their needs, with the aim of establishing sound cooperative relationships. The Company has operating sites in Taipei, Taoyuan, Yunlin, and Tainan, and assigns dedicated service contacts for customers to provide timely assistance and support in completing proper waste clearance processes and in establishing and implementing regulatory compliance procedures, in accordance with the "Waste Disposal Act" and the "Standards for Storage, Clearance, and Treatment Methods and Facilities of Industrial Waste," and to meet the requirements of competent authorities, while supporting customers in implementing and advancing necessary sustainability indicators. The Company has actively sought diversified reporting channels with the Ministry of Environment of the Executive Yuan, and introduced the "electronic six part receipt application" in 2022 to provide a technology-enabled clearance service process, significantly enhancing customer satisfaction. In addition, the Company has established "Customer Complaint Handling Procedures" to enhance service quality and safeguard customers' rightful interests. The Company maintains smooth communication channels with customers and	

Evaluation items	Operational status			Differences between the Company's governance operations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			actively listens to their needs to establish positive interactive relationships. In November 2025, the Company completed its customer satisfaction survey for the year, with an overall customer satisfaction rate of 94.33%. (IX) The Company has purchased liability insurance for its directors and reported it in accordance with regulations. In 2025, the insured amount was USD 5 million, with a coverage period of one year. The related insurance details were reported to the Board of Directors on May 9, 2025.	

IX. Please explain improvements made based on the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose prioritized enhancements for the issues and measures that have not yet been improved:

1. The Company plans to establish an English-language corporate website in 2026 to disclose information on major shareholders, financial, operations, and corporate governance.
2. The Company plans to establish clear quantitative management targets for 2030 regarding GHG reduction.
3. A budget for investing in energy-saving or green energy–related environmental sustainability machinery and equipment has been allocated for 2026.

(IV) If the Company has established a Remuneration Committee or a Nomination Committee, it should disclose the composition and operational details of these committees.

1. Responsibilities and Duties of the Remuneration Committee

The Company's Board of Directors has approved the establishment of a Remuneration Committee, with members appointed by board resolution. The main responsibilities of the committee are:

(1) To establish and regularly review the policies, systems, standards, and structures for evaluating the performance and determining the remuneration of directors and managers, and to submit the proposed recommendations to the Board of Directors for discussion.
(2) To regularly assess the performance goals achieved by the Company's directors and managers, and to determine the content and amount of their individual remuneration.

2. Information of the Remuneration Committee Members

Identity \ Name \ Criteria		Professional qualification and experience	Independence	Number of other public companies in which the member also serves as a member of the Remuneration Committee
Independent Director (Convener)	Wang Tay-Chang	Major academic background: PhD, Finance, Wharton School of the University of Pennsylvania Graduate Institute of Business (incomplete), National Taiwan University Department of Accounting, National Taiwan University Professor, Department of Accounting, National Taiwan University Independent Director, OBI Pharma Inc. Independent Director, TaiMed Biologics Inc. Independent Director, First Financial Holding Co., Ltd. Independent Director, Ruentex	Independent directors shall not fall under any of the following conditions in the two years before being elected or during the term of office: (1) Employees of the Company or its affiliates. (2) Directors or supervisors of the Company or its affiliates. (3) The holder of the Company's issued shares in the name of the holder or their spouse, underage children or in the name of others in total of one percent or more of the issued shares of the Company or the top ten natural person shareholders. (4) The spouse, relatives within the	1

<table>
<tr><th>Identity</th><th>Name</th><th>Professional qualification and experience</th><th>Independence</th><th>Number of other public companies in which the member also serves as a member of the Remuneration Committee</th></tr>
<tr><td></td><td></td><td>Industries Ltd.
Professor, Department of Accounting, National Taiwan University
<u>Positions held in other companies:</u>
Professor of the Department of Digital Finance Technology and Director of the Institute of Asset Management at Chang Gung University
Independent Director, Taivex Biologics Corp.
<u>Industry experience/Professional ability:</u>
Possesses extensive experience in financial and accounting academic research, along with the professional expertise required for corporate management.</td><td rowspan="2">second degree of kinship, or direct relatives within the third degree of kinship of the Company's managers or the individuals listed in (2) and (3).
(5) Directors, supervisors, or employees of a corporate shareholder who directly holds more than five percent of the total shares issued by the Company, is among the top five shareholders, or has been designated as a representative under Article 27, Paragraph 1 or 2 of the Company Act to serve as a director or supervisor of the Company.
(6) Directors, supervisors, or employees of a company where the board seats or voting shares exceeding half are controlled by the same person as the Company.
(7) Directors (or members of the board), supervisors (or auditors), or employees of a company where the Chairman, General Manager, or equivalent position is the same person or their spouse as that of another company or institution.
(8) Directors (or members of the board), supervisors (or</td><td></td></tr>
<tr><td>Independent Director</td><td>Hsu Chin-Shui</td><td><u>Major academic background:</u>
PhD, Business Administration, National Chengchi University
Part-time Assistant Professor, Soochow University
Part-time Assistant Professor, Shih Chien University
Responsible person of Human Resources Department, Ruentex Group, Ruentex Engineering & Construction Co., Ltd.
General Manager, Ruentex</td><td>0</td></tr>
</table>

Identity	Name	Professional qualification and experience	Independence	Number of other public companies in which the member also serves as a member of the Remuneration Committee
		Engineering & Construction Co., Ltd. Deputy General Manager, Procurement and Outsourcing Center, Ruentex Engineering & Construction Co., Ltd. Supervisor, Sunny Friend Environmental Technology Co., Ltd. <u>Positions held in other companies:</u> Chairman, Homemesh Co., Ltd. <u>Industry experience/Professional ability:</u> Possesses the experience required for business operations and management, along with extensive and diverse academic research experience that can provide the expertise and understanding needed for the Company's operations.	auditors), managers, or shareholders owning more than five percent of the shares of a specific company or institution that has financial or business transaction with the Company. (9) Individuals or entities, including sole proprietors, partners, directors (or trustees), supervisors (or auditors), managers, and their spouses, who provide auditing or related professional services such as commercial, legal, financial, or accounting services to the Company or its affiliates, with remunerations exceeding NTD 500,000 in the past two years. However, members of the Remuneration Committee, special committees for public tender offers, or special committees for mergers and acquisitions who perform duties in accordance with this Act or relevant provisions of the Business Mergers and Acquisitions Act are exempt from this restriction. (10) Not a spouse or relative within the second degree of kinship of another director. (11) None of the matters described	
Independent Director	Huang Tsai-Hsing	<u>Major academic background:</u> Department of Chemical Engineering, Chung Yuan Christian University Industrial Safety Specialist, SCI Pharmtech Inc. Production Manager, Eli Lilly And Company (Taiwan) Inc. <u>Positions held in other companies:</u> Security Manager, Chang Lin		0

Identity \ Name \ Criteria		Professional qualification and experience	Independence	Number of other public companies in which the member also serves as a member of the Remuneration Committee
		Security Co., Ltd. Industry experience/Professional ability: Possesses the experience required for the Company's business development, with rich industry experience and expertise in manufacturing production and environmental safety.	in Article 30 of the Company Act. (12) Not a government agency, legal person, or its representative as defined in Article 27 of the Company Act.	

Note 1: Please specify in the table the relevant years of service, professional qualifications, experience, and independence status of each Remuneration Committee member. If the member is an independent director, please include a note referring to the relevant content in Appendix 1, "Director and Supervisor Information (I)" on page OO. Please specify the identity as either independent director or other (if the member is 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: Conditions for Independence: Please specify the conditions under which the Remuneration Committee members meet the independence criteria, including but not limited to whether the individual, their spouse, or relatives within the second degree of kinship hold positions as directors, supervisors, or employees in the Company or its affiliates, the number and proportion of company shares held by the individual, their spouse, or relatives within the second degree of kinship (or in the name of others), whether they serve as directors, supervisors, or employees in companies with a specific relationship with the Company (refer to Articles 6, Paragraph 1, Subparagraph 5-8 of the Regulations Governing the Appointment and Exercise of Powers by 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 amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.

3. Operational status of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of the current committee: From April 24, 2023, to April 23, 2026. In the most recent year (2025), the Remuneration Committee held 2 meetings (A). The qualifications of the committee members and their attendance are as follows:

Job title	Name	Number of attendance in person (B)	Number of attendance by proxy	Percentage of actual attendance (%) (B/A)	Remarks
Convener	Wang Tay-Chang	2	0	100.00%	-
Member	Hsu Chin-Shui	2	0	100.00%	
Member	Huang Tsai-Hsing	2	0	100.00%	

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the board should specify the date, term, agenda, resolutions of the board, and responses to the Remuneration Committee's opinions (for example, if the salary remuneration approved by the board is superior to the recommendation of the Remuneration Committee, the differences and reasons should be explained): No such situation.

II. If there are any opposing or reserved opinions from the members of the Remuneration Committee regarding the resolutions, and if there are records or written statements, the committee should specify the date, term, agenda, opinions of all members, and how the opinions were addressed: No such situation.

Matters for discussion and resolution of the Remuneration Committee in 2025:

Date of the Remuneration Committee meeting	Term	Agendas	Resolutions of the Remuneration Committee	The Company's handling of the opinions of the Remuneration Committee
June 26, 2025	8th meeting of the 1st term	1. Additional employee remuneration paid to the Company’s managers for 2024.	Approved by all attending members unanimously.	Not applicable.
December 26, 2025	9th meeting of the 1st term	1. Proposed the distribution ratio for directors’ remuneration in 2025. 2. Proposed to amend the Company’s “Employee Remuneration Distribution Procedures.” 3. Amended the Company's "Measures of Remuneration to Directors, Audit Committee and Remuneration Committee". 4. Proposed to amend the Company's "Dragon Boat Festival and Mid-Autumn Festival Bonus Distribution Procedures". 5. Proposed to amend the "Remuneration Policy, System, Standard and Structure for Management Officers". 6. Proposed to amend the Company's "Management Measures for Remuneration of	Approved by all attending members unanimously.	Not applicable.

		Managers". 7. Disbursement of additional annual bonuses for the Company's managers in 2025. 8. Proposed to amend the "Performance Evaluation Management Procedures".		

4. Information on the Nomination Committee members and their operations: The Company has not established a Nomination Committee, so this is not applicable.

(V) Implementation of sustainable development and the differences between the practices of listed companies and the Sustainable Development Best Practice Principles, along with the reasons for such differences

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
	Yes	No	Summary Description	
I. Has the Company established a governance structure to promote sustainable development, with dedicated (or part-time) units for sustainability, and authorized senior management to handle the matter, under the supervision of the Board of Directors?		✓	The Company has not yet established a Sustainable Development Committee. A Sustainable Development Task Force was already established in 2024, with President Tsai-Jung Chang as the top decision-maker, Finance Manager as the coordinator, and representatives of each department as the core members. As the Company's highest-level sustainability unit, the Sustainable Development Task Force oversees the Corporate Governance team, Product Sales Team, Product Factory Affairs Team, Environmental Protection Team, Supply Chain and Society Team, and Employee Team. The teams work together to promote the company's implementation of sustainable development projects and their progress. On June 9, 2023, the Board of Directors approved the establishment of the "Sustainability Development Best Practice Principles". The Company adheres to the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Code of Ethical Conduct" it has set, creating an effective corporate governance structure, related ethical standards, and matters to strengthen governance. The directors of the Company are required to exercise due diligence in their role as prudent managers, overseeing the Company's implementation of sustainability practices. They must regularly review the effectiveness of these practices and continually seek improvements to ensure the successful execution of the sustainable development policies. When pursuing sustainable development goals, the Board of Directors takes into account the interests of all stakeholders, including but not limited to customers, employees, suppliers, investors, and the community.	In the future, the Company will handle such matters as needed or in accordance with legal requirements.

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
	Yes	No	Summary Description	
			(I) Propose a sustainability mission or vision, and establish sustainable development policies, systems, or related management guidelines. (II) Incorporate sustainable development into the Company's business activities and development direction, and approve specific promotion plans for sustainable development. (III) Ensure the timeliness and accuracy of disclosure of information related to sustainable development. The Company's policy vision and mission regarding economic, environmental, and social issues arising from its operations designate the Board of Directors as the highest decision-making body for sustainable development matters. The Board of Directors authorizes the General Manager to instruct the Sustainable Development Task Force to handle such matters and to report the handling status to the Board of Directors. This mechanism has been implemented since 2024, with reporting conducted at least once a year. The Company's sustainable development implementation status for 2024 was coordinated by the Sustainable Development Task Force and reported to the Board of Directors on August 7, 2025. The Board of Directors heard the report on sustainable development handling and expressed opinions on the matters presented, provided recommendations, gave directions for adjustments, or raised no objections and instructed implementation. The Sustainable Development Task Force serves as the dedicated unit responsible for promoting sustainable development, with assistance provided by other departments, and is disclosed on the Company's website. Since 2024, regular education and training sessions for promoting sustainable development, including awareness of sustainable development matters, have been conducted. The Company's 2024 Sustainability Report has been completed and, following approval by the Board of Directors on August 7, 2025, was released, uploaded to MOPS, and	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			published on the Company's website. The Company has established a reasonable remuneration policy to ensure that the remuneration plan meets the organizational strategic goals and the interests of stakeholders. The employee performance evaluation system is integrated with the sustainability policy, and a clear and effective reward and penalty system has been established.	
II. Has the Company conducted a risk evaluation on environmental, social, and governance issues related to its operations according to materiality principles, and established relevant risk management policies or strategies?		✓	The Company established the "Sustainable Development Best Practice Principles" with the approval of the Board of Directors on June 9, 2023 to implement corporate governance as well as conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations. These are then leveraged for the development of sustainability and upholding of social welfare. In order to understand the stakeholders' issues of concern and focus on the Company's sustainable governance vision, the Sustainability Report Working Group refers to the requirements of the AA1000 Stakeholder Engagement Standard and the GRI Standard for stakeholder identification and engagement. The key stakeholders and material issues identified were used to guide the Company's sustainability reporting and responses. Key management approaches and action plans could then be drawn up to respond to stakeholder needs and expectations. The Company conducted an analysis based on the materiality principle of the Sustainability Report and identified the material topics for 2024 through questionnaire surveys. In accordance with the "Management of Sustainability Information," materiality identification is performed once every three years. The disclosed information and risk assessment boundaries have covered the sustainable development performance of the consolidated company for 2025. The risk management policies or strategies related to the identification of material topics	In the future, the Company will handle such matters as needed or in accordance with legal requirements.

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Operational status</th><th rowspan="2">Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>are as follows:
<table>
<tr><th>Major topics</th><th>Description of Risk Assessment Items</th><th>Description</th></tr>
<tr><td>Environmental Aspect</td><td>Waste</td><td>1. Regularly discussing the implementation progress of environmental management programs, compliance with environmental regulations, changes in environmental regulations, proposals for environmental improvement, material environmental aspects, and the review of related documentation.
2. Assisting customers in the proper disposal and utilization of waste, and effectively monitoring the implementation status of the system.
3. Continuously develop methods for waste reuse to increase the proportion of waste resource recovery, implement waste reduction internally, practice green living, and achieve comprehensive energy conservation and carbon reduction.
4. Monitoring international environmental trends, assisting in waste disposal, developing medical waste reuse processing services and environmentally friendly plastic-wood manufacturing technologies, and converting waste</td></tr>
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		into resources for utilization to implement the circular economy.
	Green Products	Formulate comprehensive product recycling management policies and provide customers with convenient recycling channels to increase the recycling rate of waste products, and process the recovered plastic waste by reintroducing it as production raw materials.
Social Aspect	Occupational Safety and Health	1. To establish a good occupational health and safety environment. To realize the goal of effective management, supervision, and improvement, the Environment and Safety Office has overall responsibility for matters relating to the coordination of occupational safety & health and environmental protection. 2. Established safety and health work rules for employees to follow, and regularly track changes to laws and regulations, and supervises the Company's planning, management, and review of safety and health operations to ensure a safe workplace for employees. 3. A comprehensive protection plan is used to enhance employees' safety awareness and concepts, as well as raise the alertness, and correct

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			occupational safety and health knowledge of operators. Various software and hardware protection measures are also used to ensure that employees can feel at ease in a good safety and health environment, so that employees can then maximize their performance. **Customer Relationship Management:** 1. Conduct telephone or in-person visits to customers occasionally to understand customer needs, explain the service plans offered by the Company, review compliance with industry-related regulatory updates, and assess service satisfaction, with the aim of continuously enhancing the Company's overall service quality and providing customers with services or products that exceed expectations in a professional manner. 2. Through the introduction of the self-developed "electronic six part receipt application," the Company has achieved electronic management of clearance process operations. Business entities can obtain industrial waste clearance information in real time through simple mobile phone operations, and reporting information can be conveniently transmitted online to the competent authority. This has resulted in significant improvements in satisfaction among customers,	

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<tr><td></td><td></td><td>competent authorities, and employees.
3. By interfacing with the Ministry of Environment's "Real-Time Monitoring System for Industrial Waste clearance Vehicles (GPS)" to enable inter-system data transmission, retrieval, and utilization, complete clearance routes are obtained, enhancing transparency in the waste clearance process and preventing potential illegal dumping. This not only strengthens the customer experience but also increases customers' trust in the services provided.</td></tr>
<tr><td>Corporate Governance</td><td>Economic Performance</td><td>1. Strengthen green operations by continuously investing in green services or products and circular economy–related business activities, investing in major eco-friendly and sustainable machinery and equipment, and assisting and requiring suppliers to establish greenhouse gas inventories and reduce emissions as an important basis for the Company's procurement strategy evaluation.
2. To create long-term and stable business performance, the Company actively seeks and adopts different waste disposal methods and forms strategic alliances with waste disposal companies to provide customers with a variety of</td></tr>
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Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			comprehensive disposal options that satisfies their needs. We can also make immediate adjustments in response to sudden changes when waste enters the plant. 3. The Company upholds professional operations, values the opinions of shareholders and investors, and shares its operating results with all shareholders.	
			Ethical Corporate Management: 1. Establish corporate governance systems based on relevant government regulations and ethical corporate management, and ensure strict compliance with applicable laws and company regulations. 2. Formulating the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," and implementing ethical corporate management policies and codes of ethical conduct, with the results of ethical corporate management assessments reported to the Board of Directors at least once a year. 3. Establishing the ""Guidelines for Preventing Insider Trading," strictly prohibiting directors, employees, and other insiders of the Company from using company assets, non-public information, or their positions to obtain unlawful	

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			benefits. 4. For business activities with higher risks of unethical conduct, effective accounting systems and internal control systems have been established. Based on the assessment results of unethical conduct risks, the Internal Audit Office formulates relevant audit plans. The audit results are reported to senior management and the dedicated ethical corporate management unit, and audit reports are submitted to the Board of Directors. The Company has adopted the Three Lines of Defense for internal control as its risk management mechanism. For the first line of defense, each department is responsible for carrying out risk assessments based on their functions and scope of business, as well as their core business activities; for the second line of defense, the President's Office and the Finance Department are responsible for assisting, supervising and The first line of defense with risk identification and management; the Audit Office under the Board of Directors serves as the third and final line of defense. It inspects, supervises, and tracks the progress of deficiencies and corrections in the first two lines of defenses, and discloses them to the Board of Directors concurrently or periodically to ensure the effective implementation of the Company's risk management system. The scope of risks covers operational risks, financial risks, market risks, legal compliance risks and climate risks. Enterprise risk management is implemented through risk management procedures such as risk identification and assessment, impact measurement, response and adjustment, and monitoring and reporting. The Company's	

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			Sustainable Development Task Force reports to the Board of Directors once a year on the implementation of corporate sustainable development-related matters. Operations and implementation of material issues related to the Company's operations, environmental, social, corporate governance and risk management are reported to the Audit Committee and Board of Directors once a year. There is currently not explicit "Risk Management Regulations" and this will be formulated by the Company if necessary at a future date.	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on its industry characteristics?	✓		(I) In order to fulfill corporate responsibility for environmental protection and based on the awareness of environmental protection and the need for pollution control management, the Company strictly follows the "Standards for Storage, Disposal, and Treatment of Industrial Waste" and other relevant regulations for the disposal of medical and industrial waste and the recycling of medical waste. This ensures the proper disposal of waste entrusted by customers to reduce pollution and impact on the environment. The Company also strengthens the emergency response capability of its fleet to prevent pollution and implements environmental training for employees to raise environmental awareness. Regarding the management of wastewater treatment processes, medical waste recycling processes, and water and air pollution derived from the Chin Hsin wood production process, the Company has applied for the relevant permits from the competent authorities, including: A wastewater discharge permit from the Yunlin County Government under the Water Pollution Control Act, an air pollution control permit for fixed pollution sources from the production of other plastic products issued by the Yunlin County Government under the Air Pollution Control Act, and a medical waste recycling permit issued by the Ministry of Health and Welfare, all of which are operated in	No significant difference.

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			accordance with the approved contents. In addition, with respect to energy and resource conservation, power-saving devices have been installed to reduce energy consumption. In terms of waste management, waste reduction initiatives have been implemented. Through the "electronic six part receipt application," electronic management of clearance process operations has been achieved, and the electronization of waste flow reporting forms has significantly reduced paper usage. Approximately 240,000 paper reporting forms can be reduced per month (compared with the period prior to system implementation in 2021), effectively reducing environmental impact.	
(II) Does the Company strive to improve its energy utilization efficiency and use renewable materials with low impact on the environment?	✓		(II) In the past two years, the Company has focused on developing fully recyclable materials from discarded Chin Hsin wood products. The Company promote the use of such products and markets, helping the industry transition the production-consumption model from a linear model to a sustainable circular model. Additionally, starting in 2024, the Company has optimized processes to treat high-quality plastic resources from medical waste. By combining different types of plastic and process technologies, these materials are incorporated into the Chin Hsin wood production process, increasing the resource conversion rate of medical waste from 55% to 80%, significantly maximizing the benefits of a circular economy. In the future, the Company will conduct further research to explore the possibility of using more types of recyclable plastics as raw materials in the production line, improving resource use efficiency and achieving the goal of zero waste of resources.	No significant difference.
(III) Has the Company assessed the potential risks and opportunities of climate	✓		(III) Climate risks and opportunities are first screened by the Company to determine whether they are applicable. Material risks and opportunities that may be encountered during business operations are systematically identified as physical	No significant difference.

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<tr><td>change to its current and future operations, and taken relevant mitigation measures?</td><td></td><td></td><td>risks, transition risks, and opportunities. Factors such as degree of impact, frequency of occurrence, and likelihood of occurrence are assessed and discussed by the Sustainable Development Task Force to determine material risks and opportunities that the Company may face. Effective action can then be taken to manage the risks or take advantage of potential opportunities to enhance the operational quality and competitiveness of the Company and its subsidiaries.
Based on the results of the above analysis, three climate-related risks and the top climate-related opportunities were identified by the Company. The climate risk were “Flooding (Storm)”, “Typhoon”, and “Change in Customer Preferences”, while climate opportunities were “Recycling”, “R&D and Innovation on New Products and Services”, “and "Diversification of Business Activities." Actual and potential effects on the organization were disclosed and the corresponding countermeasures developed to mitigate damage caused by natural disasters. More energy-efficient and eco-friendly waste disposal processes are also being planned to increase our competitiveness in the market.
<table>
<tr><th>Risk Type</th><th>Risk Item</th><th>Risk Description</th><th>Duration of impact</th><th>Potential Financial Impact</th><th>Responsive actions</th></tr>
<tr><td>Immediate Risk</td><td>Flooding (Storm)</td><td>Heavy rains and flooding caused by extreme weather may damage property and equipment, and increase equipment maintenance and operating costs. They may also cause damage to upstream customers' production</td><td>Short-term</td><td>Increase in equipment replacement cost and maintenance cost; decrease in operating revenue.</td><td>Strengthened plant drainage, emergency pumping facilities, and equipment elevated in case of insufficient drainage. A parking area for clearance vehicles in case of flooding has also been planned to prevent vehicle damage and the attendant reduction in</td></tr>
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		equipment, disrupt their operations, and reduce the waste output. These will reduce the Company's waste removal volume and revenue.			service life. An emergency response plan has been established and regular drills carried out to strengthen personnel adaptability and reduce losses due to the operational impacts of sudden or unpredictable natural disasters,.
	Typhoon	Frequency of strong typhoons has increased due to extreme climate. In the short-term, strong winds and heavy rains prevent employees from going to work or affect the business hours of customers in medical institutions. Shortages in clean-up manpower after a typhoon increases operational costs.	Short-term	Increase in hours of overtime from clearance personnel, and higher labor costs.	Typhoon prevention measures are implemented immediately after a typhoon warning is issued. Typhoon movements are also closely monitored to coordinate the clearance schedule and route planning before and after the typhoon with customers. Clearance operations when businesses are closed are also dispersed. The integration and adaptation skills of clearance personnel are strengthened to mitigate the impact of sudden or unpredictable natural disasters on business operations.
Market risk	Changes in customer preferences	Growing awareness of sustainable development meant that some clearance service customers have begun	Intermediate term	Higher contract renewal costs; reduction in number of contracted	The Company is developing a medical waste reuse and processing business to consolidate our position in the medical waste clearance

Evaluation items	Operational status: Yes	Operational status: No	Operational status: Summary Description	Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
			(see tables below)	

		seeking ways to treat waste as resources in order to enhance their brand image or meet regulatory requirements, which in turn affects clearance service customers' interest in contract renewal and market share.		customers and clearance volumes, lower operating revenues, which in turn impacts on economies of scale and reduces gross profits.	market. We are also actively reaching out to resource processing companies to build a working relationship. We plan to develop more diverse waste resource recycling treatment methods for industrial waste customers. Oure goal is to craft a comprehensive, high-quality waste disposal service model that helps customers reduce the amount of waste.

Opportunity Type	Opportunity Item	Opportunity Description	Duration of impact	Potential Financial Impact	Responsive actions
Resource utilization efficiency	Recycling and Reuse	The Company has launched the medical waste recycling business using high-temperature and high-pressure sterilization to turn high-quality plastics contained in collected medical waste into raw materials for plastic products. The Chin Hsin Wood product developed by the Company can also be completely recycled for use in the same production process,	Long-term	Reduction in the cost of waste disposal and raw materials for Chin Hsin Wood.	The Company is applying for a permit on the reuse and disposal of all medical waste items to expand the scope of services. Once the "Circular Economy Act" is passed by the government in the future to promote circular industries and green consumption, the Company will actively expand the market for Chin Hsin

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		improving the efficiency of resource use to realize a circular plastic economy.			Wood products with an emphasis on the importance of green design with "product recyclability."
Products and services	R&D and innovation in the development of new products and services	The Company will continue to develop the technology for combining different types of plastic with Chin Hsin Wood. Recycled medical waste plastics that have been sterilized under high temperature and pressure are used as the raw materials for producing eco-friendly WPC. In addition to opening up a new option for the use of recycled pellets and increasing the ratio of waste conversion into resources, the costs of subsequent waste disposal and raw materials for Chin Hsin Wood will be reduced as well.	Intermediate term	Reduction in the cost of waste disposal and raw materials for Chin Hsin Wood.	The Company is collaborating with professional external bodies and raw material vendors to research production processes for combining waste plastics from different sources and open up new sources of raw material supply for Chin Hsin Wood.
	Diversification of business activities	The medical waste recycling business will leverage the massive customer base of	Intermediate term	Increase operating revenue by enhancing	The Company is cooperating with the Ministry of Health and Welfare policy on

Evaluation items	Operational status: Yes	No	Summary Description					Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
					medical institutions consolidate our existing market in line with environmental lends. We are also establishing ourselves in the eco-friendly WPC building material industry to become a supplier to government agencies on public works involving to recycled aggregate. We will diversify our business to strengthen our partnership with customers and government agencies.		market competitiveness and raising awareness as an environmental brand.	promoting the reuse of medical waste. Medical institutions that were clearance customers are being converted to recycling customers to build a closer relationship with customers. The Company will support government policy on using a certain percentage of recycled pellets in public construction. We will compete to supply eco-friendly WPC building materials for related tenders to promote the application and brand awareness of Chin Hsin Wood products. This will lay down the foundations for the future development of eco-friendly WPC market..	
				Changes in customer preferences	Increasing sustainability awareness has led to growing customer demand for low-carbon services to improve their	Intermediate term	Increase operating revenue by enhancing market	The Company plans to continue replace diesel clearance trucks with electric clearance trucks. We will	

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<tr><td></td><td></td><td></td><td><table><tr><td></td><td></td><td>brand image or to comply with regulatory requirements.The Company used the electronic waste reporting app and waste transfer stations to reduce clearance mileage. This not only improved the efficiency of clearance operations but also reduced carbon emissions generated during the clearance process.</td><td></td><td>competitiveness and raising awareness as an environmental brand.</td><td>respond to ESG issues of concern to customers in a proactive manner, and voluntarily disclose our carbon emissions to build a brand image for high-performance, energy-efficiency, and low carbon emissions.</td></tr></table></td><td></td></tr>
<tr><td>(IV) Has the Company measured the GHG emissions, water usage, and total waste weight for the past two years, and established policies for reducing GHG emissions, water usage, or waste management?</td><td>✓</td><td></td><td>(IV) Statistics on the greenhouse gas emissions of all operating locations, fleet greenhouse gas emissions , water consumption and total weight of waste from the Company and all subsidiaries reported in the consolidated financial statements are as follow:
1. Greenhouse gas emissions<table>
<tr><th colspan="2" rowspan="2"></th><th colspan="2">2024</th><th colspan="2">2025</th></tr>
<tr><th>Emissions (tons CO_2 e)</th><th>Intensity (tons CO_2 e/NTD million in operating revenue)</th><th>Emissions (tons CO_2 e)</th><th>Intensity (tons CO_2 e/NTD million in operating revenue)</th></tr>
<tr><td rowspan="4">The Company</td><td>Scope 1</td><td>1,525.66</td><td>3.32</td><td>1,773.74</td><td>3.00</td></tr>
<tr><td>Scope 2</td><td>243.84</td><td>0.53</td><td>524.73</td><td>0.89</td></tr>
<tr><td>Scope 3</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Subtotal</td><td>1,769.5</td><td>3.85</td><td>2,298.47</td><td>3.88</td></tr>
<tr><td>All</td><td>Scope 1</td><td>1,843.69</td><td>7.72</td><td>2,001.14</td><td>7.32</td></tr>
</table></td><td>No significant difference.</td></tr>
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subsidiaries included in the consolidated financial statement	Scope 2	74.11	0.31	97.89	0.36
	Scope 3	-	-	-	-
	Subtotal	1,917.80	8.03	2,099.03	7.68
Grand Total		3,687.30	5.28	4,397.50	5.08

2. Water consumption

Year	2. Water consumption (KL)	Water Intensity (tons CO2e/NTD million in operating revenue)
2024	6,890	9.86
2025	8,776	10.14

3. Waste output

Year	Waste output (tons)	Waste intensity (tons CO2e/NTD million in operating revenue)
2024	238.33	0.34
2025	346.02	0.40

The Company uses energy-saving lamps, equipment performance upgrades, and electronic workflows as well as the continued promotion of environmental protection concepts, resource recycling policies, and energy-saving policies to make a contribution to environmental friendliness, effectively enhance the Company's image and reduce waste of resources.

1. Specific measures for the reduction of greenhouse gas

(1) The Company and its subsidiaries are mainly engaged in the clearance medical and industrial waste. Greenhouse gas emissions from the clearance

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			vehicles accounted for approximately 90% of the Company's total emissions and represented the main source of the Company's greenhouse gas emissions. The Company is actively planning and searching for electric trucks that can be used for clearance operations. They will replace internal combustion engine trucks and reduce the amount of greenhouse gas emissions from fuel consumption. (2)The Company used 2024 as the base year for greenhouse gas reduction strategy planning. An inventory based on the consolidated financial statements boundary was completed, with scope 1 and scope 2 GHG emission intensity for the year at 5.28 metric tons per NT$1 million of revenue. The target is to reduce scope 1 and scope 2 GHG emission intensity by 20% by 2030. The scope 1 and scope 2 emission intensity in 2025 was 5.08 metric tons per NT$ 1 million of revenue, a 3.79% decrease from the base year, achieving the annual target of a 3% reduction in emission intensity compared to the base year. 2. Specific measures for saving energy (1) Educating employees to cultivate the habit of turning off the lights. (2) Use energy-saving lighting and fixtures 3. Specific measures for the reduction of waste (1) Garbage is classified as recyclable and non-recyclable. (2) Use the unused backside of recycled paper to reduce the paper consumption. (3) Bring your own cup and cutlery sets to work to reduce the use of disposable tableware. (4) Through the electronic management of clearance operation processes, the Company can reduce waste generated from clearance form paper usage by	

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			9.6 metric tons per year (compared with 2021). (5) Through process optimization, the proportion of medical waste received for clearance that is converted into resources has increased from 40% to 45%. (6) The Company has established a comprehensive plastic-wood product recycling policy for the Chin Hsin Wood products it manufactures and sells, increasing the recycling rate of discarded products and reducing environmental waste. (7) Waste reduction targets: The waste reuse rate in 2025 was 5% higher than in 2024, and the waste recycling rate in 2025 increased by 1.33% compared to 2024. 4. Actively build a circular economy for recycled plastics. To enhance the recycling value of plastic waste and reduce the amount sent to incineration or landfill, we have successively invested in developing high-temperature, high-pressure sterilization technology for medical waste plastics and mechanical cleaning technology for plastic bottle containers in recent years. High-quality plastics recovered from medical waste, as well as empty plastic containers with chemical residue, are now being processed for reuse instead of incineration. These materials are manufactured into recycled plastic pellets, which serve as raw materials for the plastic manufacturing industry, enhancing resource efficiency and reducing environmental impact, and promoting effective plastic resource recycling. 5. Specific measures for the reduction of water consumption (1) Conservation of water in daily life. (2) Change water-cooled air-conditioning to air-cooled air-conditioning to reduce the use of cooling water.	

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			(3) Adjust water supply used in equipment cooling to reduce the use of cooling water. (4) With respect to the use of recycled process water, wastewater from the Chin Hsin Wood production processes and pollution control equipment amounts to 10 metric tons per day. Based on the current capacity utilization rate of 20%, the estimated monthly volume of process wastewater is 50 metric tons. (5)In terms of reducing water usage and discharge across the entire plant, the Company plans to reduce tap water usage and wastewater discharge by 5% in 2026 compared to 2025.	
IV. Social Issues (I) Does the company establish relevant management policies and procedures in accordance with applicable laws and international human rights conventions?	✓		(I) The Company is committed to providing employees with an environment where they can fully utilize their talent and be a part of a healthy workplace. The Company recognizes and refers to international human rights conventions, including the United Nations "Universal Declaration of Human Rights", the "Guiding Principles on Business and Human Rights", the "ILO Conventions", and the "International Labor Office Tripartite Declaration of Principles". Additionally, in accordance with domestic labor laws such as the "Labor Standards Act", the "Gender Equality in Employment Act", and the "Occupational Safety and Health Act", the Company has established human rights policies for corporate governance and requires its business partners to comply with these policies. This is done to eliminate any violations of human rights, ensuring that both internal and external members of the Company are treated fairly and with dignity. The Company's human rights governance structure is led by the Board of Directors, with the personnel office serving as the dedicated unit responsible for promoting human rights management policies. The office implements human	No significant difference.

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			rights management practices and regularly reports progress to the Sustainable Development Task Force, which in turn reports annually to the Board of Directors on human rights management practices and their implementation results. The Company's relevant policies are as follows: 1. Equal Employment In recruitment, employment, training, rewards, promotion, termination, retirement, and other employment conditions, the Company does not discriminate on the basis of race, class, language, ideology, religion, political affiliation, nationality, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, disability, zodiac sign, blood type, or former union membership, and upholds the principle of equal pay for equal work; its employment policy ensures equal treatment, creating a fair and impartial working environment for hiring, remuneration and benefits, training, evaluation, and promotion opportunities. 2. Freedom of Employment All work should be voluntary and based on choice, giving employees the right to leave with reasonable notice, while prohibiting forced labor and child labor. 3. Healthy and Safe Workplace To mitigate potential health and safety risks arising from work patterns, regularly assess employees' health and safety. 4. Privacy Protection Establish personal data management procedures and implement security measures for personal data files to safeguard employees' personal data. 5. Freedom and Security Respect employees' freedom of association by providing diverse activities to	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			foster interpersonal interactions; to maintain gender equality and uphold personal dignity in the workplace, strictly prohibit workplace sexual harassment, establish the "Procedures for Sexual Harassment Prevention, Complaint, and Disciplinary Actions", and provide complaint channels to protect employees' rights. 6. Freedom of Association The Company respects employees' rights to freely associate and form unions. In accordance with relevant laws, a labor-management meeting has been established to provide employees with communication channels. 7. Management of Working Hours When work beyond normal working hours is necessary, the normal working hours may be extended with the consent of the labor and management meeting; extended hours shall be compensated in accordance with the Labor Standards Act and may be offset with time off at the employee's discretion. Working hours, rest periods, and leave shall be arranged reasonably. 8. Salary and Benefits Provide remuneration and treatment for employees in accordance with the labor regulations, including minimum wages, paid leave, official holidays, rest days and other benefits as required by laws and regulations. In order to implement the Company's human rights policy, the relevant management plans are as follows: 1. Implementation Status of Workplace Diversity (1) Strictly comply with local government labor laws, international standards, and human rights policies, and implement relevant internal regulations. (2) To implement the principle of equal employment, the Company complies	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
	Yes	No	Summary Description	
			with the relevant provisions of the "Employment Service Act". (3) Provide employees with a gender-equal and diverse working environment, uphold openness and fairness, and work together to create a workplace that is dignified, safe, equal, and free from discrimination and harassment. 2. Prohibition of Forced and Compulsory Labor Strictly comply with local government labor laws, international standards, and human rights policies, respect employees' wishes, prohibit forced labor, and provide grievance channels (Chin Hsin email: chin-hsin@mail.chin-hsin.com.tw). 3. Reasonable Wages and Working Conditions (1) Provide employees with reasonable wages in accordance with legal regulations and arrange insurance in accordance with statutory requirements. (2) With the aim of stabilizing employees' lives and enhancing work performance, the Company provides various welfare measures. 4. Harmonious Labor Relations Provide diverse and open communication channels and hold labor-management meetings regularly. In 2025, 4 labor and management meetings were held, aiming to promote harmony between labor and management, foster positive labor and management relations, and effectively mediate differences of opinion. 5. Establish "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" to protect employees' right to work in dignity. 6. Regarding sexual harassment incidents, Chin Hsin has established the "Procedures for Sexual Harassment Prevention, Complaint, and Disciplinary Actions". When such cases are received, confidentiality and non disclosure are upheld, and the Company convenes relevant committees and investigation teams	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
	Yes	No	Summary Description	
			to conduct investigations and protect the rights and interests of the parties involved. In addition, if an employee suffers unfair treatment due to human rights or discrimination, they may lodge a complaint in writing, by telephone to the Personnel Office at (05) 5529255 ext. 521, by email at juang@mail.chin-hsin.com.tw, or by fax at (05) 5848282. The Company will handle the matter in accordance with the "Procedures for Handling Reports of Cases" and protect the rights and interests of the parties involved. As of December 31, 2025, no complaints related to discrimination were received. 7. Since 2024, Chin Hsin has implemented sexual harassment prevention training to enable employees to understand how to prevent and respond to workplace sexual harassment, and has incorporated topics related to human rights and labor rights into its awareness programs to enhance personnel's understanding of and attention to these issues. In 2025, a total of 145 people have participated in the courses, with a combined total of 100.5 training hours. The scope of the Company's human rights due diligence primarily focuses on our internal operations. The implementation steps are as follows: 1. Embedding into Systems: Integrating responsible business conduct into our corporate policies and management systems. 2. Identification and Assessment: Identifying adverse impacts within our operations and supply chain. 3. Ceasing and Prevention: Terminating, preventing, or mitigating adverse impacts. 4. Tracking: Monitoring the progress and effectiveness of implementation. 5. Communication: Outlining how impacts are addressed and eliminated. Regarding our employees, the Company identified four key human rights issues in	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			2025: Wages and Working Hours, Health and Safety, Privacy, and Workplace Discrimination. By referencing international human rights standards, industry peers, and benchmarking enterprises, we compiled a comprehensive list of human rights issues. These issues were prioritized based on their "likelihood of occurrence" and "severity of impact," ensuring that high-probability and high-impact risks are addressed with top priority. In 2025, the Company evaluated human rights risks related to employees. Following the prioritization of impact levels, the findings were integrated into relevant functions and processes. The following mitigation and remediation measures have been implemented to reduce human rights risks: 1. Wages and Working Hours: We recruit sufficient personnel to meet operational demands and have increased the frequency of manpower allocation reviews to prevent overtime caused by labor shortages. We also periodically review labor laws to ensure accurate calculation of overtime pay, insurance premiums, and severance compensation. 2. Health and Safety: We have strengthened inspections and increased site visit frequencies for high-risk areas prone to industrial accidents. Furthermore, we provide enhanced safety training to prevent recurring incidents, striving toward our goal of "Zero Work Injuries." 3. Privacy: The Company continues to conduct regular information security training and simulations for employees to ensure that data processing, access, and storage comply with regulatory standards. Robust permission controls and approval workflows are established for data access, internal sharing, and external transmission to effectively prevent data misuse and unauthorized	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
	Yes	No	Summary Description	
			disclosure. 4. Workplace Discrimination: "Anti-discrimination" and "Gender Equality" are mandatory courses for new hires and annual training for management to ensure a collective awareness of human rights and legal concepts. We have established standardized personnel evaluation criteria to ensure that promotions and compensation are based solely on professional competence and performance, eliminating subjective bias from decision-making.	
(II) Has the Company established and implemented reasonable employee welfare measures, including remuneration, leave, and other benefits, and appropriately reflected business performance or results in employee remuneration?	✓		(II) Employee Welfare Measures 1. The Company has established an Employee Welfare Committee and regularly allocates 0.1% of its operating revenue as welfare funds. In accordance with various welfare-related policies, the Company collaboratively plans and provides high-quality welfare subsidies for employees, including birthday bonuses, travel subsidies, festive gifts, wedding congratulatory funds, condolence payments for bereavements, and subsidies for childbirth for employees and their spouses. 2. The Company provides employees with benefits such as special leave, regular holidays, and rest days in accordance with the "Personnel Management Regulations" and relevant labor laws. 3. The Company provides free accommodation and free utilities for employees at the Citong Plant area. Diversity and Equal Opportunity in the Workplace The Company adheres to the principle of equal employment and, according to the Company's gender ratio, women account for approximately 68.60% of the total workforce. The Company also implements equal pay for equal work and provides	No significant difference.

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
	Yes	No	Summary Description	
			equal promotion opportunities for both genders. Among management positions at the deputy level and above, women account for approximately 25%. <u>Operating Performance Reflected in Employee Remuneration</u> 1. The Company determines employee salaries in accordance with the "Employee Salary Management Procedures", and takes into consideration standard industry levels, economic trends, and individual performance when making adjustments. This ensures employee remuneration and benefits comply with labor laws and maintain overall salary competitiveness. 2. The Company's year-end bonus is based on the current year's earnings per share and is institutionalized according to the "Year-End Bonus Distribution Procedures". To reward employees for their contributions to the Company, a minimum of one month's salary is guaranteed as the base for the bonus distribution. The Company's year-end bonus system is based on one-third of the Company's earnings per share, distributed to all employees after considering seniority, performance, attendance, and any disciplinary actions or rewards, to incentivize all employees to work towards the Company's objectives. 3. In accordance with the relevant provisions of the Company's "Articles of Incorporation," 7% of the annual profit is allocated as employee remuneration and distributed according to the "Employee Remuneration Distribution Procedures", ensuring that the Company's operating performance is appropriately reflected in employee remuneration. 4. Entry-level employees: The Company's remuneration system for entry-level employees is based on employee remuneration (that is, 7% of the Company's profit before tax) and will be no less than 28% of that amount. This amount is distributed	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			to entry-level employees in one or more installments, taking into account their seniority, rank, and performance evaluations, to motivate all employees to work together towards the Company's goals. 5. Performance bonuses: Performance bonuses for the Company's business supervisors and sales personnel are calculated based on their respective regional performance targets and personal performance targets allocated by regional supervisors. These performance targets consider the renewal rates of business supervisors and sales personnel, performance achievement rates, collection rates, and new case development. Bonuses are calculated according to the grade intervals for each factor and are paid with the following month's salary. <u>Employee Retirement System</u> The Company follows the provisions of the Labor Pension Act, contributing 6% of employees' total salary to their individual retirement accounts. For employees who voluntarily contribute to their retirement funds, additional contributions may be made at up to 6% of their monthly salary, with the contribution amount transferred to the Bureau of Labor Insurance's individual pension accounts. The amount is not included in the taxable income for the year of contribution. The Company's employees who joined before June 30, 2005, and whose seniority was preserved under the Labor Standards Act, have all completed the settlement process in full by 2021. The Company applies the regulations of the Labor Pension Act as follows: 1. Employees who meet the requirements of the Labor Pension Act and voluntarily retire shall complete the "Retirement Application Form" for processing. 2. Employees who reach the age of 65 and are no longer physically capable of performing their duties, after communication and obtaining their consent, shall have	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
	Yes	No	Summary Description	
			their forced retirement processed by the Human Resources Office using the "Retirement Application Form". 3. In accordance with the Labor Pension Act, the Company contributes 6% of the employee's monthly salary to their individual pension account. Additionally, employees with ten or more years of service at the time of retirement are eligible for an additional one month's pension and a retirement medal.	
(III) Does the Company provide a safe and healthy working environment for employees and regularly conduct safety and health education for them?	✓		(III) <u>Occupational Safety and Health Policy</u> The Company has established a good occupational safety and health environment by building a safety and health management organization. To achieve effective management, supervision, and improvement, the following occupational safety and health policies have been formulated: 1. Comply with regulatory requirements and fulfill the organization's external commitments. 2. Build a safe, healthy and friendly workplace 3. Adopt a preventive mindset to eliminate safety hazards. 4. Ensure full participation, proactive communication, and strengthen safety awareness. 5. Aim for zero accidents and continuously improve safety and health performance. The Company handles occupational safety and health management matters through the Occupational Safety Office, which has established safety and health work rules for employees to follow. A plan for preventing occupational hazards and an emergency response plan have been developed and implemented by relevant departments. The Company regularly tracks legal updates and supervises in-house safety and health operations, management, and audits to provide employees with a safe working	No significant difference.

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			environment. Through comprehensive protective plans, the Company enhances employee safety awareness, improving their vigilance and their understanding of proper occupational safety and health practices. Various hardware and software protection measures are implemented to ensure that employees can work in a safe and healthy environment, allowing them to perform at their best and with peace of mind. <u>Compliance with Laws and Regulations</u> In response to legal amendments, the Company regularly revises the safety and health work rules for employees to follow, formulates occupational hazard prevention plans and emergency response plans, and provides guidance to relevant departments for implementation. <u>Equipment Safety Management</u> The inspection methods are categorized into regular inspections, key inspections, and operational checkpoints. The inspection content is formulated jointly by the user department and the Environmental Health and Safety Office and implemented according to the plan. Equipment-related inspections are conducted monthly, while electrical equipment undergoes quarterly checks to ensure the safety of equipment usage. For regulated hazardous machinery, inspections are carried out in accordance with relevant laws and regulations before completion (or prior to use) and regularly thereafter. Inspection certificates are posted and copies are sent to the Environmental Health and Safety Office for record. In 2025, the Company managed a total of 5 hazardous machines, and the operation and setup of these machines are in accordance with safety regulations, equipped with necessary protective measures. Furthermore, mandatory monthly and annual maintenance is conducted for certain components and	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			the overall machinery as per legal requirements. <u>Plant Operation Safety Inspection</u> To ensure that the employees' working environment meets safety and health standards, weekly inspections of the working environment are conducted. Additionally, quarterly internal audits are carried out based on the "Safety and Health Work Rules" to assess compliance with safety and hygiene standards. Any identified deficiencies are reviewed and improvements are implemented accordingly. <u>Monitoring of the Working Environment</u> To protect workers from harmful substances in the workplace and provide a healthy and comfortable working environment, environmental monitoring is conducted twice a year. This includes monitoring for carbon dioxide, radiation, specific chemicals, noise, respirable dust, and total dust, in order to understand the exposure levels faced by the workforce. <u>Health Checkups</u> A health checkup program for workers is planned, along with health management initiatives. The program supervises the investigation, handling, and statistics of occupational diseases, injuries, disabilities, and fatalities. Every two years, employees are scheduled to undergo a health checkup. <u>Education and Training</u> To ensure that employees are well-versed in occupational safety and health regulations, safety and health management systems, and to promote employee health, the Company arranges safety and health education and training for new hires and personnel changing	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			jobs, according to the necessary requirements for their respective roles. Additionally, the Company plans and implements occupational safety and health training annually. Personnel involved in hazardous operations, supervisors, and operators of dangerous machinery are required to undergo regular on-the-job training. In 2025, 45 sessions of new employee education and training, 10 sessions of internal education and training, and training for 48 people externally were held, resulting in an average of 12.85 training hours per employee.	

Status of Certification

The Company passed ISO 45001 in August 2022, with the latest certificate valid from August 18, 2025 to August 17, 2028. This certification for the 2018 Occupational Health and Safety Management System verification helps the organization eliminate hazards or minimize occupational health and safety risks, build an effective management system, and continuously improve its occupational health and safety performance.

The 2025 employee occupational accident summary is as follows:

Total working hours	284,416
Number of general occupational injuries	2
Number of severe occupational injuries	-
Number of casualties	-
Total number of recordable occupational injuries (persons)	2
Lost days	5
Mortality rate caused by occupational injuries	-
Severe occupational injury rate	-
Recordable occupational injury rate (disabling	7.032

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<tr><th rowspan="2">Evaluation items</th><th colspan="3">Operational status</th><th rowspan="2">Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>frequency rate)</td><td></td></tr><tr><td>Disabling Severity Rate (SR)</td><td>17.58</td></tr></table>
The occurrence of fire incidents in 2025 and the corresponding fire prevention measures taken are as follows:
In 2025, no fire incidents occurred within the Company. In addition to conducting two self-defense fire team and emergency response drills annually, the Company requires all employees to be familiar with the use of fire extinguishers, how to report a fire, and how to evacuate. Employees are also instructed to remember the locations of fire extinguishers. Furthermore, the Company performs an annual inspection and maintenance check of fire safety equipment and emergency response devices.</td><td></td></tr>
<tr><td>(IV) Has the Company established an effective career development and training plan for employees?

(V) Does the Company comply with relevant regulations and international standards concerning customer health and safety, customer privacy, marketing, and labeling, and has it established policies and grievance procedures to</td><td>✓

✓</td><td></td><td>(IV) The Company has established an effective career development and training plan for employees and provides training subsidies for employees participating in skill enhancement and professional certification courses. Additionally, when there are opportunities for other job assignments, the company consults with employees to transfer them to other departments or affiliates, increasing their work experience to facilitate career advancement.
(V) The Company primarily provides waste removal services for industrial waste and biomedical waste. We are committed to offering the most professional and comprehensive waste management services to our clients. Regarding customer health and safety, privacy, marketing, labeling, and other consumer rights protection matters, we strictly adhere to relevant laws and regulations such as the Waste Disposal Act, the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste, and other related legal frameworks. Furthermore, the Company enters into waste disposal contracts with customers in</td><td>No significant difference.

No significant difference.</td></tr>
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Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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protect consumer or customer rights?			accordance with these regulations, to clearly define the rights and obligations between the Company and customers. The Company has established a communication mechanism with customers. Specific measures include frontline staff conducting customer outreach or satisfaction surveys to gather feedback and assess customer satisfaction. Additionally, a dedicated contact point is provided to ensure effective communication and response to customer needs. The Company's 2025 customer satisfaction survey questionnaires have all been collected. Customer satisfaction ratings for various aspects of clearance services were as follows: clearance system 95.13%, contract signing process 91.86%, service process 94.16%, and emergency response handling 93.75%. Overall service satisfaction reached 94.33%, and the customer recommendation rate was 93.32%. To prevent any illegal activities or violations of the Ethical Corporate Management Best Practice Principles, the Company provides a reporting (grievance) channel. In order to ensure that the handling of complaints follows a clear procedure, the Company has established the "Whistleblowing Incident Handling Procedures". The Company requires that reports not be anonymous. The whistleblower should provide their real name, contact information, and sign the "Consent Form for Collection, Processing, and Use of Personal Data". If the provided information is incomplete but can be corrected, the whistleblower will be notified to complete the information within 7 days. If the information is not completed within the specified period, the whistleblowing case may not be accepted. However, if the content of the statement still requires investigation, it may still be handled separately as a reference for internal review. The accepting unit should verify the complainant's identity when receiving the complaint Anonymous whistleblower cases that	

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			provide concrete evidence may not be subject to restrictions. The aforementioned whistleblowing channels are also announced on the Company's website for customer review and compliance.	
(VI) Has the Company established a supplier management policy requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights, and what are the implementation measures?	✓		(VI) The Company has established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights. Current implementation status is as follows: 1. Supplier management: The raw materials, mechanical engineering, equipment, services and other procurement required for the Company's operations are provided by the suppliers. As a professional waste disposal organization in Taiwan, the mission of the Company is to assist businesses and government agencies with the proper disposal of waste. We are always on the lookout for quality suppliers that can continue to supply us with reliable products and services, and to achieve the goal of sustainable growth together. The Company's supplier management policy is as follows: (1) Evaluation and control for assurance on quality of technical services. (2) Regional procurement to incentivize energy conservation and green procurement. (3) Ethical management for joint pursuit of sustainable growth. 2. Implementation status: (1) Evaluation and management for assurance on quality of technical services. The Administration Department is responsible for the Company's supplier management. Requisitioning units can all report supplier-related information to the Administration Department. From information communication, price	No significant difference.

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			inquiry, price negotiation, contracting to execution, requisition units and the procurement unit communicate early and regularly with suppliers to avoid mistakes and improve the supplied quality. The Company not only requires its suppliers to understand and abide by the Company's supplier management policy, but also requires all labor service or construction contractors to comply with labor-related laws and regulations such as the "Labor Standards Act" and the "Occupational Safety and Health Act" to protect the rights and interests of the contractor's labor. Key suppliers are selected through the supplier profile and evaluated on a quarterly basis. Factory inspections and suppliers communications are carried out based on equipment requirements. Communication and cooperation serve as the basis for integrating our philosophy on sustainability with suppliers for the monitoring of ethical management and CSR. Regulations such as the environment, labor, human rights, social and product liability are reviewed together to enhance CSR and promote sustainable corporate development. Since 2024. The Company has designated all suppliers with contracts worth more than $1 million as key suppliers to facilitate effective management. Key suppliers must cooperate with evaluations and process reviews. Supplier evaluations are conducted quarterly by the Administration Department in conjunction with the requisitioning units. If a single quarter score is less than 80, the supplier is required to improve for the deficiencies, and the improvement will be listed as a reference for future contract renewal. In 2025, all 39 supplier partners scored over 80; 0 cases scored below 80. Suppliers must complete a self-evaluation at the end of each year that is collected by the Company for statistical analysis. In 2025, a total of 10 self-	

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			evaluation forms were recovered with no abnormality. The accuracy of the self-evaluations are taken into consideration by the Company and factory inspections are also conducted at key suppliers. (2)Regional procurement to incentivize energy conservation and green procurement. In addition to purchasing from specific suppliers, lowest-cost suppliers, or special procurements, the Company actively promotes procurement from "regional suppliers" to streamline operations. As the Company is located in Yunlin County, the subsidiary Liang Wei is located in Taoyuan City, and the subsidiary Cheng Hsin is located in Tainan City, in 2025 suppliers from Yunlin County, Taoyuan City, and Tainan City accounted for a total of 132 purchases for example. This cooperation format not only gives back to the local community and makes effective use of local resources, but also enhances interactions with local manufacturers. (3) Conduct with ethics and integrity to jointly pursue sustainable growth. Each year, the Administration Department asks suppliers with contracts worth more than NTD 1 million to fill out a "Supplier CSR Self-Evaluation Form." The self-evaluation covers environmental friendliness, not causing significant negative impact on the environment, or violation of environmental protection laws and regulations. All operations shall comply with environmental protection policies. Priority is given to environmentally friendly products that are certified with the Green Mark, Energy Label, and Water Mark. In terms of human rights, there should be no discrimination in terms of gender, race, age, marital and family status, etc. Equality in remuneration, employment conditions, training and promotion opportunities	

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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			should be implemented. Employees should be provided with a safe and healthy work environment, and their legal rights and employee benefits protected in accordance with occupational safety and health regulations. Suppliers are required to comply with the "Supplier Management Policy" and "Ethical Corporate Management" set by Chin Hsin in order to establish long-term partnerships with suppliers, build a stable sustainable supply chain, and reduce operating risks. In this way, we can exert our influence to promote the growth and improvement of the supply chain. The Company adopts a phased plan to gradually implement suppliers' social responsibilities. The external supply chain not only focuses on economic requirements such as supplier quality, price, and delivery time, but also expects suppliers to develop products and processes that are more environmentally friendly. In the social aspect, they must pay attention to human rights, workers' benefits, and workplace safety. To optimize our corporate social responsibility performance, the promotion and communication of "addition of corporate social responsibility clauses to important contracts" was carried out for the key suppliers in 2024. The Company promoted the incorporation of relevant clauses into key contracts. In 2025, the "Ethical Management Clause" was added to contracts 83 times; the number of supplier CSR self-evaluation forms totaled 10. In addition to the supplier self-evaluations, factory inspections have been conducted. The results of factory visits were analyzed and priority given to high-quality suppliers with similar corporate social responsibility concepts to the Company.	
V. Has the Company referred to	✓		The Company prepared this report in 2025 in accordance to the framework of the GRI	In the future, the

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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internationally recognized reporting standards or guidelines to prepare sustainability reports or other disclosures of non-financial information? Has the aforementioned report obtained assurance or verification opinions from a third-party verification entity?			Standards issued by the Global Sustainability Standards Board (GSSB) and discloses sustainability indicator information in accordance with the IF-WM (Waste Management industry) standards issued by the Sustainability Accounting Standards Board (SASB). The sustainability report prepared by the Company has not yet obtained assurance or an assurance opinion from a third-party verification entity.	Company will obtain assurance or an assurance opinion from a third-party verification entity based on the Company's needs or regulatory requirements.

VI. The Company established its "Sustainable Development Best Practice Principles" on June 9, 2023, in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". The Company manages its economic, environmental, and social risks and impacts based on this principle and continuously improves its operations. The differences between the operations and the principles are outlined as above.

VII. Other important information that helps understand the implementation of sustainable development:

1. Social participation (Education promotion):

The Company is located in Yutong Township, Yunlin County, which consists of 14 villages with a total population of about 27,000 people. Agriculture is the main source of livelihood for local people. As a local enterprise, Chin Hsin has provided scholarships regularly since 2023, becoming a long-term, stable partner to rural schools and providing students with a better learning environment. The Company also prioritizes hiring individuals from its operating location and neighboring townships, creating local employment opportunities and fostering a sense of community. Chin Hsin actively addresses local needs, invests in the community, and strengthens its relationship with residents by supporting local events and initiatives. Furthermore, it continues to actively promote social welfare services and give back to society through its actions.

(1) In 2025, the Yutong Elementary School soft tennis team consisted of approximately 30 players. Soft tennis is the strong point of the school's sports team. The sponsorship program is aimed to popularizing the grassroots soft tennis player population, train potential players and lay a solid foundation for the development of soft tennis. The Company donated NT$50,000 to Yutong Elementary School in 2025 to help the school improve its learning environment. 30 students benefited as a result.

Evaluation items	Operational status			Differences between the Company's practices and the Sustainable Development Best Practice Principles, along with the reasons for such differences
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(2) The 2025 bicycle riding event, organized by Douliu Junior High School and co-organized by the Sports Association Bicycle Committee, helped improve cardiovascular health and lung capacity through quality aerobic exercise. The Company sponsored NT$280,000 for the event. (3) Ciao He Elementary School is located in Cihtong Township. The school has a total of 6 classes and 91 students. Every year, the school holds events such as a school anniversary celebration and a school fair. To support the smooth running of these events, the Company donated NT$3,000 in 2025. (4) In the 2025 Hualien landslide dam outburst disaster, the Company cooperated with the Environmental Protection Bureau of Yunlin County to transport supplies and assist in local post-disaster environmental recovery operations. 2. For the implementation status of various aspects of sustainable development, please refer to the relevant information in the "Sustainable Development" and "Stakeholders" sections on the Company's website: https://www.chin-hsin.com.tw/				

(VI) Information on climate of TWSE/TPEx listed companies

Items	Implementation Status
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	1. The Company's Board of Directors is the top decision-making body for corporate governance. In addition to taking climate issues into account for corporate governance and business strategies, the Board of Directors has also integrated climate risk and opportunity management into its overall policies. By continuing to monitor the implementation of various risk management mechanisms, we hope to implement climate change management and demonstrate the importance of climate governance by the Company while our business continues to grow. The Company's Board of Directors has authorized the senior management to handle economic, environmental, and social issues arising from the Company's operating activities. Climate-related issues are managed by the Sustainable Development Task Force convened by the President. The team is composed of relevant department heads and designated personnel. Its tasks include but are not limited to identifying, assessing and managing climate-related risks and opportunities, and formulating corresponding strategies and goals; continuing to analyze and control climate risks and opportunities; planning of climate and sustainability strategy to ensure the implementation of climate actions; implementation status is regularly reported to the Board of Directors, so that the Board of Directors is aware of business risks related to climate issues.
2. Describe how the identified climate-related risks and opportunities affect the business, strategy, and finance in the short-, mid-, and long-term.	2. Climate risks and opportunities are first screened by the Company to determine whether they are applicable. Material risks and opportunities that may be encountered during business operations are systematically identified as physical risks, transition risks, and opportunities. Factors such as degree of impact, frequency of occurrence, and likelihood of occurrence are assessed and discussed by the Sustainable Development Task Force to determine material risks and opportunities that the Company may face. Effective action can then be taken to manage the risks or take advantage of potential opportunities to enhance the operational quality and competitiveness of the Company and its subsidiaries. Based on the results of the above analysis, three climate-related risks and the top climate-related opportunities were identified by the Company. The climate risk were “Flooding (Storm)”, “Typhoon”, and “Change in Customer Preferences”, while climate opportunities were “Recycling”, “R&D and Innovation on New Products and Services”, “and "Diversification of Business Activities." Actual and potential effects on the organization were disclosed.

Risk Type	Risk Item	Risk Description	Duration of impact	Potential Financial Impact	Responsive actions
Immediate Risk	Flooding (Storm)	Heavy rains and flooding caused by extreme weather may damage property and equipment, and increase equipment maintenance and operating costs. They may also cause damage to upstream customers' production equipment, disrupt their operations, and reduce the waste output. These will reduce the Company's waste removal volume and revenue.	Short-term	Increase in equipment replacement cost and maintenance cost; decrease in operating revenue.	Strengthened plant drainage, emergency pumping facilities, and equipment elevated in case of insufficient drainage. A parking area for clearance vehicles in case of flooding has also been planned to prevent vehicle damage and the attendant reduction in service life. An emergency response plan has been established and regular drills carried out to strengthen personnel adaptability and reduce losses due to the operational impacts of sudden or unpredictable natural disasters,.
	Typhoon	Frequency of strong typhoons has increased due to extreme climate. In the short-term, strong winds and heavy rains prevent employees from going to work or affect the business hours of customers in medical institutions. Shortages in clean-up manpower after a typhoon increases operational costs.	Short-term	Increase in hours of overtime from clearance personnel, and higher labor costs.	Typhoon prevention measures are implemented immediately after a typhoon warning is issued. Typhoon movements are also closely monitored to coordinate the clearance schedule and route planning before and after the typhoon with customers. Clearance operations when businesses are closed are also dispersed. The integration and adaptation skills of clearance personnel are strengthened to mitigate the impact of sudden or unpredictable natural disasters on business operations.
Market risk	Changes in customer preferences	Growing awareness of sustainable development meant that some clearance service customers have begun seeking ways to treat waste as resources in order to enhance their brand image or meet regulatory requirements, which in turn affects clearance service customers' interest in contract renewal and market share.	Intermediate term	Higher contract renewal costs; reduction in number of contracted customers and clearance volumes, lower operating revenues, which in turn impacts on economies of scale and reduces gross profits.	The Company is developing a medical waste reuse and processing business to consolidate our position in the medical waste clearance market. We are also actively reaching out to resource processing companies to build a working relationship. We plan to develop more diverse waste resource recycling treatment methods for industrial waste customers. Oure goal is to craft a comprehensive, high-quality waste disposal service model that helps customers reduce the amount of waste.

Opportunity Type	Opportunity Item	Opportunity Description	Duration of impact	Potential Financial Impact	Responsive actions
Resource utilization efficiency	Recycling and Reuse	The Company has launched the medical waste recycling business using high-temperature and high-pressure sterilization to turn high-quality plastics contained in collected medical waste into raw materials for plastic products. The Chin Hsin Wood product developed by the Company can also be completely recycled for use in the same production process, improving the efficiency of resource use to realize a circular plastic economy.	Long-term	Reduction in the cost of waste disposal and raw materials for Chin Hsin Wood.	The Company is applying for a permit on the reuse and disposal of all medical waste items to expand the scope of services. Once the “Circular Economy Act” is passed by the government in the future to promote circular industries and green consumption, the Company will actively expand the market for Chin Hsin Wood products with an emphasis on the importance of green design with “product recyclability.”
Products and services	R&D and innovation in the development of new products and services	The Company will continue to develop the technology for combining different types of plastic with Chin Hsin Wood. Recycled medical waste plastics that have been sterilized under high temperature and pressure are used as the raw materials for producing eco-friendly WPC. In addition to opening up a new option for the use of recycled pellets and increasing the ratio of waste conversion into resources, the costs of subsequent waste disposal and raw materials for Chin Hsin Wood will be reduced as well.	Intermediate term	Reduction in the cost of waste disposal and raw materials for Chin Hsin Wood.	The Company is collaborating with professional external bodies and raw material vendors to research production processes for combining waste plastics from different sources and open up new sources of raw material supply for Chin Hsin Wood.
	Diversification of business activities	The medical waste recycling business will leverage the massive customer base of medical institutions consolidate our existing market in line with environmental lends. We are also establishing ourselves in the eco-friendly WPC building material industry to become a supplier to government agencies on public works involving to recycled aggregate. We will diversify our business to strengthen our partnership with customers and government agencies.	Intermediate term	Increase operating revenue by enhancing market competitiveness and raising awareness as an environmental brand.	The Company is cooperating with the Ministry of Health and Welfare policy on promoting the reuse of medical waste. Medical institutions that were clearance customers are being converted to recycling customers to build a closer relationship with customers. The Company will support government policy on using a certain percentage of recycled pellets in public construction. We will compete to supply eco-friendly WPC building materials for related tenders to promote the application and brand

					awareness of Chin Hsin Wood products. This will lay down the foundations for the future development of eco-friendly WPC market..
	Changes in customer preferences	Increasing sustainability awareness has led to growing customer demand for low-carbon services to improve their brand image or to comply with regulatory requirements.The Company used the electronic waste reporting app and waste transfer stations to reduce clearance mileage. This not only improved the efficiency of clearance operations but also reduced carbon emissions generated during the clearance process.	Intermediate term	Increase operating revenue by enhancing market competitiveness and raising awareness as an environmental brand.	The Company plans to continue replace diesel clearance trucks with electric clearance trucks. We will respond to ESG issues of concern to customers in a proactive manner, and voluntarily disclose our carbon emissions to build a brand image for high-performance, energy-efficiency, and low carbon emissions.

Climate change issues are considered by the Company's Sustainable Development Task Force every year. Control measures for major risks and opportunities are also reviewed. The Audit Office examines the implementation of the control measures to help the Board of Directors and managers ensure that risks are effectively controlled.

3. Describe the impact of extreme climate events and transition actions on finance.

3.Financial Impact of Extreme Climate Events

Through internal discussions, inventory, and assessment, the Company has identified that changes in extreme climate patterns, such as flooding (heavy rainfall) and typhoons, pose potential risks to waste disposal operations and to reuse and treatment equipment assets themselves. Under the impact of extreme climate conditions, the increased formation of severe typhoons and short-term strong winds and heavy rainfall may prevent employees from reporting to work or affect the operating hours of medical institution customers, resulting in tight manpower allocation for waste disposal after wind disasters and higher operating costs. In addition, heavy rainfall and flooding caused by extreme climate events may damage property and equipment, increasing equipment maintenance and operating costs. Such events may also damage production line equipment of upstream customers and cause operational disruptions, reducing waste generation and subsequently affecting the Company's waste disposal volume, leading to decreased revenue.

Financial Impact of Transformation Actions

Climate change has led to changes in customer service preferences, increased market uncertainty, and the need to incorporate sustainability awareness into operating investments; as the economy gradually shifts toward supporting low carbon services and products, the Company is investing in relevant

	equipment or developing low carbon services and products, including introducing an electronic six part receipt application to sharply reduce paper use in the collection process, launching medical waste recycling and reuse services and eco-friendly wood plastic composite production, and installing related equipment to establish a plastics circular economy operating model. It also plans to replace fuel powered collection vehicles with electric vehicles on a set schedule to reduce fuel consumption and cut the carbon emissions generated by collection services. These operational transformation plans will all increase operating costs. Climate related issues are driving policies and regulations that promote corresponding standards; to meet legal compliance goals, the Company will increase manpower and equipment inputs, such as establishing internal registers of electricity and water usage and carbon emissions, which will raise operating costs. As disaster causing extreme weather becomes more severe, the Company installs drainage checkpoints, flood detention facilities, and emergency pumping equipment to address extreme rainfall risks, preventing inadequate drainage from damaging production equipment, collection fleets, and machinery, and it strengthens emergency response plans with regular drills to enhance personnel response capabilities, which also increases operating costs.
4. Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.	4. The Company has adopted the Three Lines of Defense for internal control as its risk management mechanism. For the first line of defense, each department is responsible for carrying out risk assessments based on their functions and scope of business, as well as their core business activities; for the second line of defense, the President's Office and the Finance Department are responsible for assisting, supervising and The first line of defense with risk identification and management; the Audit Office under the Board of Directors serves as the third and final line of defense. It inspects, supervises, and tracks the progress of deficiencies and corrections in the first two lines of defenses, and discloses them to the Board of Directors concurrently or periodically to ensure the effective implementation of the Company's risk management system. The scope of risks covers operational risks, financial risks, market risks, legal compliance risks and climate risks. Enterprise risk management is implemented through risk management procedures such as risk identification and assessment, impact measurement, response and adjustment, and monitoring and reporting. The Company's Sustainable Development Task Force reports to the Board of Directors once a year on the implementation of corporate sustainable development-related matters. Operations and implementation of material issues related to the Company's operations, environmental, social, corporate governance and risk management are reported to the Audit Committee and Board of Directors once a year. Due to the importance and unique nature of climate change issues, the Sustainable Development Task Force makes a separate report on environmental performance and goals, as well response and management of climate change issues to the Board of Directors. This will hopefully lead to swifter response on climate-related risks and opportunities.

5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analytical factors, and key financial impacts used.	5. As of the date of publication of the annual report, scenario analysis has not been used to assess resilience to climate change risks.
6. If there are transformation plans to manage climate-related risks, explain the content of the plan, as well as the indicators and targets used to identify and manage physical and transition risks.	6. As of the date of publication of the annual report, there is no transformation plan in response to the management of climate-related risks.
7. If internal carbon pricing is used as a planning tool, explain the basis for determining the price.	7. As of the date of publication of the annual report, the Company has not yet used internal carbon pricing as a planning tool.
8. If climate-related targets have been set, explain the activities covered, GHG emission scope, planned timeline, and annual progress. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve the relevant targets, explain the source and amount of the carbon reduction offset or the number of RECs.	8. As of the date of publication of the annual report, no climate-related targets have been set.
9. The GHG inventory and assurance situation, along with reduction targets, strategies, and specific action plans, should be provided in sections 1-1 and 1-2.	9. As of the date of publication of the annual report, not applicable due to the Company not meeting the specified conditions.

1-1. The GHG inventory and assurance status for the Company in the most recent two years

1-1-1. GHG inventory information

Please provide the GHG emissions and intensity data for the past two years, including the total emissions (in metric tons of CO2e), intensity (in metric tons of CO2e per NTD million), and the scope of the data covered.

(1) Greenhouse gas emission volume and intensity

		2024		2025	
		Emissions (tons CO_2 e)	Intensity (tons CO_2 e/NTD million in operating revenue)	Emissions (tons CO_2 e)	Intensity (tons CO_2 e/NTD million in operating revenue)
The Company	Scope 1	1,525.66	3.32	1,773.74	3.00
	Scope 2	243.84	0.53	524.73	0.89
	Scope 3	-	-	-	-
	Subtotal	1,769.5	3.85	2,298.47	3.88
All subsidiaries included in the consolidated financial statement	Scope 1	1,843.69	7.72	2,001.14	7.32
	Scope 2	74.11	0.31	97.89	0.36
	Scope 3	-	-	-	-
	Subtotal	1,917.80	8.03	2,099.03	7.68
Grand Total		3,687.30	5.28	4,397.50	5.08

Note: The boundary of greenhouse gas inventory was for the Company and all subsidiaries in the consolidated financial report.

Note 1: Direct emissions (Scope 1, which refers to emissions from sources owned or controlled by the Company), energy indirect emissions (Scope 2, which refers to emissions from the generation of purchased electricity, steam, or heating consumed by the Company), and other indirect emissions (Scope 3, which refers to emissions generated by activities of the Company but occurring from sources not owned or controlled by the Company).

Note 2: The coverage of data on direct emissions and energy indirect emissions should be handled according to the schedule specified in the regulations of Article 10, Paragraph 2 of these Guideline. Information on other indirect emissions may be disclosed voluntarily.

Note 3: GHG Inventory Standards: The Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of GHG emissions can be calculated per unit of product or service, or per revenue, but at a minimum, data calculated based on revenue (in NTD million) should be disclosed.

1-1-2. GHG Assurance Information

Describe the assurance status for the most recent two years up to the date of the annual report publication, including the scope of assurance, the assurance institution, the assurance standards, and the assurance opinion.
The Company has not yet conducted GHG assurance operations. It is planned to carry out the inventory and verification according to the timeline outlined in the sustainable development roadmap planned by the FSC.

Note 1: The procedures should be carried out according to the timeline specified in the regulations of Article 10, Paragraph 2 of these Guideline. If the Company has not obtained the complete GHG assurance opinion by the date of the annual report publication, it should be noted that "complete assurance information will be disclosed in the sustainability report". If the Company does not prepare a sustainability report, it should be noted that "complete assurance information will be disclosed on the MOPS", and the complete assurance information should be disclosed in the next year's annual report.

Note 2: The assurance institution should comply with the relevant regulations for assurance institutions established by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Note 3: The disclosure content can refer to the best practice reference examples available on the TWSE Corporate Governance Center website.

1-2 GHG reduction targets, strategies, and specific action plans

Describe the base year and its data for GHG reduction, the reduction target, strategies, specific action plans, and the progress toward achieving the reduction target.
GHG Reduction Base Year and Reduction Targets To plan GHG reduction strategies, the Company completed an inventory in 2024 using the consolidated financial statements as the boundary. Accordingly, the base year is 2024, with Scope 1 and Scope 2 emissions of 3,369.35 tons of CO_2e and 317.95 tons of CO_2e, respectively. Through the following specific actions, the Company aims to further implement a reduction of at least 3% per NTD 1 million of operating revenue generated each year from the baseline year onward, in order to achieve a total reduction target of 20% by 2030. GHG Reduction Strategies and Specific Action Plans The Company and its subsidiaries are mainly engaged in the clearance medical and industrial waste. GHG emissions from the clearance vehicles accounted for approximately 90% of the Company's total emissions and represented the main source of the Company's GHG emissions. The Company is actively planning and searching for electric trucks that can be used for clearance operations. They will replace internal combustion engine trucks and reduce the amount of GHG emissions from fuel consumption. Achievement Status of Reduction Targets In 2025, GHG emissions per NTD 1 million of operating revenue decreased by 3.79% compared with the previous year, achieving the reduction target for the year.

Note 1: The schedule should be carried out in accordance with the regulations set forth in Article 10, Paragraph 2 of this principle.

Note 2: The base year should be the year in which the GHG inventory was completed according to the consolidated financial reporting boundary. For example, according to the regulations set forth in Article 10, Paragraph 2 of these Guideline, companies with a capital of more than NTD 10 billion should complete the inventory for 2024 based on their consolidated financial report by 2025, thus the base year would be 2024. If the Company has completed the inventory for the consolidated financial report earlier, that earlier year can be used as the base year. Additionally, the data for the base year can be calculated as the value for a single year or as the average of multiple years.

Note 3: The disclosure content can refer to the best practice reference examples available on the TWSE Corporate Governance Center website.

(VII) Differences between the Company's ethical corporate management practices and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences:

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
I. Establishing Ethical Corporate Management Policies and Plans (I) Does the Company have an ethical corporate management policy, approved by the Board of Directors, clearly stating its ethical corporate management practices and commitment to implementing the policy?	✓		(I) The Company's ethical corporate management policy has been approved by the Board of Directors and is publicly available on the Company’s website for internal and external stakeholders to review and follow. All members of the Company's Board of Directors (a total of 7 members) adhere to the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and various ethical corporate management policies. They strictly comply with regulations prohibiting, but not limited to, the following unethical behaviors: 1. Offer and acceptance of bribes 2. Offer of illegal political contributions 3. Improper charitable contributions or sponsorships 4. Offer or acceptance of unreasonable gifts, hospitality, or other improper benefits. 5. Infringements on trade secrets, trademarks, patents, copyrights, and other intellectual property rights. 6. Engaging in unfair competition practices. 7. Engaging in activities during the R&D, procurement, manufacturing, provision, or sale of products and services that directly or indirectly harm the rights, health, or safety of consumers or other stakeholders. In the event of any violations of the regulations, the individuals are willing to	No significant difference.

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			bear full legal responsibility and have signed the "Compliance with Ethical Corporate Management Policy Declaration". Additionally, the Company's managers (a total of 2 individuals) have all completed the signing of the "Compliance with Ethical Corporate Management Policy Declaration" and are actively committed to implementing the ethical corporate management policy.	
(II) Does the Company utilize a mechanism for assessing the risk of unethical conduct, regularly analyze and assess business activities within the scope of business with a higher risk of unethical conduct, and manage a program to prevent unethical conduct accordingly that at least covers the preventive measures for the behaviors in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		(II) The Company has established an assessment mechanism to prevent unethical behavior and evaluate the risk of unethical actions within its business operations. The Company regularly analyzes and assesses business activities that are at higher risk of unethical behavior. The Company has formulated the "Procedures for Ethical Management and Guidelines for Conduct", which specifically addresses the prevention of dishonest activities outlined in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and other business activities with high risks of unethical behavior (including bribery and acceptance of bribes, provision of illegal political donations, improper charitable donations or sponsorships, offering or accepting unreasonable gifts, hospitality or other improper benefits, infringement of business secrets, trademarks, patents, copyrights, and other intellectual property rights, engaging in unfair competition practices, and activities that directly or indirectly harm consumers' or other stakeholders' rights, health, and safety during R&D, procurement, manufacturing, provision, or sale of products and services). The Company actively implements preventive measures in accordance with this principles.	No significant difference.
(III) Does the Company specify operational procedures, codes of conducts, disciplinary measures for violations, and a	✓		(III) The Company has specified operational procedures, codes of conducts, disciplinary measures for violations, and a grievance system within the "Procedures for Ethical Management and Guidelines for Conduct". These have been effectively implemented, and the aforementioned regulations are regularly	No significant difference.

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
grievance system within the preventive measures for unethical behavior, ensure implementation, and regularly review and revise the aforementioned plan?			reviewed and revised.	
II. Implement Ethical Corporate Management (I) Does the Company evaluate the integrity records of counterparties and explicitly include integrity clauses in contracts signed with such counterparties?	✓		(I) Before engaging in transactions with counterparties, the Company conducts various evaluations, including those related to ethical behavior, to avoid dealings with parties having records of unethical behavior. The Management Department is responsible for overseeing counterparties, and procurement units may report related matters to the Management Department. Throughout the process, from project communication, inquiries, and price comparisons to contract execution, procurement units maintain regular communication with counterparties to prevent errors and enhance supply quality through pre-discussion efforts. Additionally, labor service or engineering contract counterparties are required to ensure compliance with labor-related regulations, such as the “Labor Standards Act” and the “Occupational Safety and Health Act”, to protect the rights of contractor employees. The contracts signed by the Company with the counterparties include terms requiring compliance with the Company's ethical corporate management policy and further state that if counterparties are involved in unethical conduct, the Company may terminate or rescind the contracts at any time.	No significant difference.

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
(II) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management, and does it report to the Board of Directors regularly (at least once a year) on its ethical corporate management policies, measures to prevent unethical conduct, and supervision of implementation?		✓	(II) The Company, to ensure sound management of ethical corporate management operations, has designated the Management Department as the dedicated unit responsible for promoting ethical corporate management. The Management Department oversees the formulation and supervision of the implementation of ethical corporate management policies and key preventive measures, ensuring adherence to the Ethical Corporate Management Best Practice Principles. On December 26, 2025, it reported its implementation status to the Board of Directors. The Company implements its ethical corporate management policy. The implementation status for 2025 is as follows: 1. Ethical education and training and compliance advocacy The Company conducted ethical education training and compliance advocacy for employees in 2025, including courses on compliance with ethical corporate management, environmental protection management, occupational safety and health management, accounting systems, and internal controls. This training was held once, with a total of 766 participants and total of 2,950.5 training hours. 2. Identifying business activities of suppliers that violate integrity. Prior to engaging in transactions with counterparties in 2025, the Company conducted assessments to identify whether suppliers engaged in business activities that violated ethical management. No violation of ethical management in business activities by suppliers in 2025. 3. Provide a whistleblowing system The Company has established a concrete whistleblowing system within the "Ethical Corporate Management Best Practice Principles" and the "Procedures	No significant difference.

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			for Ethical Management and Guidelines for Conduct" to actively prevent unethical conduct. Internal and external parties are encouraged to report unethical or improper behavior. The Audit Office serves as the designated unit for receiving reports, with support from the Human Resources Office and the Public Relations and Legal Affairs Department. The stakeholder section on the Company's website provides effective communication channels for employees, shareholders, stakeholders, and external parties. If the reported matters involve directors or senior management, they are submitted to independent directors or the Audit Committee as stipulated in the "Ethical Corporate Management Best Practice Principles". A whistleblower protection system has been established, ensuring confidentiality of the whistleblower's identity and the content of the report. The Company is committed to protecting whistleblowers from unfair treatment resulting from their reports. No reports involving unethical conduct were received in 2025.	
(III) Has the Company established a policy to prevent conflicts of interest, provided appropriate channels for disclosure, and ensured its implementation?	✓		(III) To implement the ethical corporate management policy and actively prevent unethical conduct, the Company has specifically outlined the matters that personnel should pay specific attention to when conducting business in the “Procedures for Ethical Management and Guidelines for Conduct”. The Management Department is responsible for revising, implementing, interpreting, providing consultation services, and supervising related operations, including recording and archiving the content of reports. Additionally, the Company provides channels for disclosures, including a phone number (02-25795580 ext. 203) and an email address (crystalhs@mail.chin-hsin.com.tw), allowing employees and external parties to provide feedback or raise concerns.	No significant difference.
(IV) Has the Company established an effective accounting system	✓		(IV) The Company has established an effective accounting system and internal control system to closely monitor the business risks associated with unethical conduct,	No significant

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
and internal control system to implement ethical corporate management? Has the internal audit unit, based on the results of the unethical conduct risk assessment, developed relevant audit plans to verify compliance with the anti-unethical conduct measures, or has the Company engaged external CPAs to perform the audit?			ensuring the implementation of ethical corporate management. The audit department regularly checks compliance with these systems.	difference.
(V) Does the Company regularly conduct internal and external training on ethical corporate management?	✓		(V) The Company's "Procedures for Ethical Management and Guidelines for Conduct" stipulates that the dedicated unit should hold internal awareness sessions once a year, during which the Chairman, General Manager, or senior management will communicate the importance of ethical corporate management to the Board of Directors, employees, and appointed personnel. The Company schedules at least one internal and external training session on ethical corporate management each year, covering topics such as the prohibition of unethical conduct, legal compliance, preventive measures, ethical corporate management in business activities, training, and assessments.	No significant difference.
III. Operational status of the Company's whistle-blowing system				

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
(I) Has the Company established a specific whistleblowing and reward system, and created convenient reporting channels, along with assigning appropriate personnel to handle the reported cases?	✓		(I) The Company has established the "Whistleblowing Incident Handling Procedures", which provide channels for whistleblowers to report any illegal or unethical conduct or violations of the Code of Ethical Conduct and the Ethical Corporate Management Best Practice Principles by the Company’s personnel, ensuring confidentiality of the whistleblower's identity and the contents of the report. The Company discloses information regarding personnel who violate ethical behavior, including their job titles, names, violation dates, details of the violation, and the handling process, in internal communications. The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" to encourage both internal and external personnel to report unethical or improper behavior. If the reported incident is found to be true after investigation, the Company will handle it according to relevant reward policies. Internal personnel who make false or malicious accusations will be subject to disciplinary action, with dismissal applied in cases of serious misconduct. The acceptance of complaints, investigation process, and investigation results should all be documented in writing and retained for five years. These documents may be stored in electronic form. Before the retention period expires, if a lawsuit related to the complaint occurs, the relevant materials should be retained until the lawsuit is concluded. 1. Whistleblowing channels (1) For whistleblowing against individuals such as directors, the Chairman, the Vice Chairman, managers, employees, and those with substantial control, the Company provides appropriate channels for whistleblowers to report, which may be handled in writing, by phone (02-25795580 ext. 203), fax (02-25794015), or email (crystalhs@mail.chin-hsin.com.tw). The Audit Office manages the dedicated phone line and email address, handles related	No significant difference.

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			incidents, and fills out the "Whistleblower Incident Handling Form". The Human Resources Office and Public Relations and Legal Affairs Department assist in processing the cases. Subsequently, the Audit Office reports to the convener of the responsible unit for conducting the investigation and provides assistance. (2) For whistleblowing against the General Manager and entry-level managers of the Audit Office, the Company provides appropriate channels for whistleblowers, which can be processed through written communication, phone (05–5529255 ext. 521), fax (05–5848282), or email (juang@mail.chin-hsin.com.tw). The Human Resources Office manages the telephone hotline and email address, handles related incidents, and fills out the "Whistleblowing Incident Handling Form". The Public Relations and Legal Affairs Department will assist in the processing. Subsequently, the Human Resource Office reports to the convener of the responsible unit for conducting the investigation and provides assistance. (3) Complaints filed in accordance with the previous two items should be done in a named manner. The whistleblower must provide their real name, contact information, and the details of the whistleblowing, and sign the "Consent Form for the Collection, Processing, and Use of Personal Data". If the provided information is incomplete but can be corrected, the whistleblower will be notified to complete the information within 7 days. If the information is not completed within the specified period, the whistleblowing case may not be accepted. However, if the content of the statement is deemed necessary for investigation, it may still be handled separately as a reference for internal review. The accepting unit should verify the authenticity of the identity to confirm whether it belongs to the	

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			whistleblower. (4) Anonymous whistleblowing cases that provide specific evidence may be exempt from the restrictions outlined in the previous item. 2. Responsible unit (1) The Company, upon receiving a complaint, shall form a "Whistleblowing Investigation Team" to conduct an investigation, based on the identity of the person being reported. (2) When the complaint involves a director, the Company, upon receiving the report, shall have the Chairman convene the investigation and assign appropriate personnel to assist with the investigation. (3) When the complaint involves the Chairman or the Vice Chairman, the Company, upon receiving the report, shall have the independent directors convene the investigation and assign appropriate personnel to assist with the investigation.	
(II) Has the Company established standard operating procedures for handling whistleblowing matters, including investigation procedures, subsequent measures to be taken after the investigation, and related confidentiality mechanisms?	✓		(II) The Company has established standard operating procedures for whistleblowing investigations in the "Whistleblowing Incident Handling Procedures". The Company handles all received whistleblowing reports and subsequent investigations with confidentiality and strictness. 1. Investigation and handling principles (1) The responsible unit shall begin the investigation within 30 days from the date of receipt, and the investigation process shall be documented. (2) Upon completion of the investigation, a decision should be made with accompanying rationale, and recommendations for disciplinary actions or other measures may be provided. (3) During the investigation process, the parties involved should be given ample opportunity to present their statements and defend themselves.	No significant difference.

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			(4) The whistleblower may withdraw their report before the responsible unit makes a decision on the case. If a report is found to be untrue after investigation, the responsible unit may choose not to accept a subsequent report on the same matter. (5) The personnel handling the investigation should adhere to the principle of confidentiality and shall not disclose any related investigation or handling information unless necessary. 2. Investigation handling results and responses (1) If the investigation results are found to be unsubstantiated, the responsible unit may close the case. The unit may also consult with relevant managers to obtain appropriate corrective measures, which will then be submitted to the General Manager for approval. If the person being reported is a director, the matter should be submitted to the Chairman of the Board of Directors for approval. If the person being reported is the General Manager or an entry-level manager of the Audit Office, the matter should be submitted to the Chairman of the Board of Directors for approval. If the person being reported is the Chairman of the Board of Directors or the Vice Chairman, the matter should be submitted to the Board of Directors for approval. (2) To prevent abuse of the whistleblowing system, if an internal employee files a report with false accusations, fabrication, or deceitful claims, the responsible unit may propose disciplinary action based on the circumstances, which shall be submitted to the General Manager for approval. (3) If the investigation results are found to be true, the responsible unit shall prepare a report on the investigation findings and recommendations, which	

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			shall be submitted to the General Manager for approval and further action. If the complaint involves a director, the Chairman shall, depending on the situation, approve the handling process and submit it to the Board of Directors for review. If the complaint involves the General Manager or an entry-level manager in the Audit Office, the Chairman shall, depending on the situation, approve the handling process and submit it to the Board of Directors for review. If the comlaint involves the Chairman or the Vice Chairman, the independent directors shall, depending on the situation, approve the handling process and submit it to the Board of Directors for review. (4) After the whistleblowing investigation and handling process is concluded, the whistleblower and the person being reported shall be notified of the results. If the person being reported disagrees with the investigation and decision, they must submit an appeal within 10 days. If no appeal is made within the appeal period or if the investigation results are found to be false, the department may refuse to accept any subsequent complaints on the same matter. (5) If the complaint is substantiated and meets the disclosure requirements for material internal information under securities-related laws, it must be approved by the Chairman and uploaded to the MOPS within two days for disclosure. (6) If the results are not comprehensive, they shall be processed in accordance with relevant laws and regulations. The Company may also pursue related criminal liability and recover any illicit gains. 3. The responsible unit shall annually summarize whistleblowing cases and may, based on the case analysis, propose recommended improvement measures.	

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
			4. When the complaint concerns a director, after the Company's investigation, responsibility shall be pursued or appropriate legal measures shall be taken based on the violation. If the case meets the requirements for the disclosure of material internal information as stipulated by securities-related laws, it shall be approved by the Chairman and uploaded to the MOPS within two days for disclosure. 5. When the complaint concerns the Chairman or a General Manager, after the Company's investigation, responsibility shall be pursued or appropriate legal measures shall be taken based on the violation. If the case meets the requirements for the disclosure of material internal information as stipulated by securities-related laws, it shall be approved by the Audit Committee or independent directors and uploaded to the MOPS within two days for disclosure.	
(III) Does the Company adopt measures to protect whistleblowers from facing retaliation due to their reports?	✓		(III) The Company acknowledges the importance of adopting measures to protect whistleblowers from facing retaliation due to their reports and is committed to considering relevant protective measures.	No significant difference.
IV. Enhance information disclosure Does the Company disclose the contents of its Ethical Corporate Management Best Practice Principles and the	✓		The Company has disclosed information related to ethical corporate management on the MOPS. Additionally, the Company has established a "Corporate Governance" section on its website (https://www.chin-hsin.com.tw/), which includes an "Operational Regulations" subsection containing the "Ethical Corporate Management	No significant difference.

Evaluation items	Operational status			Differences between the Company's Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for these differences
	Yes	No	Summary Description	
results of its implementation on its website and the MOPS?			Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct". Relevant information and implementation status are also disclosed under the "Integrity Management" section within the "Stakeholders" area, with periodic updates provided.	
V. If the Company has established its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the current practices and any deviations from the Principles: The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", and there is no material deviation from the Principles.				
VI. Other key information helpful in understanding the Company's ethical corporate management practices (e.g., review and revision of the Company's established Ethical Corporate Management Best Practice Principles): In addition to the "Ethical Corporate Management Best Practice Principles" the Company has also established other internal regulations, such as the "Internal Material Information Handling and Insider Trading Prevention Procedures". Furthermore, the Company arranges for directors to attend corporate governance courses occasionally and revises the Ethical Corporate Management Best Practice Principles as needed to align with operational developments.				

(VIII) Other key information that enhances understanding of the Company's corporate governance practices may also be disclosed:

1. The Company has established "Corporate Governance" and "Stakeholders" sections on its website, with relevant information updated regularly.
2. The Company has established to the Whistleblowing Incident Handling Procedures
3. The Company has prepared the 2024 sustainability report.

(IX) The implementation status of the internal control system should disclose the following items:

1. Internal Control Statement: Please refer to MOPS Market Observation Post System (MOPS) (https://mops.twse.com.tw/mops/#/web/home under MOPS Home > Material Information/Announcements > Announcements > Announcements > MOPS Announcement Query > Internal Control Statement Announcement).
2. If the company entrusts a CPA to review the internal control system, the CPA's review report should be disclosed: Please refer to MOPS Market Observation Post System (MOPS) (https://mops.twse.com.tw/mops/#/web/home under MOPS Home > Material Information/Announcements > Announcements > Announcements > MOPS Announcement Query > Internal Control Program Review).

(X) Important resolutions of the shareholders' meeting and Board of Directors during the most recent year and up to the date of the annual report publication.

1. Important resolutions of the shareholders' meeting and their implementation status:

Date of meeting	Summary of important motions	Implementation Status
May 22, 2025 (Annual General Shareholders' Meeting)	1. The 2024 Business Report. 2. Audit Committee's Review Report on the 2024 Financial Statements. 3. 2024 Distribution Report of Directors' Remuneration. 4. 2024 Distribution Report of Employees' Remuneration. 5. Report on material related party transactions for 2024. 6. Ratification of the 2024 final statements. 7. Ratification of the 2024 earnings distribution. 8. Amendment to the Company's "Articles of Incorporation".	1. The cash dividend of NTD 3.8 per share was fully distributed on July 4, 2025. 2. The amendment to the Company's Articles of Incorporation was completed with the change registration at the Ministry of Economic Affairs on May 26, 2025. 3. All other motions were recorded as resolved in the Annual General Shareholders' Meeting.

2. Important reports and resolutions of the Board of Directors:

Meeting term/date	Summary of important motions
15th meeting of the 13th term February 27, 2025	1. The Company proposed to review the parent company only and consolidated financial statements, business reports, and final accounts for 2024. 2. Statement of Internal Control System of the Company in 2024. 3. Motion of earnings distribution to employees and directors of the Company in 2024. 4. Motion of earnings distribution for the Company in 2024. 5. Amendment to the Company's "Articles of Incorporation". 6. Date, time and location of the 2025 Annual General Shareholders' Meeting.
16th meeting of the 13th term May 9, 2025	1. The Company's appointment and remuneration of the signing CPA for 2025. 2. Consolidate financial statements of Q1, 2025.
17th meeting of the 13th term	1.Additional employee remuneration paid to the Company's managers for 2024.

Meeting term/date	Summary of important motions
June 26, 2025	
18th meeting of the 13th term August 7, 2025	1. Consolidate financial statements of Q2, 2025. 2. Amendment of the Company's "Sterilization and WPC Production Cycle." 3. Amendment of the Company's "Sterilization and WPC Production Cycle Audit Rules." 4. Amended the Company’s “Budget Management Regulations.” 5. The Company’s 2024 sustainability report.
19th meeting of the 13th term November 6, 2025	1. Consolidate financial statements of Q3, 2025. 2. Amended the Company’s “Sustainable Development Best Practice Principles.” 3. The Company proposes to apply for a short-term and mid-term loan facility with First Bank.
20th meeting of the 13th term December 26, 2025	1. The Company's 2026 operating budget. 2. Define the scope of the definition of the Company’s “entry-level employees.” 3. Amended the Company’s “Employee Remuneration Distribution Procedures.” 4. Amendment to the "Regulations Governing the Remuneration of Directors, Audit Committee Members and Remuneration Committee Members". 5. Amended the Company's "Dragon Boat Festival and Mid-Autumn Festival Bonus Distribution Procedures". 6. Amended the "Remuneration Policy, System, Standard and Structure for Managers". 7. Amended the Company's "Management Measures for Remuneration of Managers". 8. Disbursement of additional annual bonuses for the Company's managers in 2025. 9. Amended the "Performance Evaluation Management Procedures". 10.Formulation of the Company’s "“Audit Implementation Rules for the Employee Remuneration Distribution Procedures." 11. The Company's 2026 audit plan. 12. Proposed distribution ratio for directors’ remuneration in 2025.

Meeting term/date	Summary of important motions
21st meeting of the 13th term March 5, 2026	1. The Company regularly evaluates the independence and competence of the attesting certified public accountants (CPAs). 2. The 2025 individual and consolidated financial statements and business report of the Company, proposed for review. 3. The Company's internal control system statement for 2025. 4. The Company's 2025 employees and directors remuneration. 5. The Company's 2025 earnings distribution proposal. 6. The Company's 2025 earnings distribution and cash dividends proposal. 7. Issuance of new shares by capitalizing the Company’s earnings. 8. Amendments to the Company's "Articles of Incorporation." 9. Amendments to the Company's "Measures for Handling Acquisition or Disposal of Assets." 10. Appoint of new Assistant Vice President of the Company. 11. Election of the 14th term of board of directors (including independent directors). 12. List of director (including independent director) candidates 13. Lift the restrictions on the non-compete clause on newly-elected directors and their representatives. 14. The Company’s appointment and remuneration of the signing CPA for 2026. 15. Determining the date, time, place, and related matters of the 2026 shareholders' meeting.

(XI) In the most recent year and up to the date of the annual report's publication, if any director or supervisor has expressed dissenting opinions on important resolutions passed by the Board of Directors, with records or written statements, the main content: None.

IV. Information on the Audit Fee of CPAs

(I) Information on Audit Fee of CPAs

Unit: NTD thousands

Name of CPA firm	Name of CPA	CPA's audit period	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Huang Chin-Lien	2025	2,440	1,790	4,230	The non-audit services include tax certification, Checklist of Non-management Remuneration Information, and assurance services for internal control system projects.
	Li Hsiu-Ling					

(II) If the audit fees for the year when changing the accounting firm are lower than the audit fees for the previous year, the amounts of audit fees before and after the change, as well as the reasons, should be disclosed: Not applicable.

(III) If the audit fees are reduced by more than 10% compared to the previous year, the amount, percentage, and reasons for the reduction should be disclosed: Not applicable.

V. Replacement of CPA

(I) About the previous CPA: Not applicable.

(II) About the successor CPA: Not applicable.

(III) The former CPA's response to items 1 and 2 of Paragraph 6, Article 10 of these standards: Not applicable.

VI. The Chairman, General Manager, or Managers responsible for financial or accounting matters of the Company, holding a position at the CPA firm or its affiliates within the past year: None.

VII. Share transfer and pledge changes of directors, supervisors, managers, and shareholders holding more than 10% of the shares during the most recent year and up to the date of the annual report publication

(I) Changes in share transfers and pledge of shares by directors, supervisors, managers, and shareholders holding more than 10% of the shares: Please refer to MOPS (inquiry website: https://mops.twse.com.tw/mops/#/web/home; inquiry path: MOPS homepage > Summary Reports > Equity Changes/Securities Issuance > Shareholdings/Pledges/Transfers of Directors, Supervisors, and Major Shareholders > Shareholding Balances of Directors, Managers, and Major Shareholders).

(II) If the counterparty in the transfer or pledge of shares is a related party, the name of the counterparty, their relationship with the Company, directors, supervisors, managers, and shareholders holding more than 10% of shares, as well as the number of shares acquired or pledged, should be disclosed: As the counterparty in the transfer or pledge of shares is not a related party, this does not apply.

VIII. Information regarding shareholders ranking in the top ten of shareholding, if they are related parties to each other or have a spouse or direct relatives within the second degree of kinship

March 24,2026、Unit: Share; %

Name	Current Shareholding		Shares held by spouse and underage children		Total Shares Held in the Name of Others		The names and relationships of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Sunny Friend Environmental Technology Representative: Fang-Chen Chang	26,415,300	57.42	Not applicable.		-	-	Yuan-Ting Investment Co., Ltd.	Interested person	None
Chen, Song-Yuan	2,980,000	6.48	978	-	-	-	None	None	None
Lin, Shang-Yong	594,746	1.29	-	-	-	-	None	None	None
Yang, Dong-Mei	407,000	0.88	-	-	-	-	SSES Resource Management Co., Ltd.	Interested person	None
Huang, Li-Hsiang	378,000	0.82	-	-	-	-	None	None	None
Yuan-Ting Investment Co., Ltd. Representative: Ming-Yuan Cheng	250,000	0.54	Not applicable.		-	-	Sunny Friend Environmental Technology	Interested person	None
SSES Resource Management Co., Ltd. Representative: Yang, Dong-Mei	225000	0.49	Not applicable.		-	-	Yang, Dong-Mei	Interested person	None
Lin, Ying-hui	220,000	0.48	-	-	-	-	None	None	None
Chang, Tsai-Jun	214,415	0.47	10,143	0.02	-	-	None	None	None
Lin, Chia-Jung	202,754	0.44	-	-	-	-	None	None	None

IX. The number of shares held by the Company, its directors, supervisors, managers, and business entities directly or indirectly controlled by the Company in the same invested business, as well as the consolidated calculation of the total shareholding ratio

March 24,2026、Unit: Share; %

Investee business	The Company's investment		The investments of directors, supervisors, managers, and business entities directly or indirectly controlled by them		Comprehensive investments	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Liang Wei Environmental Engineering Co., Ltd.	5,500,000	100.00	-	-	5,500,000	100.00
Cheng Shin Environmental Engineering Co., Ltd.	2,000,000	100.00	-	-	2,000,000	100.00

Three.Financing Status

I. Capital and Shares

(I) Source of share capital

1. Formation of share capital

Unit: NTD, shares

Year/ Month	Issuance price	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Non-cash property used to offset share payments	Others
July 1999	10	500,000	5,000,000	500,000	5,000,000	Establishment of capital NTD 5,000,000	-	Note 1
September 2006	10	1,000,000	10,000,000	1,000,000	10,000,000	Capital increase in cash NTD 5,000,000	-	Note 2
March 2012	10	6,000,000	60,000,000	6,000,000	60,000,000	Capital increase in cash NTD 50,000,000	-	Note 3
May 2021	10	50,000,000	500,000,000	13,302,000	133,020,000	Share conversion NTD 73,020,000	-	Note 4
February 2022	10	50,000,000	500,000,000	30,000,000	300,000,000	Capital increase in cash NTD 166,980,000	-	Note 5
September 2022	15	50,000,000	500,000,000	40,000,000	400,000,000	Capital increase in cash NTD 100,000,000	-	Note 6
June 2024	45	60,000,000	600,000,000	46,000,000	460,000,000	Capital increase in cash NTD 60,000,000	-	Note 7

Note 1: Approved by Jing-1999-Zhong-Zi No. 041484 on July 2, 1999.
Note 2: Approved by Jing-Shou-Zhong-Zi No. 09532867140 on September 19, 2006.
Note 3: Approved by Jing-Shou-Zhong-Zi No. 10131703390 on March 2, 2012.
Note 4: Approved by Jing-Shou-Zhong-Zi No. 11033477030 on August 4, 2021.
Note 5: Approved by Jing-Shou-Zhong-Zi No. 11133106460 on February 24, 2022.
Note 6: Approved by Jing-Shou-Zhong-Zi No. 11133598130 on September 30, 2022.
Note 7: Approved by Jing-Shou-Zhong-Zi No. 11330678870 on July 11, 2024.

2. Types of shares

March 24, 2026. Unit: Shares

Types of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	46,000,000	14,000,000	60,000,000	All issued shares of the Company are listed stocks.

3. Information related to the consolidated tax filing system: None.

(II) List of major shareholders

Shareholders with a shareholding ratio of 5% or more, or if fewer than ten, disclose the names, shareholding amounts, and ratios of the top ten shareholders:

March 24, 2026、Unit: Share; %

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
Sunny Friend Environmental Technology	26,415,300	57.42
Chen, Song-Yuan	2,980,000	6.48
Lin, Shang-Yong	594,746	1.29
Huang, Li-Hsiang	407,000	0.88
Yang, Dong-Mei	378,000	0.82
Yuan-Ting Investment Co., Ltd.	250,000	0.54
SSES Resource Management Co., Ltd.	225,000	0.49
Lin, Ying-hui	220,000	0.48
Chang, Tsai-Jun	214,415	0.47
Lin, Chia-Jung	202,754	0.44

(III) The Company's dividend policy and implementation status

1. Dividend policy defined in the Articles of Incorporation

If the Company has earnings in a fiscal year, the Company shall first pay taxes and make up for previous losses, followed by setting aside a legal reserve at 10% of the remaining profits. However, this is not applicable if the legal reserve has reached the same amount as paid-in capital. The remainder, if any, shall be set aside or reversed in accordance with the laws or regulations of the competent authority. If there is still a balance, the Company may distribute dividends to shareholders in the form of cash dividends. The Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for a resolution.

Pursuant to Article 240 of The Company Act, the Company authorizes the board of directors to distribute dividends, profit-sharing, legal reserve and capital reserve (subject to compliance with Article 241 of The Company Act) wholly or partially in cash. Such decisions must be approved in a board meeting with at least two-thirds of directors present and supported by more than half of attending directors, and reported during a shareholder meeting afterwards. The preceding paragraph specifying the requirement for the resolution of shareholders’ meeting is not applicable.

The Company's dividend policy is based on the Company's future annual operating budget planning and fund demand, and takes into account the interests of shareholders. No less than 50% of the distributable earnings mentioned in the preceding paragraph is appropriated as dividends to shareholders. Unless the Board of Directors resolves not to distribute cash dividends, and such resolution is approved by the shareholders' meeting, in order to maintain a balanced and stable dividend policy, the Company shall allocate no less than 30% of the total dividends as cash dividends.

2. The proposed (or already resolved) dividend distribution for the year

The Company's proposal for earnings distribution for the 2025 fiscal year was resolved by the Board of Directors on March 5, 2026, to propose a cash dividend of NTD 4 per share, totaling NTD 184,000,000 in cash dividends, and a stock dividend of NTD 1.3043482 shares per share, totaling NTD 60,000,000 in stock dividends. Pursuant to Article 22-1 of the Articles of Incorporation, cash dividends of the Company may be authorized by resolution of the Board of Directors and reported to the 2026 annual general shareholders' meeting, while stock dividends remain subject to approval by the annual general shareholders' meeting to be held on May 22, 2026.

(IV) The proposed stock dividend at this shareholders' meeting and its impact on the Company's operating performance and earnings per share: Not applicable.

(V) Remuneration to employees and directors

1. The percentage or scope of remuneration for employees, directors, and supervisors as stated in the Company's Articles of Incorporation.

If the Company makes profit in a year, 7% shall be allocated as employee remuneration (of this amount, no less than 28% should be distributed to the entry level employees), which will be distributed in the form of either stock or cash as decided by the Board of Directors. The recipients will include employees of subsidiaries who meet certain criteria, which will be determined by the Board of Directors. The Company may also allocate up to 1% of the aforementioned profit amount as director remuneration, as decided by the Board of Directors. The remuneration for the Company's independent directors primarily consists of a fixed monthly salary and a specified amount for transportation expenses, and they do not participate in the distribution of director remuneration. The remuneration for the other directors is primarily composed of a fixed amount for transportation expenses and the distribution of director remuneration.

The procedure for determining the amount of directors' remuneration is based on the annual company's operational results, operational performance and performance evaluation of the Board of Directors, and the Remuneration Committee members propose relevant suggestions on the proportion of directors' remuneration for the year. After the Board of Directors' resolution is approved, the distribution is based on the Company's "Regulations Governing the Remuneration to Directors, Audit Committee Members and Remuneration Committee Members" to provide directors with reasonable remuneration.

The employee and director remuneration distribution proposal should be reported to the shareholders' meeting. However, if the Company has accumulated losses, the amount to offset those losses should be reserved in advance, and then the employee and director remuneration should be allocated according to the ratio mentioned in the previous section.

2. The basis for estimating the amounts of employee, director, and supervisor remuneration for the period, the calculation basis for the number of shares in the employee remuneration to be distributed in stock, and the accounting treatment if there is a difference between the estimated and actual distribution amounts

   The Company's employee, director, and supervisor remuneration for 2025 is estimated based on the year's revenue, according to the percentage or scope defined in the Articles of Incorporation, and recognized as operating expenses for the period. If the actual distribution amount decided by the Board of Directors differs from the estimated amount, it will be treated as a change in accounting estimates, with the impact recognized in the profit or loss of the year of actual distribution. No employee remuneration was distributed in stock for 2025.

3. Board of Directors' approval of remuneration distribution

   (1) The amount of employee remuneration and director remuneration distributed in cash or stock

   The Company will approve the distribution of employee remuneration in the amount of NTD 22,055,461 and director remuneration in the amount of NTD 3,150,780 for 2025 at the Board of Directors' meeting held on March 5, 2026. The amounts are consistent with the estimated expenses recognized for the year.

   (2) The ratio of employee remuneration distributed in stock to the current period's after-tax net income and the total amount of employee remuneration

   The Company did not distribute employee remuneration in stock in 2025, therefore this is not applicable.

4. The actual distribution of remuneration to employees, directors, and supervisors for the previous year (including the number of shares, amounts, and stock prices), and any discrepancies with the recognized remuneration for employees, directors, and supervisors, should be disclosed along with the difference, reasons, and how it was addressed

   (1) Employee remuneration: NTD 18,898,205. The actual distribution is the same as the proposed distribution approved by the Board of Directors.

   (2) Director remuneration: NTD 2,699,744. The actual distribution is the same as the proposed distribution approved by the Board of Directors.

(VI) Repurchase of the Company's shares: None.

II. Bond issuance by the Company: None.

III. Preferred stock issuance: None.

IV. Depositary receipt issuance: None.

V. Employee stock option issuance: None.

VI. Issuance of new restricted employee shares: None.

VII. Issuance of new shares in connection with mergers, acquisitions, or acquisitions of shares of other companies: None.

VIII. Implementation of capital utilization plans

1. Plan content

As of the end of the quarter preceding the publication date of the annual report, for all prior issuances or private placements of securities that have not yet been completed, or that were completed within the most recent three years but for which the planned benefits have not yet been realized, a detailed explanation should be provided of the content of each such issuance or private placement plan, including all historical changes to the plan, sources and uses of funds, reasons for the changes, benefits before and after the changes, the dates on which the changed plans were submitted to the shareholders' meeting, and the dates on which the information was published on the information reporting website designated by the competent authority: No such situation.

2. Implementation status

For the uses of each plan referred to in the preceding paragraph, a line-by-line analysis as of the end of the quarter preceding the publication date of the annual report of the execution status and a comparison with the originally expected benefits should be provided. If the execution progress or benefits have not reached the expected targets, the reasons, the impact on shareholders' equity, and improvement plans should be specifically explained: Not applicable.

Four.Operational Overview

I. Business Content

(I) Scope of business

The Company was established in 1999 and obtained a waste removal permit issued by the Yunlin County Government in September of the same year. The Company is a Class A waste removal organization, primarily engaged in the removal of general waste, hazardous industrial waste, and biomedical waste generated by businesses and medical institutions in Taiwan. The Company operates a fleet of advanced waste removal vehicles and employs professional personnel. Through stringent waste flow management and technological operations, the Company integrates GPS tracking systems in its vehicles to ensure effective service for each entrusted waste removal task. This process includes receiving removal requests, collecting and transporting waste using approved vehicles and appropriate equipment to authorized treatment facilities, and ensuring real-time and accurate waste disposal reporting for regulatory verification. The Company maintains strict oversight of all processes and provides customers with a channel to monitor the progress of their entrusted waste removal operations, thereby consolidating customer trust through efficient waste removal services. The Company has long-term partnerships with numerous well-known waste treatment facilities in Taoyuan, Taichung, Changhua, Nantou, Yunlin, Tainan, and Kaohsiung. These collaborations allow the Company to meet the diverse waste treatment needs of customers in various regions, providing a comprehensive and all-encompassing waste removal and treatment service.

The Company is committed to developing environmentally friendly plastic recycling and reuse processing operations. In January 2024, it obtained a partial-category medical waste reuse permit issued by the Ministry of Health and Welfare, and in June 2025 further obtained approval covering all categories, thereby launching medical waste reuse processing operations. Medical waste containing plastics is processed for resource recovery to reclaim plastics, enabling the Company to serve as a supplier of medical waste plastics within the circular economy of the medical industry. In December 2025, the Company completed the establishment of a recycled empty-bottle plastic reuse processing line, utilizing the physical properties of thermoplastic heat deformation for reuse processing to implement the effective circular utilization of plastic resources. In addition, the Company has established a plastic wood manufacturing production line that uses recyclable plastics as the primary material, assisting strategic partner manufacturers in resource recovery of plastic by-products from their production lines, enhancing resource use efficiency in the waste plastic recycling industry, and implementing a plastic circular economy operating model with the objective of energy conservation and emissions reduction.

1. Main business activities

Business item code	Business item
C901050	Cement and Concrete mixing manufacturing
J101050	Environmental Testing Services
J101060	Wastewater (Sewage) Treatment
J101080	Resource Recycling
J101090	Waste Disposal
J101990	Other Environmental Sanitation and Pollution Prevention Service
ZZ99999	All business activities that are not prohibited or restricted by law, except those that are subject to special approval
J101030	Waste Disposing
J101040	Waste Treatment
F113100	Wholesale of Pollution Controlling Equipment
F213100	Retail Sale of Pollution Controlling Equipment
C901990	Other Non-Metallic Mineral Products Manufacturing
C805050	Industrial Plastic Products Manufacturing
F107990	Wholesale of Other Chemical Products
F111090	Wholesale of Building Materials
F211010	Retail Sale of Building Materials
C805990	Other Plastic Products Manufacturing
E801010	Indoor Decoration
I101061	Professional Engineering Consulting
I103060	Management Consulting
I199990	Other Consulting Service
I501010	Product Designing
I503010	Landscape and Interior Designing
I599990	Other Designing

2. Revenue proportion of main business activities

Unit: NTD thousands, %

Year / Items	2024		2025	
	Amount	Proportion	Amount	Proportion
Medical Waste Disposal	343,279	49.13	381,649	44.09
Industrial waste Disposal	284,876	40.77	404,225	46.70
Sales of Chin Hsin Wood	19,466	2.79	11,177	1.29
Recycling and Reusing of Medical Waste	7,908	1.13	16,337	1.89
Wastewater Treatment	7,763	1.77	7,996	0.92
Project Service	35,433	5.07	44,233	5.11
Total	698,725	100.00	865,617	100.00

3. Current available services

① Removal of hazardous industrial waste (waste of type A) from the manufacturing process

② Removal of toxic hazardous industrial waste (waste of type B)

③ Removal of industrial waste with identified hazardous characteristics (wastes of type C-01 to C-04 and C-07 to C-08)

④ Removal of biomedical waste (waste of type C-05)

⑤ Removal of general medical waste (waste of type D-21)

⑥ Removal of general industrial waste (waste of type D, excluding D-21)

⑦ Removal of mixed metal waste (waste of type E)

⑧ Treatment of waste effluents (waste of type D-15)

⑨ Recycling and treatment of biomedical waste (waste of type C-05)

⑩ Chin Hsin Wood building materials (including flooring, panels, beams, wall panels, corner materials, square columns, roof ridges, and eaves)

⑪ Modular design, production, and construction of small cabins

⑫ Outdoor landscape platforms and pavilions

⑬ Recreation trails and guardrails

⑭ Outdoor leisure tables and chairs

⑮ Mobile restrooms

4. New products planned for development

The Company actively collaborates with external organizations to invest in the development of various Chin Hsin Wood products made from recycled mixed plastics, including:

(1) Development of cross arms for power distribution systems using Polycarbonate (PC), a thermoplastic material with high impact resistance, electrical insulation, and heat resistance, which can be used for Taipower tender bids and structural beam and column materials.

(2) Research on the production technology of Thermoplastic Elastomers (TPE) combining different plastic materials, aimed at breaking the existing reliance on raw materials sourced from Polystyrene (PS) and Polypropylene (PP).

(II) Industry overview

1. Industry status and development

Economic development relies on the use of natural environments and resources, while technological advancements accelerate the growth trend in resource consumption. As economic activities progress, the number of established businesses and population numbers have also increased exponentially, leading to a continuous rise in waste generation. This, in turn, has driven the rapid development of the waste treatment industry.

According to Taiwan's "Waste Disposal Act", waste can be categorized into "general waste" and "industrial waste". "Industrial waste" refers to waste generated by business activities that is not produced by the employees' daily lives. Based on its concentration or quantity, which may affect human health or pollute the environment due to toxicity or hazard, it can be further classified as "general industrial waste" and "hazardous industrial waste".

The process of industrial waste disposal can be simply divided into two stages of "collection" and "treatment". Waste disposal agencies, based on the type of industrial waste produced by customers, dispatch appropriate transportation equipment and personnel in accordance with regulatory requirements, plan transportation routes, and send a team to collect the waste. They then transport the waste to different treatment plants as instructed by the customer. This is the "collection stage". The treatment plants, depending on the configuration of their processing equipment, accept the industrial waste delivered from the customer by the disposal agency. After receiving the waste, they provide proper treatment services such as incineration, solidification, material recovery, recycling, or landfilling as required. This constitutes the "treatment stage". Since the scope of services provided by the Company mainly focuses on the collection stage of industrial waste, the following is an explanation of the industrial waste collection industry.

From the perspective of collection demand, the total output of industrial waste in 2025 was 19,665,624 tons, a decrease of 1.27% compared to 2024, which amounted to 19,917,666 tons. Among this, the growth in general industrial waste was 310,636 tons, and the growth in hazardous industrial waste was 120,303 tons, representing an increase of 7.02% and 8.84%, respectively.

Output of various types of industrial waste in Taiwan

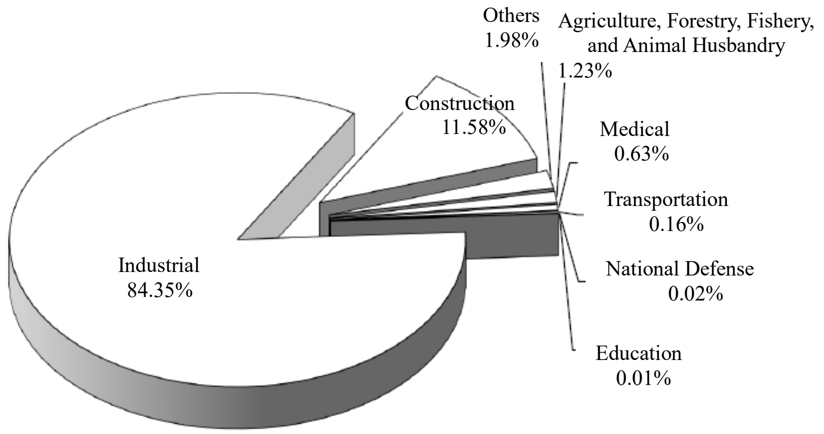
Unit: Tons

Category		2024	%	2025	%
Hazardous industrial waste	Hazardous industrial waste from processing	342,760	1.72	303,907	1.55
	Toxic hazardous industrial waste	1,966	0.01	1,971	0.01
	Hazardous characteristics recognized industrial waste	920,576	4.62	1,073,835	5.46
	Biomedical waste	40,747	0.20	40,505	0.21
	Mixed hardware scrap	54,998	0.28	60,933	0.31
General industrial waste	General industrial waste	4,623,713	23.21	4,728,724	24.05
	General medical waste	4,486	0.02	4,239	0.02
Reuse of waste		3,067,195	15.40	2,883,329	14.66
Announcement of renewable resource items		10,861,226	54.53	10,568,181	53.74
Total amount of industrial waste generated		19,917,666	100.00	19,665,624	100.00

Source: Statistical annual report and monthly report compilation of the Resource Circulation Administration, Ministry of Environment.

According to the 2024 statistics from the Resource Circulation Administration, which classifies industrial waste by designated sectors, the largest source of industrial waste nationwide was "Industrial", accounting for 84.35% of the total industrial waste output. This was followed by the "Construction" sector at 11.58%, while the "Medical" sector accounted for 0.63%.

Proportion of waste generated by various business sectors



Source: 2024 Industrial waste reporting statistics report of the Resource Circulation Administration, Ministry of Environment.

From the perspective of the waste removal service, to accelerate the privatization of waste treatment, the government has encouraged private entities to establish waste removal and treatment organizations. The number of such organizations has shown a slight annual increase. In 2025, the number of waste removal organizations in the country totaled 5,690, representing a 4.98% growth compared to 5,420 organizations in 2024. This demonstrates the effectiveness of policy implementation.

Number of waste removal organizations in county/city in Taiwan

Unit: Organizations

County/City	2019	2020	2021	2022	2023	2024	2025
New Taipei City	730	768	831	864	916	961	1,016
Taipei City	381	397	408	403	413	424	439
Taoyuan City	523	521	550	570	619	637	674
Taichung City	530	562	570	600	654	708	736
Tainan City	327	332	344	369	390	408	427
Kaohsiung City	652	680	731	756	791	794	825
Yilan County	69	80	85	90	93	96	99
Hsinchu County	75	76	86	92	96	103	111
Miaoli County	83	86	95	102	112	119	125
Changhua County	202	208	221	239	260	285	312
Nantou County	50	49	48	53	58	65	68
Yunlin County	78	78	83	90	99	107	106
Chiayi County	86	92	100	110	112	116	117
Pingtung County	137	142	145	150	157	174	195
Taitung County	13	16	18	26	26	32	37
Hualien County	60	59	62	72	80	84	88
Penghu County	72	69	72	66	51	52	53
Keelung City	77	76	78	86	86	89	95
Hsinchu City	97	103	106	106	107	112	109
Chiayi City	25	23	26	27	30	29	30
Kinmen County	27	27	29	29	24	24	27
Lienchiang County	1	1	1	1	1	1	1
Total	4,295	4,445	4,689	4,901	5,175	5,420	5,690

Source: Statistical annual report compilation of the Resource Circulation Administration, Ministry of Environment.

In recent years, in response to the global trend of achieving net-zero emissions and mitigating the impacts of climate change, Taiwan has progressively advanced sustainable development policies and regulatory revisions. On March 30, 2022, the National Development Council, along with the Ministry of the Environment and other cross-sector agencies, jointly released the "Taiwan 2050 Net-Zero Emission Pathway and Strategic Overview", which set the targets of the zero-carbon transformation pathway, supported by 12 key strategies. Building on the successful foundation of resource recycling, the Ministry of Environment introduced the eighth key strategy, "Zero Waste through Resource Circulation", focusing on sustainable use of resources. The strategy promotes actions such as "Sustainable Consumption and Production", "Enhancing Resource Use Efficiency", and "Value-added Waste Treatment", aiming to materialize and energize waste resources to improve resource productivity. This approach not only reduces the use of primary raw materials but also minimizes waste generation, fostering a sustainable production and consumption model to meet the goals of full resource circulation, zero waste, and carbon reduction by 2050. On November 8, 2022, the Ministry of Environment issued the "Resource Recycling Network Waste Cleaning Plan Review Guidelines". This plan aims to integrate the upstream and downstream sectors of various industries to jointly propose a "Resource Recycling Network Waste Cleaning Plan". The goal is to facilitate collaboration among companies across regions and industries, transforming waste into raw materials, reducing the environmental impact of waste management, and minimizing the operational burden on both the industrial chain and regulatory agencies. This approach enhances the resource recycling efficiency of industries. On January 10, 2023, the Legislative Yuan passed the third reading of the amendment to the "Greenhouse Gas Reduction and Management Act", changing it to the "Climate Change Response Act". This new law marks Taiwan's official commitment to the path of "2050 Net

Zero Carbon Emissions", reinforcing the nation's carbon reduction goals and policies. As a result, the transformation of industries towards environmentally sustainable practices has become an imperative strategy for Taiwan's future. On December 29, 2023, the Ministry of Environment amended the "Greenhouse Gas Reduction and Management Act Implementation Regulations" to the "Revisions to the Enforcement Rules of the Climate Change Response Act". In parallel, the Industrial Development Administration of the Ministry of Economic Affairs continued to promote the "Industry Circular Economy Promotion and Guidance Program". A key component of this program is the "Resource Circulation Integration Guidance", which targets domestic waste removal, treatment, and recycling enterprises. This initiative provides waste recycling technologies to strengthen industry connectivity, helping to establish a comprehensive circular supply chain. On August 29, 2024, the Ministry of Environment introduced the "Regulations Governing the Collection of Carbon Fees", the "Regulations Governing Self-determined Reduction Plan", and the "Designated GHG Emissions Reduction Goals for Entities Subject to Carbon Fees are Established and Effective". These measures aim to accelerate Taiwan's industrial carbon reduction efforts by implementing a carbon fee system. The economic incentive mechanism is designed to support low-carbon transitions in industries while considering the competitive pressures from global markets. The system takes into account the time and space needed for industries to invest in carbon reduction efforts, inspired by transition mechanisms in the EU and other nations, to maintain Taiwan's international competitiveness. To align with international practices while addressing sustainable development needs, the Ministry of Environment seeks to change the current management approach that focuses on end-of-pipe waste disposal and treatment, shifting instead toward source-based waste reduction and resource circulation. In May 2025, the Ministry of Environment proposed amendments to the “Resource Recycling Act”, planning to rename it the “Resource Circulation Promotion Act”. The specific directions of the amendments include incorporating product sustainability and circularity considerations at the product design stage, introducing sustainable product policies such as green design principles, the application of recycled materials in products and engineering, source reduction, restrictions and prohibitions, and maintenance measures to extend product life. At the same time, the government will promote priority procurement of circular products to create circular supply chains, with the aim of deeply integrating sustainability concepts into corporate core strategies and, through the joint efforts of industry, government, academia, and research institutions, building a more resilient, more competitive, and more responsible industrial future, thereby contributing key momentum to Taiwan’s sustainable development. In addition, in May, the Ministry of Environment simultaneously proposed amendments to the Waste Disposal Act, planning to coordinate 10 ministries and 14 management regulations to strengthen the quality and operational management of reuse products, incorporate emerging waste into regulatory oversight, expand the scope of responsible entities, and impose heavier criminal penalties for illegal disposal, with the objective of effectively preventing and curbing illegal waste dumping.

The services provided by the Company primarily target industrial waste generated by businesses and medical institutions and this industrial waste is therefore categorized as either "industrial waste" or "medical waste". The Company also offers services related to the stable development of the recycling and treatment of medical waste, as well as the"Chin Hsin Wood" manufacturing and sales business. The following sections provide an overview of the industry situation and development for these specific areas.

(1) Industrial waste

According to statistics from the Ministry of Environment in 2025, the generation of industrial waste (excluding medical waste) amounted to 19,620,880 tons, representing a slight decrease of 0.84% compared to the 19,787,885 tons generated in 2024. Based on reported data, the number of industrial waste sources in Taiwan had already reached 46,932 in 2024, including 24,268 medical institutions.

The generation of industrial waste is closely linked to economic development. Based on the industry categories reported for industrial waste generation in Taiwan in 2024, manufacturing accounted for the largest share of industrial waste output. In 2024, driven by continued strong demand for artificial intelligence, high-performance computing, and cloud data services, production momentum in the information and electronics industry remained robust. In contrast, among traditional industries, apart from relatively better performance in the machinery and equipment sector, industries such as basic metals, chemical materials and fertilizers, and automobiles and parts continued to experience production declines, resulting in a relative reduction in total industrial waste generation for the year. Nevertheless, in 2024, the major sources of industrial waste generation were still the basic metal industry, accounting for 26%, followed by the power supply industry at 15%, construction at 11%, electronic components manufacturing at 7%, and chemical materials manufacturing at 6%. In 2025, benefiting from the continued expansion of AI applications and innovation-driven growth in consumer electronics, the surge in artificial intelligence investment in the United States stimulated equipment investment and merchandise exports in Taiwan, making the technology industry the primary growth engine. Meanwhile, traditional industries such as petrochemicals, steel, textiles, and transportation equipment were constrained by U.S. tariff policies and intense competitive pressure from China's domestic market, leading to weak global demand and generally conservative corporate orders. This reflected pronounced industry divergence and cyclical disparities, subsequently affecting industrial waste generation as well as waste disposal and treatment demand, with the environmental protection industry shifting toward a steady and stable growth trend.

According to the 2025 report on industrial waste output by region, the areas with the highest output are Kaohsiung at 25.81%, Taichung at 13.76%, Yunlin at 11.44%, Taoyuan at 11.44%, and New Taipei at 8.55%. These regions are predominantly located in industrial zone areas, with the number of industrial zones in each area as follows: Kaohsiung with 37 zones, Taichung with 21 zones, Yunlin with 11 zones, Taoyuan with 29 zones, and New Taipei with 5 zones.

Industrial waste Output by each County/City

Unit: Tons

County/City	2020	2021	2022	2023	2024	2025
Taipei City	312,543	329,892	375,550	377,524	385,773	389,661
Taichung City	3,095,515	3,357,277	3,052,601	2,773,161	2,801,581	2,705,167
Keelung City	44,999	52,279	48,927	35,148	31,377	29,791
Tainan City	1,400,049	1,375,766	1,501,968	1,482,783	1,566,580	1,591,195
Kaohsiung City	6,035,368	6,430,172	5,959,701	5,706,466	5,495,203	5,076,315
New Taipei City	1,751,793	2,363,424	2,183,711	1,798,702	1,720,511	1,682,190
Yilan County	164,123	207,350	243,783	251,496	275,853	222,962
Taoyuan City	1,954,551	2,024,949	2,030,213	2,016,927	2,030,418	2,250,267
Chiayi City	16,878	16,153	17,225	18,083	19,975	17,118
Hsinchu County	511,013	479,240	478,231	458,851	529,719	591,172
Miaoli County	592,000	737,451	701,644	510,157	599,209	614,880
Nantou County	110,268	127,474	142,472	122,217	130,596	128,107
Changhua County	427,245	501,179	541,322	622,679	540,769	549,691
Hsinchu City	180,013	191,631	203,468	173,251	180,915	282,334
Yunlin County	2,136,717	2,286,589	2,389,842	2,436,477	2,234,354	2,248,872
Chiayi County	306,936	393,795	298,208	294,314	319,125	311,572
Pingtung County	195,387	251,341	225,064	274,260	315,485	319,271
Hualien County	638,722	671,873	589,971	541,711	486,588	491,587
Taitung County	94,675	80,735	109,385	76,084	80,752	82,569
Kinmen County	59,205	69,622	82,621	65,872	86,366	77,512
Penghu County	1,087	911	928	1,082	815	1,964
Lienchiang County	1,327	1,208	1,200	1,500	1,155	1,409
Total	20,030,414	21,950,312	21,178,033	20,038,745	19,833,117	19,665,604

Source: Statistical annual report and monthly report compilation of the Resource Circulation Administration, Ministry of Environment.

As the green economy drives the global market and sustainability issues receive increasing attention, strengthened government regulations and supply chain management by brand owners are accelerating the pace at which domestic enterprises shift toward sustainability so as to align with government policy objectives such as “sustainable production and consumption,” “improving resource use efficiency,” and “value added waste treatment.” Overall, although industrial waste generation has risen in recent years due to factors such as Taiwanese enterprises returning to Taiwan to establish operations and rising demand for artificial intelligence-related products, influenced by Taiwan’s sustainable development policies, industrial waste generation has generally remained stable, with an average annual volume of approximately 20 million tons.

According to statistics from the Ministry of Environment, in 2025, there were a total of 5,690 waste disposal organizations, categorized as Class A of 564, Class B of 3,702, and Class C of 1,424. In terms of the number of organizations and the approved disposal capacity, industrial waste is still dominated by general industrial waste, recyclable waste, and items listed as recyclable resources. While there is an ample disposal capacity for the current output of industrial waste, the demand for disposal, treatment, and recycling of both industrial and general waste has grown accordingly. This has led to a shortage in overall waste treatment capacity. Additionally, in response to the global ESG transformation trend, waste management in industries such as semiconductor manufacturing has become a crucial operational issue. Under transformation pressures, tech companies that have not yet invested in industrial waste recycling and treatment still outsource this function, has made it particularly important for waste disposal operators that receive industrial waste to identify suitable treatment facilities for collaboration. In addition, the introduction of green design in products and process transformation has led to increasingly complex waste generation profiles, which has indirectly driven a gradual increase in overall pricing for waste disposal and treatment services.

The government is currently taking active measures to strengthen its guidance and support for both public and private waste disposal agencies. These initiatives aim to significantly simplify regulations and increase incentives to encourage private sector involvement in the waste management industry. Starting in 2024, industrial and science park developments were required to incorporate industrial waste disposal plans into their considerations. The principle of "on-site" disposal within the park will be emphasized, reducing the need for cross-regional waste transportation and enhancing domestic waste disposal capacity, thereby improving the proper treatment rate of industrial waste in the country.

In the past, economic growth was accompanied by environmental degradation due to the shortage of global resources and the massive generation of waste. To ensure a sustainable production and consumption model, the UN proposed the Sustainable Development Goals (SDGs) in 2015. In response to the international sustainability agenda and to align with the International Energy Agency's "2050 Net Zero: Global Energy Sector Pathways" for carbon reduction, Taiwan's government has actively promoted four major transformation strategies, including "industry", "lifestyle", "energy", and "society". These strategies are modeled after international organizations and countries such as the International Energy Agency, the EU, the United States, and Japan. The focus includes policies aimed at enhancing raw material efficiency, waste management, circular economy, green living, and zero-carbon-30 actions. Taiwan has introduced a resource circulation and zero-waste strategy through actions like "green design for source reduction", "energy recovery and reuse", "smooth circulation networks", and "innovative technologies and systems". The goal is to decouple economic growth from environmental degradation, improve resource productivity, implement domestic resource recycling, reduce the final disposal of waste materials, lower industrial GHG emissions and environmental impact, enhance national green competitiveness, and build a resource-sustainable circular society, gradually moving toward a zero-waste, resource-circulating future.

According to statistics from the Ministry of Environment's Resource Circulation Administration, in 2025, the amount of waste treated through recycling reached 15,995,821 tons, accounting for 81.34% of the total output for the year. This is a decrease compared to 2024, when recycling accounted for 83.11%, and 2023, when it was 85.40%. These figures highlight the preliminary success of the industrial waste resource-circulation measures. It is expected that, in the future, waste clearing institutions will increase their collaboration with recycling and resource treatment organizations.

(2) Medical waste

As Taiwan's population continues to age, the rapid spread of infectious diseases, and the generally insufficient level of physical activity in the internet era, medical demand has increased year by year, and the number of medical institutions has grown accordingly. Waste generated from medical services has also increased annually. According to statistics from the Department of Statistics of the Ministry of Health and Welfare, in 2024 there were 468 large hospitals and 23,800 small clinics, totaling 24,268 medical institutions, an increase of 372 institutions, or 1.56%, compared to 23,896 medical institutions in 2023. Since the outbreak of the COVID-19 pandemic at the end of 2019, the world has faced unprecedented health, social, and economic crises, and the generation of medical waste increased along with the pandemic, reaching a peak in 2022, when total annual medical waste generation rose to 49,804 tons. Subsequently, with higher vaccination coverage and improvements in the spread of the pandemic under population movement restrictions, the situation eased. In 2024, total annual medical waste generation was 45,234 tons, gradually returning to a stable growth trend. Although this represented a decrease of 3.06% compared to the late stage of the COVID-19 pandemic in 2023, it was still an increase of 11.94% compared to the pre-pandemic level of 40,409 tons in 2019.

Statistics on Taiwan's hospitals and clinics

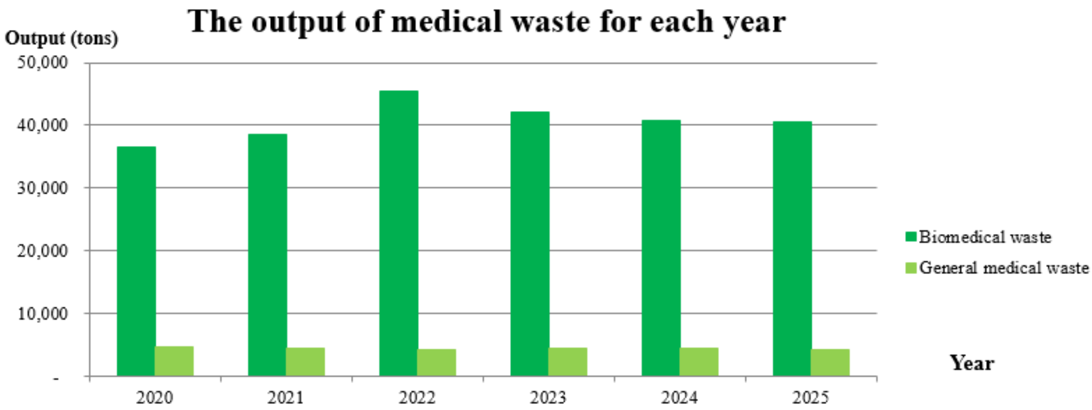
Unit: Organizations

Medical institutions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Hospitals	494	490	483	483	480	479	478	480	475	468
Clinics	21,683	21,894	22,129	22,333	22,512	22,653	22,800	23,098	23,421	23,800
Total	22,177	22,384	22,612	22,816	22,992	23,132	23,278	23,578	23,896	24,268

Source: Department of Statistics, Ministry of Health and Welfare

Medical waste can be further classified according to Article 3 of the Standards for Defining Hazardous industrial waste under the Hazardous Industrial waste Identification Criteria into two categories: "bio-medical waste" and "general medical waste". Bio-medical waste is classified as hazardous industrial waste, while general medical waste is categorized as general industrial waste.

Bio-medical waste primarily includes sharps, genotoxic waste, and infectious waste. According to the statistics from the Ministry of Environment's Industrial waste Control Center, the reported output of bio-medical waste in 2025 was 40,505 tons, accounting for approximately 2.73% of the hazardous industrial waste output, which totaled 1,481,151 tons. This represents a decrease of 0.6% compared to the 40,748 tons reported in 2024. General medical waste includes non-infectious industrial waste sterilized after use, waste generated from animal medical procedures, and a mixture of general medical waste. The reported output for 2025 was 4,239 tons, reflecting a decrease of 5.51% from the 4,486 tons reported in 2024. In addition to the medical waste reduction and recycling policies promoted by the Ministry of Health and Welfare in recent years, the decrease in number of outpatient and inpatient visits during the COVID-19 pandemic led to a decrease in waste output as well.



Source: Statistical annual report and monthly report compilation of the Resource Circulation Administration, Ministry of Environment.

Medical waste in Taiwan is predominantly biological medical waste, which accounts for about 90% of the total medical waste. Biomedical waste falls under the category of hazardous industrial waste. According to Article 6 of the Permit Management Regulations for Public and Private Waste Clearance and Disposal Organizations, hazardous industrial waste clearance agencies must meet Class A clearance agency standards. According to statistics from the Ministry of the Environment, in 2025, the total number of clearance organizations in Taiwan was 5,690, with Class A clearance organizations accounting for 564, representing 9.91%% of the total, a slight increase of 21 from 2024.

Public and private waste disposal agencies with Class A licenses in various counties/cities in Taiwan

Unit: Organizations

County/City	2020	2021	2022	2023	2024	2025
New Taipei City	22	23	23	25	24	27
Taipei City	4	4	4	5	5	5
Taoyuan City	180	187	189	190	186	192
Taichung City	53	58	62	69	74	74
Tainan City	29	30	31	31	30	31
Kaohsiung City	66	71	74	77	75	78
Yilan County	5	5	4	4	5	5
Hsinchu County	16	19	22	22	28	30
Miaoli County	14	17	19	20	22	23
Changhua County	7	5	6	10	9	12
Nantou County	9	9	8	9	12	12
Yunlin County	15	15	17	19	18	19
Chiayi County	4	7	8	8	7	7
Pingtung County	11	11	10	10	11	15
Taitung County	1	1	1	1	1	1
Hualien County	2	2	2	2	2	2
Penghu County	-	-	-	-	1	1
Keelung City	3	3	3	3	3	3
Hsinchu City	25	26	27	27	26	24
Chiayi City	3	4	4	4	3	3
Kinmen County	-	-	-	-	1	-
Total	469	497	514	536	543	564

Source: Statistical annual report compilation of the Resource Circulation Administration, Ministry of Environment.

In today's world, where diverse types of infectious diseases continue to emerge, the proper disposal of medical waste has become an increasing concern for both the government and the public. By the end of 2025, a total of 564 Class A waste disposal organizations have been authorized in Taiwan. These organizations are permitted to clear approximately 2,852,326 tons of medical waste monthly. However, due to limitations such as specialized disposal equipment, only about 20 organizations are actually capable of handling medical waste disposal operations. The medical waste disposal industry is a highly concentrated market, and as long-term care demands continue to grow year by year, the volume of waste generated by various medical services will also rise. As a result, the overall medical waste disposal market is expected to experience steady growth.

(3) Medical waste recycling and treatment

In recent years, Taiwan's medical institutions have generated an average of approximately 45,000 tons of medical waste annually, with nearly 90 percent classified as hazardous medical waste. According to the World Health Organization's (WHO) "Technical Guidelines for Medical Waste Safety Management", the preferred treatment method for such waste is incineration.

For safety reasons, most medical equipment in medical institutions are made of plastic. To maximize resource utilization and enhance the economic value of recycled materials, the Ministry of Environment and the Ministry of Health and Welfare collaborated in 2002 to establish the "Management Regulations for the Recycling of Medical Waste". Based on international standards, this regulation promotes the recycling of valuable plastic medical waste, such as discarded dialysis equipment (artificial kidneys). After high-temperature, high-pressure sterilization to eliminate pathogens, the materials are ground into plastic pellets and can then be reused in the production of other plastic products. This process not only reduces environmental degradation caused by the extraction of new resources but also lowers carbon emissions generated by incineration.

The zero-waste resource recycling policy has driven the development of the recycled plastic material market, aiming to enhance the value of waste recycling and reduce the incineration or landfill of resources. In line with medical institutions' strengthened waste management policies, the amount of medical waste processed through recycling has steadily increased. In 2025, Taiwan's medical waste recycling volume reached 9,323 tons, accounting for 20.84% of the total medical waste, representing a 6.68% growth compared to the 8,739 tons recycled in 2024. This demonstrates the initial effectiveness of plastic recycling policy measures.

Statistics on the recycling amount of medical waste in Taiwan

Unit: Metric tons

Year	2021	2022	2023	2024	2025
Recycling amount	7,907	8,002	8,233	8,739	9,323

Source: Statistical annual report and monthly report compilation of the Resource Circulation Administration, Ministry of Environment.

As of 2025, 8 medical waste treatment plants in Taiwan are licensed by the Ministry of Health and Welfare. The approved categories for recycling include sharps waste (excluding syringe needles), infectious waste (such as contaminated items or instruments), mixtures of infectious plastic waste (excluding needles), sterilized non-infectious industrial waste, and general mixed medical waste. The total recycling amount authorized by the Ministry of Health and Welfare amounts to 2,081 metric tons per month.

Taiwan's medical waste reuse market is developing rapidly. Centered on the circular economy, discarded plastics such as syringes and catheters are converted through high-temperature and high-pressure sterilization into sharps containers, plastic wood building materials, and even remanufactured into uniforms and health examination garments for medical institutions, achieving a closed-loop cycle of "from healthcare back to healthcare." This not only alleviates the challenges of medical waste incineration but also creates new business opportunities, transforming what was once a burden into an asset for sustainable development and advancing toward green healthcare.

(4) Manufacture of Chin Hsin Wood Products

Due to its wide range of uses and irreplaceable characteristics, plastic has become an indispensable material in modern life and industry. With advancements in plastic industry technology, the increased similarity of plastic building materials to natural wood, and their ability to meet the diverse design needs of architects, plastic building materials offer advantages such as moisture resistance and ease of construction. These features align with the demand in Taiwan's residential market. As the interior and exterior design industries develop rapidly, consumer demand for higher living quality increases, and diverse design concepts are integrated into overall decor. This has led to a peak in the demand for plastic building materials, with sales reaching NTD 16.5 billion in 2021. Although the sales value was affected by the overall economic environment of the past two years, it still reached NTD 12.9 billion in 2025.

Manufacturing and sales volume of plastic building materials in Taiwan

Unit: NTD thousands

Plastic building materials	2021	2022	2023	2024	2025
Plastic floor tiles	5,631,602	5,173,474	3,689,585	4,560,430	4,026,254
Other plastic sheets	10,883,524	10,057,409	8,979,167	9,214,772	8,853,194
Total	16,515,126	15,230,883	12,668,752	13,775,202	12,879,448

Source: Industrial Production, Sales, and Inventory Dynamics Survey Product Statistics of the Department of Industrial Technology, Ministry of Economic Affairs

The plastic wood building materials produced by the Company, "Chin Hsin Wood," achieve a toughening effect through the addition of a specific proportion of high-impact polystyrene composite elastomers, improving the inherently hard and brittle characteristics of polystyrene materials and enabling the plastic wood to possess both rigidity and toughness as fundamental physical properties. At the same time, the products comply with the requirements of CNS 15730 "Wood-Plastic Recycled Composites" regarding the types and blending ratios of recycled materials. Through adjustments to machine compounding processing parameters, the process heating and cooling curves are optimized to enhance the flexural and tensile strength values of "Chin Hsin Wood," presenting optimal toughness for products compounded from various plastic raw materials. In addition, through heterogeneous plastic bonding technology, "Chin Hsin Wood" building material products are able to comply with the floor load-bearing requirements for general residences, hotels, and hospital wards under the Building Technical Regulations, Building Construction Section. Furthermore, the Company applies foaming technology to ensure uniform foaming conditions during processing, which helps reduce product weight and lower the thermal conductivity coefficient, allowing the products to achieve a specific gravity closest to that of general timber building materials and a density more similar to natural wood than conventional plastic wood. This not only enables the surface to be finished with wood fiber grain textures, but also provides characteristics such as no thermal expansion or contraction and resistance to moisture-induced deformation. As a result, the products can be widely used in the construction of cabins and pavilions, landscaping applications, installation of outdoor decking, platforms, and walkways, as well as the assembly of wood-grain tables, chairs, shelving units, and storage cabinets for furniture manufacturing.

In terms of resource circulation, “Chin Hsin Wood” differs from plastic wood materials on the market that incorporate stone powder and wood powder, as it is manufactured using pure plastics. With a relatively simple range of raw material types, it can achieve 100% complete recycling and reuse after disposal and be reintroduced into production. This not only reduces reliance on virgin materials but also increases the potential for waste reuse.

Amid the advancement of international net-zero targets and Taiwan’s net-zero transition vision, global supplier management requirements have gradually intensified. To align with international practices and comply with environmental policies and relevant international production standards, domestic enterprises increasingly emphasize the “green design” characteristics of products, seeking to replace the use of virgin materials by adopting single-material designs, circular design principles, and the incorporation of recycled materials. Through strategic partnerships with manufacturers, the Company has developed multiple compounding ratios that incorporate various recycled plastic raw materials into the Chin Hsin Wood production line, assisting partner manufacturers in increasing the proportion of resource utilization of by-products from their production lines and enhancing resource use efficiency in the waste plastic recycling industry. In addition, medical waste containing higher-quality recyclable plastics from medical institutions and dialysis centers is processed through resource recovery to reclaim plastics, which are then reintroduced as raw materials into the Chin Hsin Wood production process. This also assists medical institutions in implementing the Ministry of Health and Welfare’s policy promoting the reuse of medical waste plastics, responds to the concept of sustainable healthcare, and achieves the objectives of waste reduction and enhanced circular benefits.

2. Relationship between the upstream, midstream, and downstream of the industry

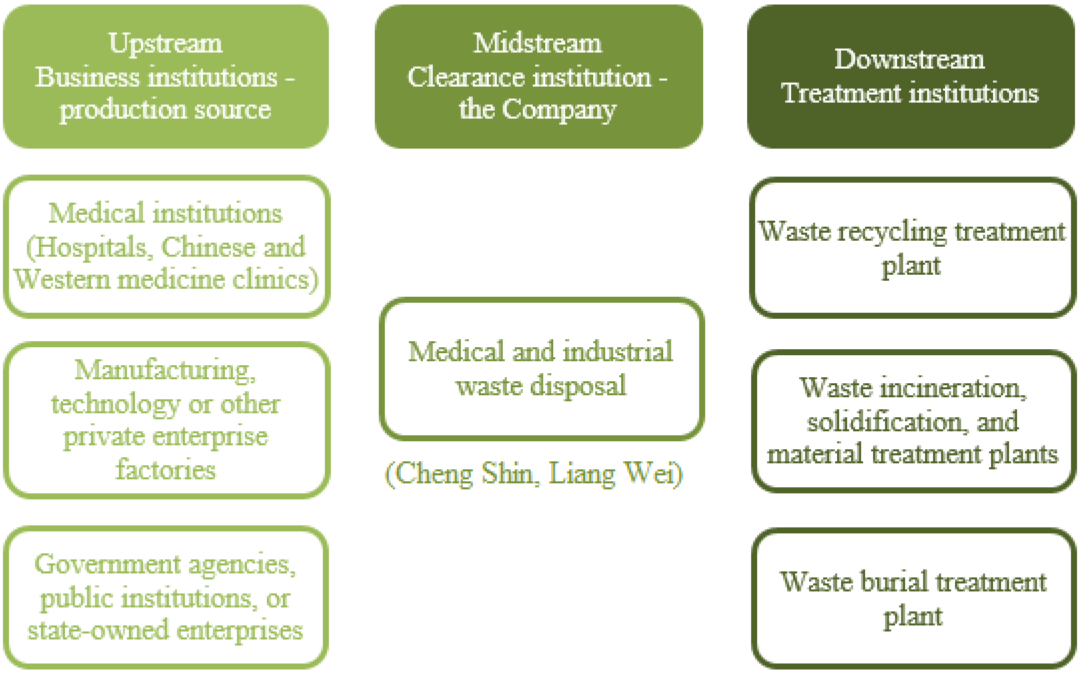
(1) Industrial waste and medical waste clearance

The Company plays the role of a midstream clearance organization in the waste disposal industry. Its main business involves the collection of waste generated by business organizations. Professional personnel use approved transportation vehicles along with appropriate equipment to transport the waste to designated partner treatment plants for proper disposal.

The Company's sources of industrial waste collection are primarily divided into medical waste generated by medical institutions across Taiwan, industrial waste produced by manufacturing companies during their processes, and medical or industrial waste removal projects contracted through government tenders.

The waste generated by business organizations varies in transportation conditions and treatment requirements depending on its type. For example, biomedical waste must be transported using equipment with refrigeration capabilities to a treatment facility equipped with thermal treatment, chemical treatment, or sterilization methods for intermediate processing. Hazardous industrial waste, depending on the harmful substances it contains, requires the corresponding emergency response instructions and handling equipment to be carried with the vehicle. It is then transported to treatment facilities that use thermal treatment, solidification, stabilization, or other treatment methods approved by the central competent authority. General industrial waste is first transported to a thermal treatment facility for intermediate processing. If no intermediate processing is required, it is sent to a facility for sanitary landfill disposal. Recyclable medical waste is sent to a recycling treatment plant where it undergoes sterilization, crushing, and other processes, and it is then provided to industrial plastic manufacturers to be used in production.

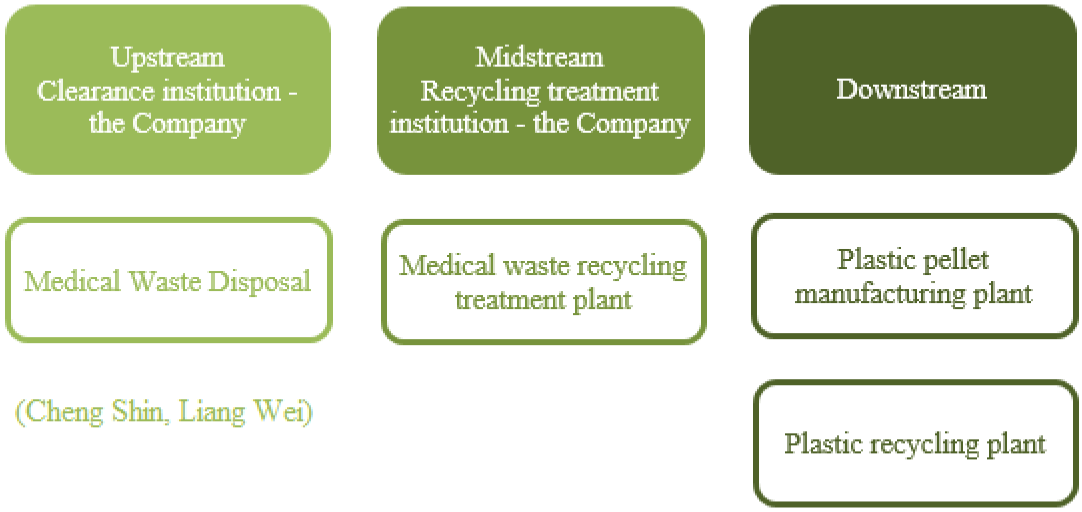
The clearing organization's role in the industrial waste industry chain is outlined in the following figure:



(2) Medical waste recycling and treatment

The Company operates in the midstream of the medical waste recycling industry. It collects high-quality plastic medical equipment, such as dialysis catheters, syringes, and various other types of catheters, from upstream clearance companies at medical institutions and dialysis centers. The waste is brought to the Company for resource recovery. Through processes involving high-temperature, high-pressure sterilization, cleaning, sorting, dehydration, label removal, rubber removal, cutting, and crushing, the plastic that can be recycled is extracted. These are then resold to plastic pellet manufacturers or plastic recycling plants, re-entering the plastic recycling production chain.

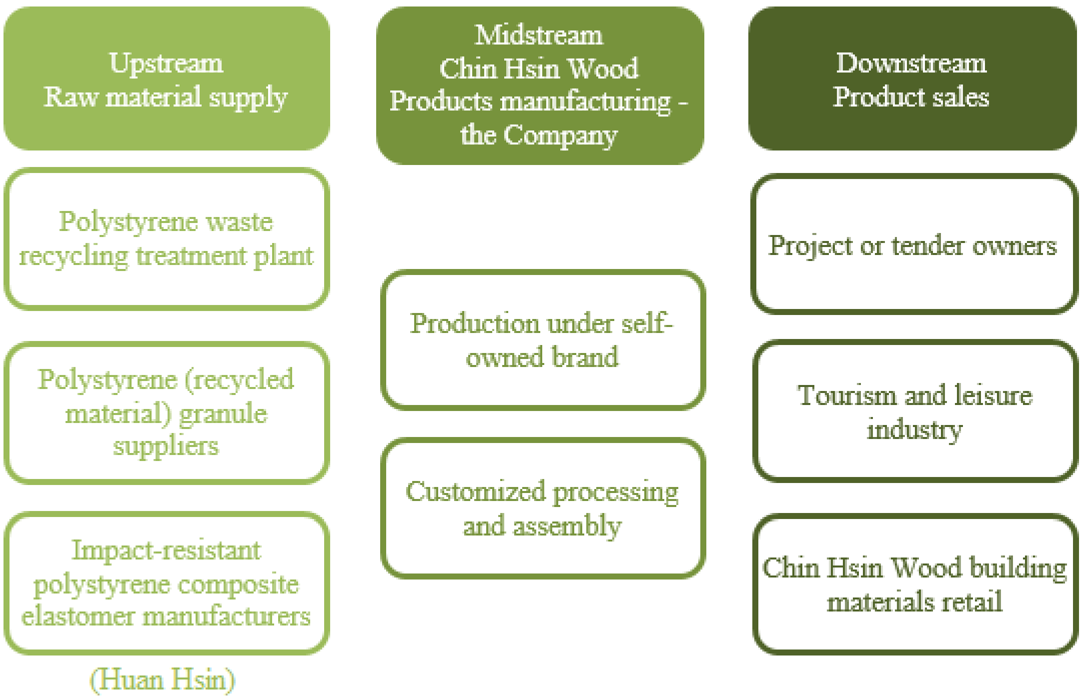
The recycling treatment institution's role in the medical waste industry chain is shown in the following figure:



(3) Manufacturing and Sales of Chin Hsin Wood Products

Chin Hsin Wood manufacturing produces plastic-wood building materials such as boards, pipes, and profiles by heating and softening thermoplastic materials, and by extruding, shaping, and cutting them. Through design, processing, and assembly, products can be used to construct small cabins, mobile restrooms, or in tourism and leisure platforms, walkways, or used in the making of traditional craft tools and various types of furniture.

The industry chain connections are shown in the following figure:



3. Various development trends of products

(1) Seeking opportunities for collaboration with various waste treatment companies

To mitigate treatment capacity gaps caused by periodic maintenance shutdowns at industrial waste treatment facilities that result in sudden reductions in processing capacity, the Company plans to seek additional cooperating treatment facilities to diversify the risk of insufficient intake supply at a single treatment plant. This is to ensure that industrial waste generated by the Company's industrial customers can be properly and timely treated in the future. Moreover, as manufacturing processes now generate a wider variety of industrial waste, waste treatment processes have become increasingly complex, and issues related to improving waste reuse rates have gained growing attention. It has therefore become imperative to continuously develop cooperation channels with treatment facilities that adopt different waste treatment methods in order to meet the diverse industrial waste treatment needs of industrial enterprises. In particular, as an increasing number of enterprises advocate resource reuse, seeking cooperation opportunities with more reuse treatment facilities has become especially important.

(2) Integrating mobile devices to implement the "6-in-1 Electronic Declaration System."

Businesses, medical institutions, and other organizations are increasingly prioritizing sustainable development and strengthening their waste management efforts. During the waste disposal process, various control-related paper documents are generated. These can be integrated through internal and external application systems (Application Programming Interface, API) and combined with mobile devices to create a fully automated waste declaration platform. This platform enables paperless operations, allowing businesses and associated treatment plants to instantly query and download all electronic records through the Company's website. This solution addresses government audits, reduces the storage and management costs of paper forms, simplifies the Company's pre-operation processes, enhances employee efficiency, and minimizes operational errors. It also provides more immediate and accurate monitoring of waste disposal status, reduces the risk of employees contracting diseases from handling paper documents, boosts employee retention, and streamlines administrative procedures for regulatory authorities, ultimately enhancing the Company's professional image.

(3) Development of a mobile control center for transportation vehicle routing

To effectively monitor the flow of industrial waste, all approved waste transportation vehicles used by clearance organizations have been required to install real-time tracking systems since the second half of 2022, as mandated for transportation equipment with such capabilities. Currently, the Ministry of Environment and clearance organizations utilize these systems to achieve tracking and control objectives, recording the driving routes of waste transportation equipment. With the future development of a mobile control center, businesses will also be able to monitor the movements of waste transportation vehicles entrusted with their waste in real time, ensuring that the removal process proceeds without irregularities while strengthening customer trust in the clearing organizations.

4. Market competition status

The Company primarily engages in industrial waste disposal services. According to statistics from the Ministry of Finance, there were 4,186 profit-seeking enterprises engaged in the disposal of general industrial waste and hazardous industrial waste as of 2024, increasing to 4,369 enterprises in 2025. Under government guidance, the industrial waste disposal market, including both general and hazardous industrial waste, has seen a decline in entry barriers, leading to a continuous increase in new competitors. The proportion of enterprises operating in the overall waste disposal market has shown a slight annual increase. Currently, nearly 60 percent of disposal operators primarily focus on industrial waste disposal.

The proportion of sales revenue and the number of profit-seeking enterprises in the detailed classification of Taiwan's waste disposal industry

Unit: %

Detailed classification of the waste disposal industry	2021		2022		2023		2024		2025	
	Sales amount	Number of customers	Sales amount	Number of customers	Sales amount	Number of customers	Sales amount	Number of customers	Sales amount	Number of customers
Clearance of general industrial waste	70.65	57.68	70.41	58.80	71.38	58.97	70.03	59.48	73.01	60.24
Clearance of waste from public spaces and household	0.52	2.16	0.54	2.05	0.49	1.90	0.47	1.77	0.40	1.63
Clearance of construction waste	5.08	12.14	6.69	12.75	8.16	13.17	8.11	13.71	8.11	13.96
Clearance of recyclable waste	20.64	27.48	18.79	25.83	16.55	24.83	18.08	23.89	15.29	22.68
Clearance of other non-hazardous waste	-	-	-	-	0.15	0.49	0.24	0.55	0.20	0.94
Clearance of hazardous industrial waste	3.11	0.55	3.57	0.57	3.21	0.54	2.99	0.53	2.90	0.50
Clearance of other hazardous waste	-	-	-	-	0.06	0.10	0.09	0.07	0.09	0.05

Source: Organization of statistics from the Ministry of Finance database

The overall waste clearance market industry, as classified by the Ministry of Finance, can be further divided into categories such as general industrial waste clearance, public space and household waste clearance, construction waste clearance, recyclable materials clearance, and hazardous industrial waste clearance. In terms of sales proportion, general industrial waste and hazardous industrial waste clearance account for over 70% of the total market sales. In the past two years, influenced by environmental awareness and industry green transformation policies, the sales proportion of recyclable material clearance has slightly increased, while the sales proportion of industrial waste clearance has slightly decreased. However, the rising costs of industrial waste clearance, coupled with the overall increase in the total sales of the waste clearance industry from NTD 96.1 billion in 2024 to NTD 105.7 billion in 2025, an increase of 9.99%, has resulted in a slight growth of 2.98% in industrial waste clearance sales. Despite this, industrial waste clearance remains the main source of sales growth in the waste clearance industry. In 2024 and 2025, the sales of industrial waste clearance operators totaled NTD 67.3 billion and NTD 77.2 billion, respectively.

However, in the face of the trend of ESG transformation, and under the pressure of customer transformation, waste management has become a key operational issue to maintain the competitiveness of domestic products. To achieve a virtuous cycle of investment and industrial pursuit of sustainable development, businesses across various industries in Taiwan, especially in manufacturing, are gradually adjusting their environmental efforts. Through waste management, they aim to achieve zero waste and carbon reduction goals while strengthening their ESG capabilities. Among these, the circular economy model of "waste reuse" allows sustainable transformation to break free from the framework of increasing costs. At the same time, it adds significant environmental value to products through emerging business models. As a result, in recent years, some industry leaders have actively entered the environmental protection sector, reflecting the market potential and business opportunities within this industry.

The current status of major waste clearance operators in Taiwan, aside from the Company, is as follows:

Unit: tons/month

Clearance service providers	Disposal service items	Premitted clearance amount
Gang Lien Enterprise Co., Ltd.	General industrial waste disposal, hazardous industrial waste disposal, waste liquid disposal	43,141
Yi Yu Express Co., Ltd.	General industrial waste disposal, hazardous industrial waste disposal, waste liquid disposal	41,826
CHYUNN ENVIRONMENT CORPORATION	General industrial waste disposal, hazardous industrial waste disposal, biomedical waste disposal, waste liquid disposal	19,356
Tseng Ming Group Environmental Engineering Inc.	General industrial waste disposal, hazardous industrial waste disposal, waste liquid disposal	19,000
How Well Environmental Engineering Co., Ltd.	General industrial waste disposal, hazardous industrial waste disposal, biomedical waste disposal, waste liquid disposal	17,669
Gao Liang Enterprise Co., Ltd.	General industrial waste disposal, hazardous industrial waste disposal, waste liquid disposal	15,263
Chuen Mau Environmental Protection Co., Ltd.	General industrial waste disposal, hazardous industrial waste disposal, waste liquid disposal	14,292
Zhuo Yue Environmental Technology Co., Ltd.	General industrial waste disposal, hazardous industrial waste disposal, waste liquid disposal	9,400

Clearance service providers	Disposal service items	Premitted clearance amount
Skylark Technology Enterprise Co., Ltd.	General industrial waste disposal, hazardous industrial waste disposal, biomedical waste disposal	5,881
Chase Sustainability Technology Co., Ltd.	General industrial waste disposal, hazardous industrial waste disposal, biomedical waste disposal, waste liquid disposal	5,204

(III) Technology and R&D Overview

1. The technological level and R&D of the business operations

The Company primarily provides medical and industrial waste transportation services for business organizations. To offer more immediate, efficient, and customer-friendly services, we continuously monitor regulatory compliance and industry developments. Regular service upgrades have become an inevitable trend. Through the experience of our business personnel, who stay informed about customer and industry development needs, and through collaboration with external software development companies, we integrate the latest information applications and systems into our waste clearance processes, enhancing the value of our services. Additionally, the Company has invested in medical waste recycling equipment, allowing us to treat medical waste containing high-quality plastics, such as artificial kidney dialysis tubes, syringes, and IV sets, using high-temperature and high-pressure sterilization. The sterilized plastic waste can then be converted into raw plastic for use in plastic product manufacturing or into materials for the Company's Chin Hsin wood production process to produce plastic wood building materials for disposal.

In terms of Chin Hsin wood manufacturing and sales, the Company reduces the use of new raw materials by producing recycled materials while retaining their physical properties. This is achieved by integrating recycled material extrusion technology, mixed waste plastic blending and modification techniques, and continuous production improvements. Through the design of multi-component formulations and melt-chain extension technology, the Company develops extruded products made from mixed waste plastics, which can be applied to construction and decoration products. This process increases recycling rates and extends the lifecycle of secondary recycled materials, aligning with the future development trend of the plastic circular economy. Furthermore, the Company's extrusion molding technology, including micro-foaming techniques, offers an advantage in providing products with a more uniform foam structure, improving material warping and making them lighter. Foam-based building materials, characterized by low formaldehyde emissions and the use of recycled plastics, are expected to be widely applied in healthy, sustainable green building materials. The foam structure's pore characteristics significantly reduce thermal conductivity, making these materials a key component of high-performance, energy-efficient, green insulation materials.

2. R&D personnel and their academic and professional backgrounds

Title/Department	Name	Academic and educational experience
Section Chief/ Plant Affairs Department, Chin Hsin Wood Plant	Wang Han-Wei	1. Department of Mass Communication, Tamkang University 2. Specialist of Sunny Friend Environmental Technology Co., Ltd.

Note: The Company's R&D personnel primarily focus on research and development for improving the Chin Hsin Wood manufacturing process. Future personnel additions will be considered based on operational needs.

3. R&D expenses invested in the most recent year and up to the date of the annual report publication

The Company, in collaboration with external organizations, is jointly researching and developing the optimization of the Chin Hsin Wood manufacturing process and the production technology of thermoplastic elastomers combining different plastic materials. The Company is also investing in the development of various Chin Hsin Wood products made from recycled mixed plastics, such as plastic-wood building materials produced using polycarbonate (PC), a thermoplastic material with high impact resistance, electrical insulation, and heat resistance, and polysulfone, a high-performance thermoplastic engineering plastic with excellent chemical resistance and thermal stability. The R&D expenses for 2024 and 2025 were NTD 4,512 thousand and NTD 1,792 thousand, respectively.

4. The successful technologies or products developed in recent years and up until the date of the annual report publication are as follows

The Company has currently co-developed with external institutions the production process and raw material formulation for crossarms used in power transmission and distribution systems made from polycarbonate (PC), and has preliminarily completed product manufacturing and testing. The R&D project for plastic wood building materials produced from polysulfone materials has completed quality testing in accordance with CNS 15730 “Wood-Plastic Recycled Composites” and has obtained funding support from the Resource Circulation Administration of the Ministry of Environment under the “Resource Circulation Innovation and Research and Development Program - Feasibility of Using Hollow Fiber Membranes from Hemodialyzers as Raw Materials for Environmentally Friendly Plastic Wood Building Materials.” In addition, the production technology for heterogeneous plastic combined thermoplastic elastomers and extruded plastic wood building material products has been put into process optimization and product manufacturing. In the future, the Company will continue R&D on plastic wood products that can be produced from plastic by-products generated by its strategic partner manufacturers.

(IV) Long-term and short-term business development plans

1. Short-term business development plan

(1) Strengthen cooperation with the Ministry of Environment to secure various waste clearance and treatment project opportunities

In response to Taiwan's sustainable development policy promoting the "Waste Reduction, Recycling, and Resource Circulation Program", the Ministry of Environment has launched various "Waste Clearance and Treatment Program" projects in collaboration with both public and private institutions. To enhance the efficiency of policy implementation, a cooperative model has been adopted, where the competent authorities develop operational plans, and public and private clearance treatment agencies implement them. In 2025, the Company actively engaged in and assisted with clearance and treatment projects in various counties and cities centered around waste containing asbestos, and assist in the disposal and treatment of asbestos-containing building material waste resulting from wind disasters.

Moving forward, we will continue to strive for participation in related "Waste Clearance and Treatment Program" projects to strengthen our cooperation with the authorities.

(2) Strengthen the integration of medical waste clearance and reutilization treatment processes to maintain market share

In recent years, the Ministry of Health and Welfare has strengthened its efforts to promote resource recycling and reutilization policies by encouraging medical institutions to adopt reutilization methods for the "plastic medical waste" they generate. Medical institutions have actively responded to this initiative. In addition to maintaining a strong partnership with medical waste reutilization treatment contractors to offer medical institution customers a comprehensive range of clearance, treatment, and reutilization options, the Company has also established its own medical waste reutilization treatment plant. The Company has obtained permits to expand the scope of reusable items, thereby enhancing the integration of the clearance and reutilization treatment process. This strengthens the industry's value chain and helps the Company secure large-scale medical institution clearance contracts, maintaining its market share in medical waste clearance services.

(3) Develop empty bottle recycling and reuse treatment, and explore potential business opportunities in the waste plastic resource recovery market

The waste plastic resource recovery market is primarily driven by material recycling and energy recovery, but it continues to face multiple challenges, including low recycling rates, difficulties in recycling and treating mixed-material waste plastics, and increased recycling complexity caused by products made of composite materials and hard-to-separate labels. The Resource Circulation Administration of the Ministry of Environment promotes policies such as encouraging single-material design, the use of recycled materials, and the establishment of industry supply chains to reduce waste at the source while processing waste plastics into recycled pellets for use in manufacturing new products, thereby achieving a truly circular plastic economy.

With assistance and policy incentives from the Ministry of Environment, the Company completed the establishment of a recycled empty-bottle plastic reuse processing line in 2025 and expects to commence operations in the first half of 2026. Plastic empty bottles, including plastic containers with chemical residues that were previously treated by incineration, will be processed for reuse by utilizing the physical properties of thermoplastic heat deformation. Mechanical sorting technologies will be applied to enhance plastic classification quality to ensure the purity of recycled materials and increase the proportion converted into resource materials, advancing toward the high-quality recycled plastic materials market and developing potential business opportunities in the waste plastic resource recovery market.

2. Mid- and long-term business development plan

(1) Provide comprehensive treatment service options to expand the customer base

The surge in artificial intelligence investment has driven equipment investment and merchandise exports in Taiwan, making the technology industry the primary growth engine that supports manufacturing growth, and resulting in a stable growth trend in domestic industrial waste disposal demand, To attract more customers, the Company plans to actively seek collaboration opportunities with disposal plants that employ different waste treatment methods and develop more resource recovery treatment plants. By forming strategic alliances with these companies, the Company aims to offer a diverse and comprehensive range of waste disposal, treatment, and recycling options to meet the varied needs of industrial waste-producing customers. This will enable the Company to quickly adapt to any unforeseen changes in waste intake at treatment plants.

(2) Develop niche industrial waste clearance markets

Chemical materials and high-tech electronic components manufacturing are among the major sources of industrial waste generation in Taiwan. As production processes rapidly evolve in response to new technologies and innovation, and as green design elements such as sustainability and circularity are incorporated at the product design stage, the types of waste generated by manufacturing processes have become increasingly complex, requiring different treatment technologies. In addition, with intensified supply chain management by international brand owners and the accelerated pace of sustainability transformation among manufacturers, greater emphasis is being placed on the establishment of resource circulation networks. In particular, there is an urgent demand for the treatment of waste solvents from high-tech industries, waste cutting fluids from various industries, and metal-containing sludge. In the future, more industrial waste will be directed toward resource recycling and reuse processing, and the disposal, treatment, and reuse of industrial waste will remain key focus areas of government guidance and planning, with considerable market potential.

(3) Development of industry-academa cooperative relations

To align with the net-zero carbon emissions goals and policies, and to alleviate the transformation pressures on Taiwan's manufacturing industry from international brand owners, Taiwan's government, academia, and industry are strongly promoting low-carbon manufacturing processes while also prioritizing the establishment of a resource recycling network as a key policy. In recent years, the Ministry of Environment has continuously undertaken the drafting of amendments to the “Resource Recycling Act” (proposed to be renamed the Resource Circulation Promotion Act) and the “Waste Disposal Act”., expanding the scope of resource materials and narrowing the definition of waste, aiming to reduce the barriers and administrative challenges for manufacturers to integrate into the resource network. As part of this effort, the Ministry of Environment has held several seminars to actively gather opinions from the domestic industry, government, and academia to build consensus. The company has also proactively participated in these relevant meetings, offering practical experience and recommendations from the industrial waste management industry to assist in the refinement of the draft.

(4) Align with the government’s emissions reduction policies to enhance corporate sustainability.

Through legislative amendments, the government is accelerating the pace of domestic low-carbon transition and promoting faster progress toward net-zero emission targets in the environmental protection industries related to waste disposal and treatment, in order to gradually comply with various guidelines and standards. The Company will closely monitor the promulgation of relevant laws and implementation measures, actively execute carbon reduction plans, and disclose the extent to which its principal operating economic activities comply with the “Reference Guidelines for the Identification of Sustainable

Economic Activities," so as to enhance corporate sustainability and achieve sustainable development objectives. In the future, the degree of achievement of relevant indicators may become a basic threshold for bidding on projects of government agencies, public institutions, and state-owned enterprises, thereby supporting the Company in competing for various waste disposal and reuse treatment tenders. The FSC also encourages financial institutions, when conducting investment and financing evaluations and decision-making, to give greater consideration to the "Reference Guidelines for the Identification of Sustainable Economic Activities," so as to channel capital toward sustainable economic activities and drive corporate sustainable development and carbon reduction transition.

II. Market and Production and Sales Overview

(I) Market analysis

1. Primary regions for the sale (provision) of main products (services)

Unit: NTD thousands, %

Year / Region	2024		2025	
	Amount	Ratio	Amount	Ratio
Taiwan	698,725	100.00	865,617	100.00
Total	698,725	100.00	865,617	100.00

The Company mainly engages in the transportation of medical and industrial waste, while also providing wastewater treatment, sales of wood-plastic composite materials, and medical waste recycling services. Currently, its services and sales extend across all counties and cities on Taiwan's main island. The Company, established for over 20 years, is managed by personnel with professional industry knowledge and extensive experience. Equipped with a well-structured fleet of transportation vehicles, the Company provides comprehensive medical and industrial waste clearance services to its customers.

2. Market share

The Company's current primary waste transportation services are categorized based on customers into medical institutions generating medical waste and general business entities generating industrial waste (excluding medical waste).

According to statistics from the Department of Statistics of the Ministry of Health and Welfare, there were 24,268 medical institutions in Taiwan in 2024. Under the Company's active strategy to expand its medical waste transportation business, the number of medical institution customers has grown to account for approximately 40% of all medical institutions in Taiwan, with a market share in the Greater Taipei area reaching as high as 70%. Based on data from the Ministry of Environment's Industrial waste Control Center, the total output of general medical waste and biomedical waste in 2025 was 44,744 tons, of which the Company's medical waste transportation volume was 19,225 tons, representing a market share of 42.97%. This reflects an increase of 5.46% compared to the transportation volume of 18,229 tons in 2024.

In 2024, the Company transported 64,303 tons of general industrial waste (excluding medical waste) produced by business institutions. According to the statistics from the Industrial waste Management Center of the Ministry of Environment, the total output of industrial waste in Taiwan (excluding medical waste, recyclable waste, and renewable resources) was 5,737,940 tons in 2024. The Company's market share of industrial waste transportation was approximately 1.12%. In 2025, the Company actively expanded into more markets for the transportation of different types and forms of industrial waste. The cumulative transportation volume of industrial waste (excluding medical waste) reached 73,570 tons, representing a growth of 14.41% compared to 2024. According to the Industrial waste Management Center of the Ministry of Environment, the total output of industrial waste in Taiwan (excluding medical waste, recyclable waste, and renewable resources) was 6,169,369 tons in 2025, with the Company's market share of industrial waste transportation at approximately1.19%.

3. Future supply and demand conditions and growth potential of the market

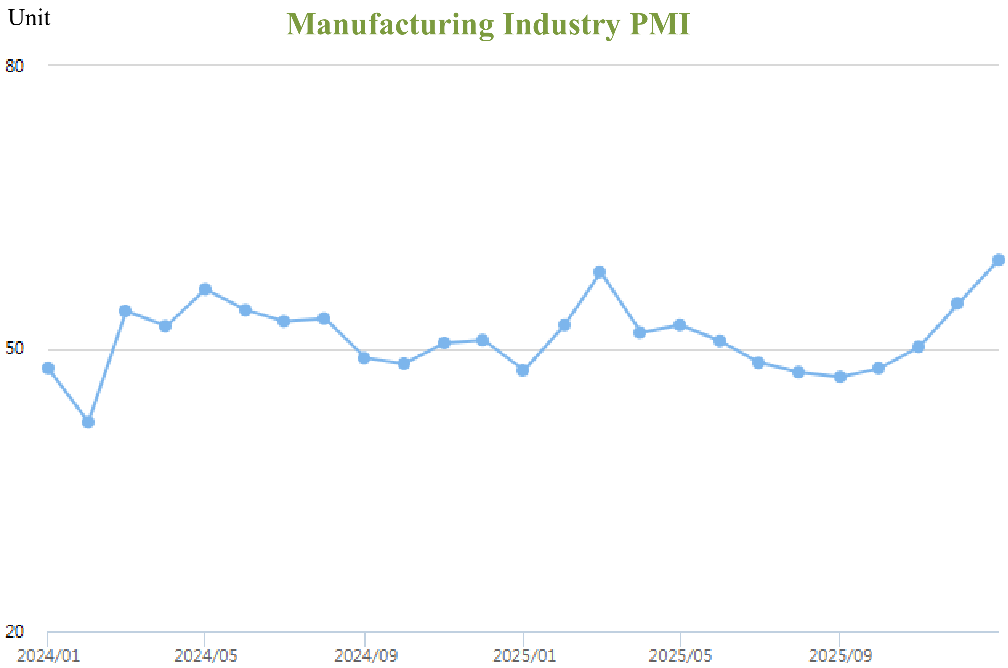
(1) Market supply aspect

In response to the global push for sustainable transformation, the information disclosed in sustainability reports reveals the operational performance of listed companies. Manufacturers, aiming to enhance their corporate image, expand their business, and maintain stable customer relationships, strive to achieve high ratings in the "SDG 12 Responsible Consumption and Production" category. This is done to boost their green brand competitiveness. Topics such as building a comprehensive circular economy system, increasing the use of recycled materials, and enhancing the possibility of waste reuse are gaining more attention, especially under the goal of zero waste in manufacturing processes. With the growth of the waste reuse market, major technology companies, considering economies of scale, are accelerating their entry into the environmental industry. Additionally, the future introduction of the "Circular Economy Promotion Act" is expected to lower the barriers for manufacturers to integrate into the resource network. This creates opportunities for more manufacturers to invest in waste disposal and treatment industries and increase capital expenditure on environmental equipment. On the other hand, the steady output of industrial waste, the uneven regional capacity for waste disposal, and issues like the decommissioning, maintenance, and renovation of incineration plants have led to tight processing capacities, benefiting waste management companies that can adjust their service prices. The government encourages private enterprises to participate and plans to guide more disposal and treatment institutions into the market. These factors, along with the overall industry opportunities, reduced entry barriers, and government policies, are driving the expansion of the market.

(2) Market demand aspect

In 2025, emerging technology-related products performed steadily, and robust demand for consumer electronics drove growth in exports of electronics and information and communications products. In April, affected by U.S. tariff policies, exports of electronics and information and communications products performed strongly in the short term due to additional support from advance shipments. However, traditional industries experienced weakened export momentum as a result of reciprocal tariff impacts, slowing global demand, and competition from overseas peers. In addition, influenced by U.S. tariff policies and financial market volatility, consumer confidence remained weak, and public consumption of durable goods became more conservative. In the second half of the year, the manufacturing PMI index contracted and remained below the boom-bust threshold (50) under normal conditions. From Q4, driven by continued price increases resulting from shortages of electronic components and power equipment, employment conditions gradually improved and turned to expansion, rebounding above the boom-bust threshold (50) in November. Nevertheless, total domestic industrial waste generation for the full year still declined slightly. In recent years, amid rising public environmental awareness, stricter government regulations, and stringent supply chain management by brand owners, technology companies whose waste generation mainly consists of chemically distinct waste materials and metal-containing sludge have, in addition to detoxifying industrial waste, actively increased waste reuse rates to strengthen Taiwan’s environmental competitiveness and stabilize overseas order growth. Coupled with the mature and stable development of Taiwan’s semiconductor industry clusters and order momentum driven by applications such as artificial intelligence, industrial waste generation among related enterprises has shown a steady growth trend. Accordingly, it is optimistically expected that Taiwan’s technology industry waste reuse market will continue to expand in the future.

Although some enterprises have chosen to invest in or cooperate with startups to undertake their waste disposal operations, due to constraints such as mastery of treatment technologies, public safety considerations, and the occupation of plant space by treatment equipment, most enterprises currently still choose to outsource waste disposal to professional disposal and treatment institutions. In the short term, domestic demand for waste disposal services is expected to remain strong, with service pricing temporarily maintained at high levels, resulting in an overall stable industry outlook.



Source: National Development Council's Business Indicators DataBase

4. Competitive niche

(1) Horizontal integration achieves economies of scale

The Company has progressively completed the integration of waste transportation bases in northern, central, and southern Taiwan by restructuring the group’s investment framework and consolidating micro-industry players exiting the market. This approach expanded its operational coverage across all regions of the main island of Taiwan, achieving economies of scale. In addition to gaining geographical advantages and enhancing efficiency in securing contracts, the Company established centralized waste transfer stations and planned a star-shaped transportation network. These measures streamlined waste transportation routes, optimized manpower allocation, reduced operational costs, and maintained stable profitability.

(2) Experienced management team with extensive industry knowledge and well-equipped fleet of waste transportation vehicles

Through long-term experience accumulation, the cultivation of excellent sales talents and executives, and the establishment of a well-equipped fleet of waste transportation vehicles, the Company meets the diverse needs of its customers. Under the leadership of the Chairman, the Company fully grasps market dynamics and promptly plans its future development direction to face upcoming challenges.

(3) Investment in information technology applications and systems enhances the value of waste transportation services

In response to the growing waste output in the country and the resulting strain on processing capacity, leading to an increase in industry service charges, improving the value of waste transportation services and maintaining customer loyalty have become critical. The Company has consistently been a leader in adopting information technology systems in the waste transportation process, staying ahead of competitors by investing in the latest hardware and software technologies. This enables the provision of real-time, convenient, and efficient digital services to customers. Through the integration of internal and external application systems (Application Programming Interface, API), combined with mobile devices, the Company has developed a fully automated waste declaration platform. This enhances operational efficiency, strengthens customer trust through comprehensive after-sales services, and improves the overall value of the Company's waste transportation services. Additionally, the establishment of big data systems and reporting analysis aids decision-makers in making timely and effective decisions.

(4) Cross-disciplinary integration of “waste disposal”, “resource circulation and treatment”, and “Chin Hsin Wood manufacturing and sales” realizes a plastic circular economy

In response to the global trend toward achieving net-zero carbon emissions, the Ministry of Environment is guiding the transformation of supply chains, promoting the production of products designed for easy recycling. The shift towards products with simplified material composition facilitates recycling, which aligns with the growing demand for reuse and recycling in response to changes in Taiwan’s environmental policies. To capitalize on this opportunity, the Company has proactively planned and developed its circular economy strategy. Leveraging its high market share in the medical waste disposal sector, the Company ensures a strong customer base for its "medical plastic waste" recycling and resource recovery business, thus reducing operational risks. Additionally, through its proprietary technology for combining different types of plastic materials, the Company can integrate recycled plastic waste into the production of "Chin Hsin Wood", thereby increasing the proportion of recovered materials and reducing waste disposal costs, as well as lowering the raw material costs for Chin Hsin Wood. This not only generates profit but also contributes to the realization of a circular plastic economy.

5. Factors beneficial and detrimental to the development outlook and response strategies

(1) Beneficial factors

A. High degree of information technology integration in the disposal process

The Company has integrated information technology into its operations from the beginning, establishing an IT Department to oversee comprehensive information management. By combining an e-commerce platform with a mobile-operable information system, it has developed a fully automated waste declaration platform, enhancing the degree of information technology integration in waste collection processes. The Company has also actively sought approval from the Ministry of Environment to provide diverse reporting channels. As a result, we became the first company in Taiwan to develop and use an electronic 6-in-1 form for the reporting of hazardous waste generation, removal, and treatment via online transmission. This system allows customers to easily track the waste disposal process and related information, increasing customer reliance on the Company's waste collection services.

This, in turn, helps to foster customer loyalty and further build the Company's brand image, benefiting business expansion.

B. The large number of medical institution customers creates economies of scale

The Company currently serves approximately 40% of medical institutions in Taiwan, with the largest concentration in the Greater Taipei area (New Taipei City and Taipei City). In the Greater Taipei area, medical institution customers make up about 70% of the total institutions. This creates economies of scale in route planning, with a dense transport network that allows for timely and efficient waste disposal. The resulting channel effectiveness is difficult for competitors to match.

C. The first company listed on the stock exchange engaged in hazardous waste disposal and eco-friendly plastic-wood production and sales

By listing on the stock exchange, the Company enhances the visibility of its "waste disposal" and "eco-friendly plastic-wood" brands. Under the supervision of financial institutions, environmental agencies, and various investors, the Company ensures compliance with legal requirements in its financial and business operations. This builds trust with business and disposal institutions, increasing willingness for cooperation and establishing the Company's competitive edge among numerous waste disposal organizations and eco-friendly plastic-wood manufacturers in Taiwan, facilitating the expansion of the Company's business.

D. Pressure for corporate sustainable transformation, environmental regulations becoming increasingly complete

In recent years, the government of Taiwan has advanced climate action through regulations, systems, and policy programs to guide industries toward low-carbon transformation. With "resource circulation and zero waste" as its core policy focus, the Ministry of Environment has actively revised the "Resource Recycling Act" (proposed to be renamed the "Resource Circulation Promotion Act") and the "Waste Disposal Act" to transform waste management concepts, enhance resource reuse, and strengthen management. In addition, amid the global ESG transformation wave, environmental indicators of product brands have begun to attract consumer attention, prompting international brand owners to encourage domestic manufacturers to place greater emphasis on waste management issues. On the one hand, this has driven the elimination of non-compliant waste disposal and treatment institutions within the industry, causing market development to increasingly move toward a state of perfect competition. On the other hand, the demand market scale of this industry has expanded, and the government has also launched various programs to guide environmental protection enterprises into the capital market and adjust market investment planning. This has contributed to market expansion, easier access to funding sources, and a more vibrant overall industry outlook.

(2) Detrimental factors and response strategies

A. Difficulty in the market absorption of recycled plastic resource products

Affected by changes and price volatility in raw material supply chains resulting from geopolitical conflicts, and supported by industrial policies, China has exported large volumes of low-cost plastic pellets and products, posing severe challenges to Taiwan's petrochemical industry in plastic pellets and related products. The price gap between virgin plastic pellets and recycled plastic pellets has gradually narrowed, reducing plastic product manufacturers' willingness to use recycled plastics. This has indirectly caused plastic flakes (recycled materials) produced from plastic waste reuse processing to face market absorption challenges, with sales prices also declining significantly, thereby constraining the development of the recycled plastics and recycled plastic products market.

Response strategies:

The Company completed the establishment of medical waste and plastic empty-bottle reuse processing equipment lines in 2024 and 2025, respectively, and introduced mechanical sorting technology to enhance plastic classification quality and ensure the purity of recycled materials. At the same time, strand-type water-ring pelletizing equipment was procured to independently convert plastic flakes generated after resource recovery processing into recycled pellets that can be directly supplied for use by plastic product manufacturers, thereby enhancing the bargaining power of recycled material products. On the other hand, the Ministry of Environment is promoting amendments to the "Resource Circulation Promotion Act" and the "Waste Disposal Act," strengthening the pull mechanism of government priority procurement of circular products and establishing a "levy-subsidy" mechanism for recycled materials with low competitiveness to stimulate the circular industry and create stable market demand. Prior to the launch of the empty-bottle reuse processing business, the Company also applied for appropriate subsidy rates to secure a sound development foundation for the newly launched reuse processing operations.

B. Green transformation of industrial waste disposal business is currently limited

To mitigate global warming and climate crisis, governments of various countries have successively formulated q schedule for the elimination of fossil fuels. The Global Environmental Initiative Greenpeace Organization also advocate the transformation of fossil fuels to zero emissions electric vehicles in East Asia by 2030. According to the carbon inventory conducted by the Company over the past two years, carbon emissions from disposal vehicles account for nearly 90% of the Company's total carbon emissions. In fulfilling its corporate responsibility for reducing transportation carbon emissions, the Company is actively planning to replace its current fuel-powered vehicles with electric vehicles. However, the selection of vehicle models suitable for industrial waste disposal, which balance both load capacity and route mileage, remains relatively limited in the current automotive market. This increases the difficulty of transitioning large fuel-powered disposal vehicles to electric vehicles, thereby restricting the green transformation of the industrial waste disposal business, partly due to the technical development constraints of automotive suppliers.

Response strategies:

In addition to establishing waste centralized transfer stations and a star-shaped transportation network to significantly reduce the disposal mileage of business and medical waste, thereby lowering fuel consumption costs and reducing carbon emissions from transportation, the Company is also planning to gradually replace small disposal vehicles with electric vehicles according to the vehicle replacement schedule. At the same time, the Company regularly monitors the progress of automotive manufacturers' product transformation, enabling the timely update of available large electric disposal vehicle models and vehicle replacement plans. These efforts actively promote green transformation and carbon reduction solutions for industrial and medical waste disposal operations.

C. Increased costs for talent recruitment and retention

With the expansion of the environmental protection industry market and the increase in labor demand, along with the continuous rise in the price index over the past two years, overall labor costs have increased in order to attract new talent and retain experienced employees. Particularly, under the impact of emerging infectious diseases, for which humans lack immunity, the volume of medical waste disposal has significantly increased. Consequently, the risk of infection among cleaning crew members has also risen, resulting in higher costs related to overtime pay and other salary-related expenses.

Response strategies:

The Company has implemented various employee epidemic prevention policies during the past few years of the COVID-19 pandemic, and provided employees with various epidemic prevention equipment, which significantly reduced the probability of employees' shutdown due to large-scale infection. Meanwhile, the Company has also actively strengthened its communication with customers, launched flexible measures, and maintained the quality of disposal services. In the event of sudden emerging epidemic infectious diseases in the future, the Company has more mature and efficient response solutions. In terms of recruitment and retention of talent, the Company has strengthened the Company's system, and planned the Company's stock employee reward measures, to increase the value of the Company while increasing the incentives for recruitment and retention of talent.

(II) Major purpose and production process of main products

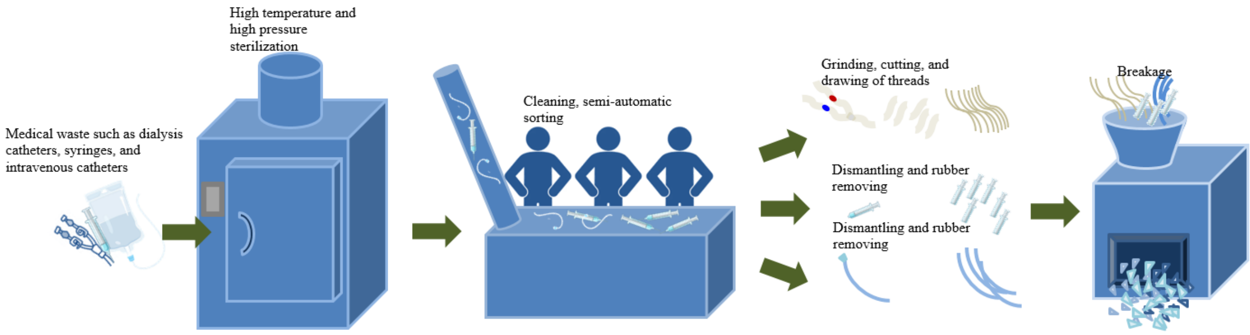
1. Clearance of business and medical waste

The Company's main business involves the collection and disposal of medical and industrial waste for business organizations. This service involves regularly collecting medical or industrial waste from designated disposal locations, following legal procedures and using approved waste transportation vehicles. The waste is then transported to specified intermediate treatment, recycling, or final disposal sites. As this is not a specific quantity product, it is not applicable.

2. Medical waste recycling and treatment

The Company processes medical waste from medical institutions and dialysis centers. These institutions use high-quality plastics suitable for recycling, which is done through a series of procedures including high-temperature and high-pressure sterilization, cleaning, sorting, dehydration, grinding, rubber removal, cutting, and crushing. The plastics are then recycled and can be sold to plastic pellet manufacturers or used by plastic recycling plants to produce plastic pellets.

The flow chart of the reuse treatment is shown below:

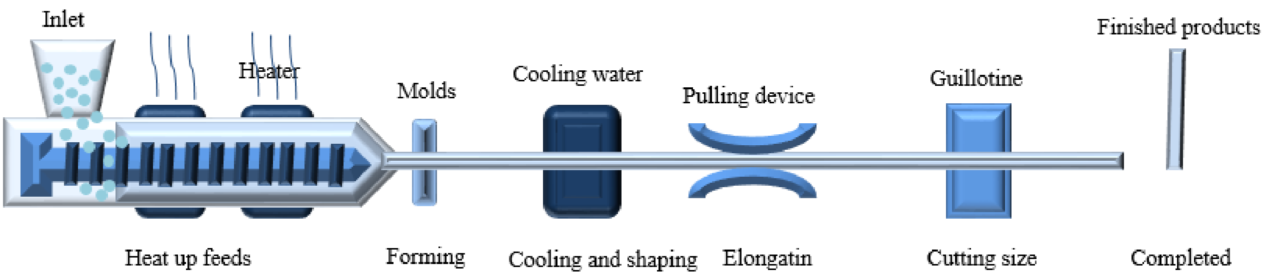


3. Manufacture of Chin Hsin Wood Products

Chin Hsin Wood is a type of plastic-wood material, which can be made into pipes, panels, rods, films, and various shaped materials according to demand. Through design, processing, and assembly, it can be used to construct small wooden objects, mobile washrooms, or be installed on leisure platforms and trails. It can also be used to make traditional craft tools and various types of furniture. After years of use and disassembly, it can be completely recycled, posing no environmental pollution concerns.

After uniformly mixing polystyrene plastic pellets, impact-resistant polystyrene composite elastomers, and other materials, the mixture is poured into the inlet of the production line equipment. The plastic is heated and softened by the heater, then extruded into a mold. After cooling, the product is cut according to the required specifications.

The production process flow chart is shown below:



(III) Supply status of major raw materials

The main operating costs for the Company's waste disposal services are the fuel and maintenance expenses for the vehicles and various machinery used. The Company has long-term, stable partnerships with suppliers for fuel and repair parts, ensuring a consistent supply.

(IV) List of major purchases and sales customers

1. The names of suppliers who accounted for more than 10% of total purchases in any of the most recent two years, along with their purchase amounts and percentages, and the reasons for any changes

Unit: NTD thousands, %

Year	2024				2025			
Items	Name	Amount	Ratio	Relations with the issuer	Name	Amount	Ratio	Relations with the issuer
1	CPC Corporation, Taiwan	29,639	34.90	None	CPC Corporation, Taiwan	31,178	30.37	None
	Others	55,282	65.10	-	Others	71,475	69.63	-
	Net purchase amount	84,921	100.00	-	Net purchase amount	102,653	100.00	-

The reason for changes: The Company's main operating expenses are for the consumption of vehicle oil for transportation and the wear and tear of vehicle parts used for repairs and maintenance. The differences between 2024 and 2025 are primarily due to fluctuations in oil prices.

2. Customers whose sales accounted for over 10% of total revenue in either of the most recent two years, along with their sales amount and proportion, as well as the reasons for the changes

Unit: NTD thousands, %

Year	2024				2025			
Items	Name	Amount	Ratio	Relations with the issuer	Name	Amount	Ratio	Relations with the issuer
1	Sunny Friend Environmental Technology Co., Ltd.	214,601	30.71	Investment in the parent company	Sunny Friend Environmental Technology Co., Ltd.	327,628	37.85	Investment in the parent company
	Others	484,124	69.29	-	Others	537,989	62.15	-
	Net sales amount	698,725	100.00	-	Net sales amount	865,617	100.00	-

The reason for changes: The Company's primary source of operating revenue is the provision of medical and industrial waste disposal services. Due to the business model, certain customers designate treatment plants as the primary contractual party. The increase in revenue from Sunny Friend Environmental Technology Co., Ltd., in 2025 was primarily due to adjustments in disposal service pricing and increase in the volume of asbestos tile building material waste. Construction of Chin Hsin Wood fencing for its plant this year. This led to an overall increase in revenue compared to 2024, resulting in an increase in the proportion of revenue derived from Sunny Friend Environmental Technology Co., Ltd. relative to total revenue.

III. Number of employees in the most recent two years and as of the date of the annual report publication, along with their average years of service, average age, and educational background distribution ratio

March 31, 2025. Unit: Persons, %

Year		2024	2025	As of March 31, 2026
Number of employees	Managers	39	40	40
	Specialized personnel	56	58	59
	Entry-level Personnel	133	144	138
	Total	228	242	237
Average age (years)		39.7	40.32	40.5
Average years of service (years)		6.64	6.68	6.96
Educational background distribution ratio (%)	Ph.D.	-	-	-
	Master's degree	3.51	4.96	4.64
	Bachelor's degree	57.90	54.96	55.69
	High school	33.33	34.30	33.76
	Below high school	5.26	5.78	5.91

IV. Information on environmental protection expenditure

During the most recent year and as of the date of the annual report publication, the Company has not incurred any significant losses or penalties due to environmental pollution (including compensation and violations of environmental protection regulations identified through inspections). The report should specify the date of penalties, the case number, violated legal provisions, the nature of violations, and penalties, as well as disclose estimated amounts for current and future liabilities and countermeasures. If a reasonable estimate is not possible, the inability to estimate must be explained: During the most recent year and as of the date of the annual report publication, the Company has not been subject to any significant losses or penalties related to environmental pollution.

V. Labor-Management Relations

(I) A detailed listing of the Company's various employee welfare measures, training and development programs, retirement systems and their implementation, agreements between labor and management, and measures for safeguarding employee rights

1. Employee welfare measures and their implementation.

(1) Labor, health, and group insurance

Employees have labor insurance, health insurance, and labor pensions in accordance with the law. Additionally, the Company provides supplementary insurance coverage, including accident insurance of NTD 10 million, life insurance of NTD 200,000, and accident medical insurance of NTD 200,000.

(2) Education and training and external training subsidies

In addition to providing appropriate internal education and training for employees, the Company also offers opportunities for external training at approved training institutions. Upon approval, the Company covers the associated training costs.

(3) Regular health checkups

To provide employees with a safe and healthy working environment and to prevent occupational accidents, the Company regularly organizes free health checkups for employees. On-site workers, sales personnel, and drivers are scheduled for a free health checkup once a year, while administrative staff are scheduled once every two years.

(4) The Company has established the Employee Welfare Committee in accordance with the law, and properly planned and provided various welfare measures to the employees:

A. Bonuses for the four major holidays (Chinese New Year, Labor Day, Dragon Boat Festival, Mid-Autumn Festival).
B. Employee benefits for weddings, childbirth, birthdays, funerals, and educational assistance.
C. Employee hospitalization condolence subsidies for injuries and illnesses.
D. Employee travel subsidies

(5) Dragon Boat Festival, Mid-Autumn Festival, and year-end bonuses

In accordance with the relevant bonus distribution regulations, Dragon Boat Festival, Mid-Autumn Festival, and year-end bonuses are provided.

(6) Employee remuneration

In accordance with the relevant provisions of the Company Act, 7% of the current year's profits are allocated as employee remuneration (of this amount, no less than 28% should be distributed to the entry level employees), which is distributed in accordance with the Company's applicable distribution procedures.

(7) Cash capital increase for employee stock options

To enhance employee cohesion and involvement in the Company's management, as well as to share in the Company's future achievements, the Company, in accordance with the

Company Act, retains a portion of the newly issued shares for employee subscription. This is carried out according to the Company's "Regulations Governing the Employee Stock Options at Capital Increase".

2. Continuing education and training, and their implementation status

Scheduled annual education and training aims to enable employees to acquire new knowledge to improve the working environment. Through scientific, systematic, and efficient educational methods, work quality is enhanced. Separate training is scheduled for new employees to ensure they understand the Company’s history and organizational structure as soon as possible.

3. Retirement system and its implementation status

The Company has established the Company's employee retirement procedures in accordance with the "Labor Standards Act". In accordance with regulations, the Company allocates a proportion of the total monthly salary to the labor retirement reserve fund, which is kept in a dedicated account managed by the Supervisory Committee of Business Entities’ Labor Pension Reserve of the Bank of Taiwan. Starting from July 1, 2005, the "Labor Pension Act" has been fully implemented, with the Company contributing 6% of the employee's monthly wages to their individual labor pension account. On July 31, 2021, the Company reached an agreement with all employees who had previous years of service under the old pension scheme (before July 1, 2005) to settle their old scheme pension benefits, and these benefits have been fully paid out. Currently, all employees are subject to the new scheme.

4. Labor-management agreements and employee rights protection measures

(1) To coordinate labor-management relations, promote cooperation between labor and management, and improve work efficiency, the Company has established a labor-management meeting in accordance with the provisions of the Labor Standards Act. The meetings are conducted based on the "Labor-Management Meeting Implementation Procedures" and are regularly held with employee representatives to strengthen communication channels and foster labor-management harmony.

(2) The Company has established a complete personnel management system and formulated work rules in accordance with the Labor Standards Act. After being approved by the competent authority, these rules are publicly disclosed for employees to follow.

(3) In accordance with the Gender Equality in Employment Act, the Company has established measures for preventing sexual harassment, including grievance and disciplinary procedures, to protect employees' rights and ensure a working environment free from sexual harassment.

(4) In accordance with regulations, the Company has established an Employee Welfare Committee and holds regular meetings to properly plan and provide various welfare measures for employees.

(5) In accordance with relevant laws, the Company has established a Labor Retirement Fund Supervisory Committee, holds regular meetings, and contributes a proportion of the total salary to the Bank of Taiwan’s pension account for safekeeping. This fund is supervised by the committee, which ensures the payment of retirement benefits in accordance with the Labor Standards Act. On July 1, 2005, the Company negotiated with all employees who had accrued pension years under the old pension scheme to settle their pension entitlements; all old pension payments have been fully disbursed.

(II) List the losses suffered due to labor disputes during the most recent fiscal year and up to the date of the annual report publication (including labor inspection results violating the Labor Standards Act, specifying the date of the disposition, disposition number, violated regulations, contents of the violation, and disposition content), and disclose the estimated amounts for potential future losses and countermeasures. If the estimated amounts cannot be reasonably determined, the facts explaining why they cannot be reasonably estimated should be provided.

Due to a dispute over his reassignment, Mr. Dai, an employee at the Company's subsidiary Liang Wei Company, sent a legal attest letter to Liang Wei Company on January 20, 2025, claiming that in accordance with Subparagraph 6, Paragraph 1, Article 14 of the Labor Standards, he terminated the labor contract with Liang Wei Company as of January 21, 2025. He also asked for a letter of involuntary separation to be issued, and $49,583 in severance play. On January 22, 2025, he submitted an application for labor dispute mediation to the Taoyuan City Government. A mediation meeting was held between the two parties under the aegis of Taoyuan New Century Loving Home Association on February 18, 2025, but no consensus was reached and mediation failed. During this period, as Dai did not request leave or arrive for work for several consecutive days starting from January 23, 2025, Liang Wei sent a legal attest letter to Dai on February 6, 2025, requesting that he turn up for work within 2 days. However, as of February 25, 2025, Dai still failed to turn up to work. In accordance with Subparagraph 6, Paragraph 1, Article 12 of the Labor Standards Act as well as Liang Wei's own personnel regulations, another legal attest letter was sent to Dai on February 26, 2025 notifying him that his employment contract has been terminated. The case was subject to a pilot mediation conducted by the Labor Mediation Committee of the Taiwan Taoyuan District Court on June 20, 2025. Considering that the disputed amount was not significant, but that proceeding to subsequent litigation would consume time, manpower, and related litigation costs, Liang Wei, after evaluation, proposed adopting a settlement through a small compensation amount with Mr. Dai. After Liang Wei provided Mr. Dai with a resignation condolence payment of NTD 28 thousand, the mediation was concluded. Upon assessment, the matter is not expected to have any material impact on the Company.

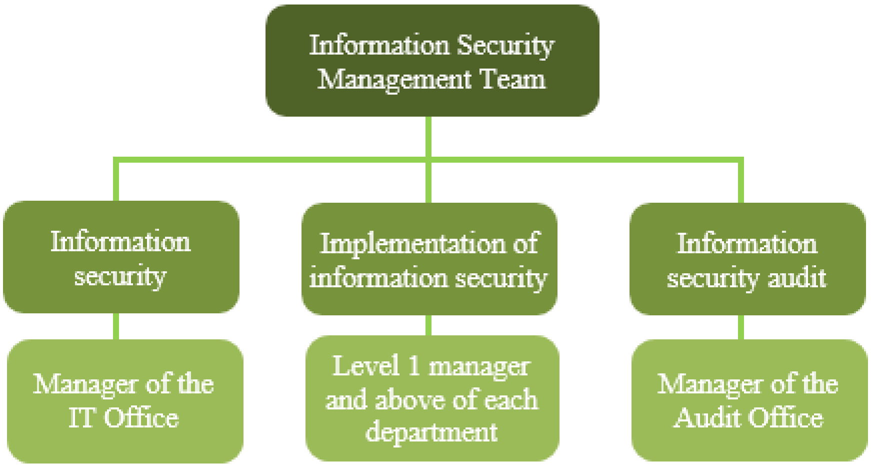
VI. Cybersecurity Management

(I) Describe the cybersecurity risk management framework, cybersecurity policies, specific management plans, and the resources allocated to cybersecurity management.

1. Information security governance organization

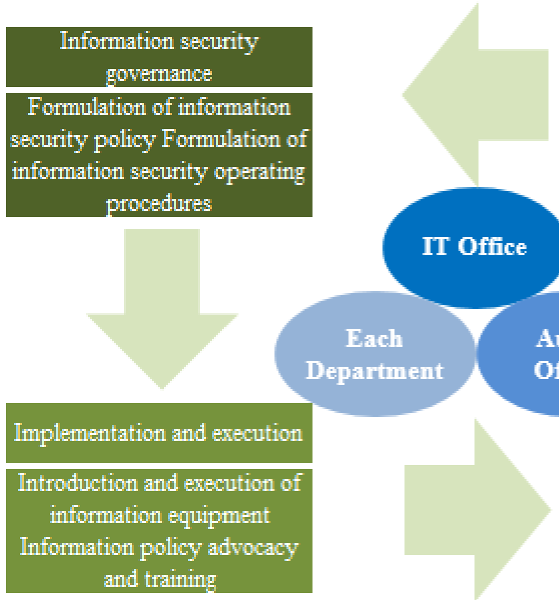
The Company established the "Information Security Policy" in 2023, with the IT Office overseeing the formulation, implementation, risk management, and compliance audits related to information security and protection policies.

2. Information security organizational structure



3. Cybersecurity Policy

The Company is responsible for implementing and enforcing the "Information Security Policy", managed by the IT Office. This policy includes personnel management and information security education and training, computer system security management, network security management, system access control, application system development and maintenance security management, information asset security management, physical and environmental security management, business continuity planning and management, and information security audits.



4. Specific management plan

Category	Description	Related operations
Permission management	Personnel account, permission management, and system operation behavior management measures	● Personnel account permission management and review. ● Regular inventory of personnel account permissions.
Access management	Control measures for personnel access to internal and external systems, as well as data transmission channels	● Internal and external access control measures. ● Control measures for data leakage channels. ● Analysis of operational behavior tracking records.
External threats	Potential weakness of internal system, virus distribution channel, and protective measures	● Server and computer vulnerability detection and update measures. ● Virus protection and malicious software detection.
System availability	Measures for system availability and handling service interruptions.	● Monitoring of system and network availability status, as well as the notification mechanism for service interruptions. ● Contingency measures for service interruptions. ● Data backup and redundancy measures, along with local and remote disaster recovery mechanisms.

Category	Description	Related operations
		● Regular disaster recovery drills.

5. Resources invested in the cybersecurity management

The Company invests annually in information security, which includes strengthening security defense systems, improving information security management systems, and providing education and training. It has appointed one information security manager and one information security officer. In 2025, one information security meeting, and a social engineering drill was held, ensuring a comprehensive approach from both management and technical aspects to enhance information security capabilities. To prevent incidents, in addition to conducting annual enterprise continuity exercises at the information level, the Company performs weekly backups, storage, and testing of important system data. These activities are incorporated into the regular information security operations.

The Company's information systems are not connected to external networks. Efforts to reduce information security threats are implemented from system, technical, and procedural perspectives, creating an information security environment that meets customer needs. Regular information security testing is conducted. However, the virtual hosts used for the Company's official website are managed by an external third-party information company. To ensure the Company's ability to respond to information security incidents and protect both the Company's and customers' assets, the Company regularly confirms with the third-party company that its information security management system meets ISO 27001 certification standards. This third-party company holds an ISO 27001 certification valid from October 1, 2023, to September 30, 2026.

(II) List the losses, potential impacts, and response measures resulting from major information security incidents in the most recent year and up to the date of the annual report's publication. If these losses or impacts cannot be reasonably estimated, the Company should explain the facts that prevent such an estimation.

Under the protection of the Company's information security policy, there have been no losses resulting from information security incidents in the most recent two years and up to the publication date of the prospectus.

VII. Major Contracts

Contract nature	Party	Date of contract start and end	Main content	Restrictive clauses
Land leasing	Tsai Meng-Hsien, Tsai Meng-Feng	December 1, 2021 to November 30, 2036	The lease of the Dounan clearing vehicle parking lot by the Company.	None.
House leasing	Lin Lung-Wei	January 1, 2022 to December 31, 2026	The lease of the Citong employee dormitory by the Company.	None.
Contract for the transfer of agreement with customers	Jia Zhen Environmental Technology Ltd.	December 1, 2021 to December 31, 2030	Transfer of its contract customers to the Company.	None.
Contract for the transfer of agreement with customers	Lian Feng Environmental Engineering Ltd.	January 1, 2022 to December 31, 2030	Transfer of its contract customers to the Company.	None.
Contract for the transfer of agreement with customers	SSES Resource Management Co., Ltd.	January 1, 2022 to December 31, 2026	Transfer of its contract customers to the Company.	None.
Credit contract	First Commercial Bank	January 23, 2024 to January 23, 2025	Provide the Company with a short-term secured credit limit of NTD 40 million.	None.
		December 30, 2025 to December 30, 2026	Provide the Company with a short-term secured credit limit of NTD 40 million.	
		December 30, 2025 to December 30, 2027	Provide the Company with a mid-term guaranteed credit line of NTD 60 million.	
Real estate leasing	Li Hong Technology Co., Ltd.	March 1, 2025 to February 28, 2028	Lease of the Company's business premises.	None.
Real estate sales contract	Li Hong Technology Co., Ltd.	March 3, 2025 to February 28, 2028	Purchase of land at Dougong 3rd Road, Douliu City, Yunlin County.	None.
Construction contract	Chan-Hsin Environmental Engineering Co., Ltd.	June 6, 2025 to December 31, 2025	Construction of wastewater treatment facilities at the new Douliu plant.	None.
Construction contract	Cheng Sheng Construction Co., Ltd.	September 1, 2025 to November 15, 2025	Construction of a temporary storage warehouse for asbestos tiles in Dounan.	None.
Construction contract	Shun Guang Plumbing & Electrical Engineering Firm	September 2, 2025 to September 30, 2025	Power distribution works at the Douliu plant.	None.
Contract for the construction of Chin Hsin Wood	Sunny Friend Environmental Technology Co., Ltd.	November 20, 2024 to January 20, 2025	Construction of new Chin Hsin Wood fencing on the west side of Yunlin site	None.
Contract for the construction of Chin Hsin Wood	Sunny Friend Environmental Technology Co., Ltd.	April 23, 2025 to July 23, 2025	Construction of a new perimeter fence at the Chin Hsin Wood Yunlin office.	None.
Contract for the construction of Chin Hsin Wood	Sunny Friend Environmental Technology Co., Ltd.	June 30, 2025 to December 31, 2025	Phase I construction of the new perimeter fence at the Chin Hsin Wood Changbin landfill.	None.
Contract for the construction of Chin Hsin Wood	Okgo Techno Co., Ltd.	July 17, 2025 to December 31, 2025	Construction of new grilles for the Chin Hsin Wood solar power electrical boxes.	None.
Contract for the construction of Chin Hsin Wood	Rui Cheng Construction Co., Ltd.	August 7, 2024 to After 40 working days	Construction of a new platform for Chin Hsin Wood.	None.
Contract for the construction of Chin Hsin Wood	Sunny Friend Environmental Technology Co., Ltd.	September 30, 2025 to January 31, 2026	Phase II construction of the new perimeter fence at the Chin Hsin Wood Changbin landfill.	None.

Contract nature	Party	Date of contract start and end	Main content	Restrictive clauses
Procurement contract	Chang Yuan Motor Co., Ltd.	January 15, 2025 to December 31, 2025	Procurement of disposal vehicles.	None.
Procurement contract	Chang Yuan Motor Co., Ltd.	January 15, 2025 to December 31, 2025	Procurement of disposal vehicles.	None.
Procurement contract	Toyota Material Handling Taiwan Ltd.	February 21, 2025 to June 30, 2025	Forklift procurement.	None.
Procurement contract	Genius Machinery Co., Ltd.	April 10, 2025 to December 31, 2025	Procurement of the empty-bottle recycling and reuse equipment line at the Douliu plant.	None.
Procurement contract	Taiwan Multico Engineering Co., Ltd.	July 15, 2025 to October 31, 2025	Procurement of an air-conditioned loader.	None.
Procurement contract	Feng Ren Automobile Co., Ltd.	September 10, 2025 to September 30, 2026	Procurement of truck bodies for waste collection vehicles.	None.
Procurement contract	Jin Yi Feng Enterprise	October 8, 2025 to November 20, 2025	Procurement of pollution control equipment for the Douliu plant.	None.
Contract for the transfer of agreement with customers	SSES Resource Management Co., Ltd.	January 1, 2022 to December 31, 2026	Transfer of its contract customers to Liang Wei.	None.
Long-term borrowings	First Commercial Bank	June 15, 2018 to June 15, 2033	Providing a 15-year guaranteed loan of NTD 50 million to Liang Wei.	None.
Credit contract	First Commercial Bank	May 23, 2024 to May 23, 2025 May 28, 2025 to May 28, 2026	Providing Liang Wei with a Guaranteed credit line of NTD 40 million and an unsecured credit line of NTD 35 million.	None.
Credit contract	Mega Bills Finance Co., Ltd.	November 25, 2024 to November 24, 2025 November 27, 2025 to November 26, 2026	Providing Liang Wei with a commercial promissory note of NTD 30 million.	None.
Procurement contract	Guang Yu Da Technology Co., Ltd.	March 1, 2025 to March 31, 2025	Procurement of disposal vehicles for Liang Wei.	None.
Procurement contract	Sunny Friend Environmental Technology Co., Ltd.	March 3, 2025 to December 31, 2025	Procurement of cargo containers for waste collection vehicles of Liang Wei.	None.
Contract for the transfer of agreement with customers	SSES Resource Management Co., Ltd.	January 1, 2022 to December 31, 2026	Transfer of its contract customers and Cheng Shin.	None.
Credit contract	First Commercial Bank	October 17, 2024 to October 17, 2025 September 16, 2025 to September 16, 2026	Providing Cheng Shin with an unsecured credit of NTD 30 million.	None.
Procurement contract	Chang Yuan Motor Co., Ltd.	March 19, 2025 to December 31, 2025	Procurement of disposal vehicles for Cheng Shin.	None.
Procurement contract	Chang Yuan Motor Co., Ltd.	March 19, 2025 to December 31, 2025	Procurement of disposal vehicles for Cheng Shin.	None.
Procurement contract	Guang Yu Da Technology Co., Ltd.	April 21, 2025 to July 15, 2025	Procurement of refrigerated truck bodies for waste collection vehicles of Cheng Shin.	None.
Procurement contract	Guang Yu Da Technology Co., Ltd.	April 21, 2025 to July 15, 2025	Procurement of refrigerated truck bodies for waste collection vehicles of Cheng Shin.	None.
Procurement contract	Chang Yuan Motor Co., Ltd.	June 23, 2025 to December 31, 2025	Procurement of disposal vehicles for Cheng Shin.	None.

Contract nature	Party	Date of contract start and end	Main content	Restrictive clauses
Procurement contract	Sunny Friend Environmental Technology Co., Ltd.	August 7, 2025 to December 31, 2025	Procurement of cargo containers for waste collection vehicles of Cheng Shin.	None.
Procurement contract	Sunny Union Industrial Co., Ltd.	October 16, 2025 to December 31, 2025	Procurement of container trailer trucks for waste collection by Cheng Shin.	None.
Procurement contract	Sunny Friend Environmental Technology Co., Ltd.	October 16, 2025 to December 31, 2025	Procurement of cargo containers for waste collection vehicles of Cheng Shin.	None.

Five.Review and Analysis of Financial Position, Financial Performance, and Risk Matters

I. Financial Position

(I) Main causes and impacts of material changes in assets, liabilities, and equity over the most recent two years

Unit: NTD thousand, %

Items \ Year	2024	2025	Difference	
			Amount	%
Current assets	840,847	694,610	(146,237)	(17.39)
Financial assets at amortized cost - Non-current	21,088	15,236	(5,852)	(27.75)
Property, plant and equipment	459,620	773,184	313,564	68.22
Right-of-use assets	31,556	15,317	(16,239)	(51.46)
Deferred income tax assets	1,167	12,920	11,753	1,007.11
Intangible assets	70,712	64,429	(6,283)	(8.89)
Refundable deposit	29,170	39,612	10,442	35.80
Other current assets	89,247	9,982	(79,265)	(88.82)
Total assets	1,543,407	1,625,290	81,883	5.31
Current liabilities	410,066	447,062	36,996	9.02
Non-current liabilities	56,530	28,478	(28,052)	(49.62)
Total liabilities	466,596	475,540	8,944	1.92
Capital	460,000	460,000	-	-
Capital surplus	356,695	356,695	-	-
Retained earnings	260,116	333,055	72,939	28.04
Non-controlling Interests	-	-	-	-
Total equity	1,076,811	1,149,750	72,939	6.77

In the most recent two years, the main causes and impacts of financial position changes exceeding 20% and NTD 10,000 thousand are summarized as follows:

1. Property, plant and equipment: Primarily due to the purchase of parking spaces and offices for subsidiary operations, and the acquisition of equipment for the Douliu plant.
2. Deferred income tax assets: mainly due to the impairment of CH-Wood production equipment.
3. Guarantee deposits: mainly due to large customers increasing the performance bonds.
4. Other non-current assets - others: Mainly due to the purchase of a subsidiary's operating site land and buildings at the end of 2024. Settlement has not been completed but funds were paid in accordance with the contract payment schedule, which will be reclassified to property, plant, and equipment after handover in 2025.
5. Non-current liabilities: Mainly decreased due to scheduled payments for customer lists, a reduction in long-term payables, and a decrease in lease liabilities as the operating sites of subsidiaries transitioned from lease to purchase.
6. Retained earnings: Mainly due to the increase in industrial waste clearance volumes in 2025, growth in operating revenue, and increase in profitability.

(II) If the impact is significant, future response plans should be detailed: The changes mentioned above have not had any significant impacts on the Company. Furthermore, the overall performance of the Company remains stable with no major abnormalities, so there is no need to develop any response plans.

II. Financial Performance

(I) Analysis of changes in the operating results in the most recent two years

Unit: NTD thousand, %

Items \ Year	2024	2025	Difference	
			Amount	%
Operating revenue	698,725	865,617	166,892	23.89
Operating costs	296,421	355,176	58,755	19.82
Gross profit	402,304	510,441	108,137	26.88
Operating expenses	151,088	157,384	6,296	4.17
Operating profit	251,216	353,057	101,841	40.54
Non-operating income and expenses	12,578	(43,444)	(56,022)	(445.40)
Pre-tax net profit	263,794	309,613	45,819	17.37
Income tax expense	53,821	61,874	8,053	14.96
Profit for the year	209,973	247,739	37,766	17.99
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	209,973	247,739	37,766	17.99
In the most recent two years, the main causes and impacts of financial performance changes exceeding 20% and NTD 10,000 thousand are summarized as follows: 1. Operating revenue, gross profit, operating profit: Mainly due to the increase in medical and industrial waste clearance volume, resulting in an increase in revenue and profit. 2. Non-operating income and expenses: Primarily due to the provision of impairment losses on CH-Wood production equipment.				

(II) Expected sales quantity and its basis, as well as the potential impact on the Company's future financial and business performance, and contingency plans

The Company's expected sales quantity is based on historical sales performance, considering changes in market demand, operational goals, and scale. While continuing to provide high-quality disposal services and maintaining financial stability, the Company anticipates a certain degree of growth in sales volume over the next year compared to the previous year, aiming to sustain good operational performance and profitability.

III. Cash Flow

(I) Analysis of changes in cash flow in the most recent year

Unit: NTD thousand, %

Items \ Year	2024	2025	Difference Amount	Difference %
Operating activities	(2,921)	472,358	475,279	(16,271.11)
Investment activities	(173,611)	(331,374)	(157,763)	90.87
Financing activities	189,305	(177,787)	(367,092)	(193.92)

In the most recent two years, the main causes and impacts of cash flow changes exceeding 20% and NTD 10,000 thousand are summarized as follows:

1. Operating activities: Primarily attributable to the redemption of money market funds during the current period, along with increased operating revenue and profit.
2. Investing activities: This is mainly due to the purchase of transportation equipment and reuse treatment equipment in response to business expansion, as well as remaining payments made for the land and buildings of the subsidiary's operating base in 2025.
3. Financing activities: Mainly due to the 2024 Company's cash capital increase before listing on the Innovation Board.

(II) Improvement plan for insufficient liquidity: The Company currently has sufficient capital and has not encountered any issues with liquidity.

(III) Analysis of cash flow liquidity for the next year

Unit: NTD thousand, %

Cash balance from the beginning of the period	Expected net cash flow from operating activities for the entire year	Expected net cash flow from investment activities for the entire year	Expected net cash flow from financing activities for the entire year	Remaining (insufficient) cash amount	Remedies for insufficient cash: Investment plan	Remedies for insufficient cash: Financial plan
291,461	384,112	(277,179)	(184,000)	214,394	Not applicable	Not applicable

Analysis of cash flow liquidity in the coming year:

1. Operating activities: Mainly based on anticipated cash inflow from receipts and payments from operations in 2026.
2. Investing activities: Net cash outflow is anticipated from investments towards acquisition of property, machinery and transportation equipment in 2026.
3. Financing activities: Mainly due to the anticipated distribution of cash dividends in 2026.

It is expected that there will be no cash shortage in the coming year.

IV. Impact of Major Capital Expenditures in the Most Recent Year on Financial and Business Operations

Through the use of bank borrowings and internal funds, the Company has successively acquired land for the establishment of empty-bottle recycling and reuse processing plants and southern region medical waste transfer sites, expanded medical waste reuse processing facilities and empty-bottle recycling and reuse processing facilities, and invested in the procurement and replacement of waste disposal vehicles and equipment. Total capital expenditures in 2025 amounted to 306,715 and are expected to continue to steadily increase the Company's operating revenue in the future, generating positive effects on the Company's financial and operating performance.

V. Investment Policy in the Recent Year, Main Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Coming Year

(I) Re-investment policies of the most recent year

The Company conducts its investments based on the "Procedures of the Acquisition and Disposal of Assets", evaluating factors such as investment purposes, market conditions, business development, and financial status to assess the potential benefits. This evaluation serves as a basis for the Board of Directors to make investment decisions. Additionally, the Company regularly monitors the operating performance of its invested businesses, facilitating ongoing investment benefit analysis and management by the management team.

(II) Main reasons for profits or losses in the most recent year, improvement plans, and investment plans for the coming year

Unit: NTD thousand, %

Investee company	Shareholding ratio	Recognized the investment profit or loss of the investee company in 2025	Main reasons for profit or loss	Improvement plan	Investment plan for the coming year
Liang Wei Environmental Engineering Co., Ltd.	100.00	61,707	Attributable to the profits from medical waste collection.	Not applicable	None
Cheng Shin Environmental Engineering Co., Ltd.	100.00	15,559	Attributable to the profits from medical waste collection.	Not applicable	None

(III) Investment plan for the coming year

The Company currently focuses its operations on the collection and transportation of industrial and medical waste while actively investing in the plastic circular economy industry. Efforts include developing recycling and reuse services for medical waste. For the coming year, there are no plans for significant long-term equity investments. However, should any investee company submit capital increase proposals based on operational needs, the Company will proceed after conducting investment evaluations and completing the necessary approval processes.

VI. Risk Matters

(I) Impact of interest rate, exchange rate fluctuations, and inflation on the Company's profit and loss, as well as future countermeasures:

1. Impact of interest rate fluctuations on the Company's profit and loss, as well as future countermeasures:

Unit: NTD thousands, %

Items \ Year	2024		2025	
	Amount	Ratio to operating revenue	Amount	Ratio to operating revenue
Net interest income (expense)	2,791	0.40	394	0.05

The Company's operational funds primarily rely on internal capital, allocated mainly to time deposits and demand deposits. With a sound financial position and strong credit rating, the Company adopts a conservative and stable approach to fund management. Therefore, fluctuations in interest rates have minimal impact on the Company. Interest income and expenses constitute a negligible proportion of the Company's operating revenue. While bank deposit rates have slightly increased due to central bank rate hikes, overall bank deposit and lending rates are expected to remain low. While domestic and international money market interest rates have risen in the most recent year, central banks remain cautious, and inflationary pressures have somewhat eased. It is expected that significant rate hikes are unlikely in the near future. Correspondingly, bank deposit and lending rates are not anticipated to experience substantial fluctuations. If future interest rate trends exhibit significant fluctuations and the Company faces an increased need for capital, necessitating borrowing, measures will be implemented to mitigate risks. Beyond considering alternative financing tools in the capital markets, the Company will closely monitor interest rate movements. Decisions regarding fixed-rate or floating-rate borrowing will be carefully evaluated to manage the risks associated with interest rate changes effectively.

2. Impact of exchange rate fluctuations on the Company's profit and loss and future countermeasures

The Company mainly operates within domestic business sectors, with accounts receivable and payable denominated in NTD. As a result, exchange rate fluctuations have no significant impact on the Company.

3. Impact of inflation on the Company's profit and loss and future countermeasures

In recent years, overall price levels have consistently trended upward. However, as of the publication date of the prospectus, the Company has not experienced any significant impact attributable to inflation. The Company has considered the risk of inflation during the planning of its annual operations and regularly adjusts contract pricing for business operations based on market demand, as well as fluctuations in the prices of raw materials and labor costs. Therefore, inflation has not had a significant impact on the Company's profits.

(II) Policies regarding high-risk and high-leverage investments, the loaning funds to others, and endorsements, guarantees, and derivative transactions, the main reasons for profit or loss, and future countermeasures:

1. The Company, based on a principle of prudence and a pragmatism, focuses on managing its core business areas and does not engage in high-risk, high-leverage investments.
2. The Company has established the "Operating Procedures for Endorsement/Guarantees" and the "Operating Procedures of Loaning Funds to Others". In the future, should there be any transaction needs due to business requirements, these procedures will serve as the basis for the Company's endorsement and guarantee activities, as well as loaning funds to others. The loaning of funds to others is limited to subsidiaries only.
3. Regarding derivative transactions, the Company has established relevant provisions in the "Procedures for Acquisition or Disposal of Assets". As of the date of the prospectus publication, the Company has not engaged in any derivative transactions.

(III)Future R&D plans and expected R&D expenses:

The Company collaborates with the Plastics Industry Development Center (PIDC) and manufacturing companies to jointly develop compounding ratios for incorporating various recycled plastic materials into the Chin Hsin Wood production line. This collaboration assists partner manufacturers in increasing the proportion of by-product resource utilization on their production lines and launching products aligned with SDGs 12, while also enhancing resource utilization efficiency in the waste plastics recycling industry. R&D expenditures of approximately NTD 2,000 thousand are expected to be invested over the next year.

(IV) Impact of significant domestic and international policy and legal changes on the Company's financial and business operations and countermeasures:

The Company conducts its daily operations in accordance with relevant domestic laws and regulations and closely monitors domestic and international policy trends and regulatory changes. Relevant information is gathered and provided to the management team for decision-making reference, allowing adjustments to the Company's operational strategies. Personnel are regularly assigned to attend training courses and update the latest domestic and international regulatory information and policies. In the most recent year and up to the publication date of this report, the Company has not been affected by any significant domestic or international policy or legal changes that impacted its financial or business operations.

(V) Impacts of technological changes (including information security risks) and industry changes on the Company's financial and business operations and countermeasures:

The Company continuously monitors developments in technological changes within the industry and stays informed of industry trends and market information from competitors. The impact of these changes on the Company's operations is regularly evaluated, and corresponding adjustments are made. Currently, the Company employs a prudent financial management strategy and business model to respond to the impact of technological changes.

Cybersecurity risks:

1. Information system damage
   Impact: Damage to the information system could result in operational disruption, affecting normal business operations.
   Countermeasures: To ensure uninterrupted operations, backup servers have been established, and automatic off-site data backups are performed daily, with dedicated personnel responsible for monitoring.

2. Destructive attacks such as network and computer viruses
   Impact: Malicious attacks by destructive software may disrupt the Company's operations or require substantial costs for remediation.
   Countermeasures: Data is automatically backed up daily, the Company's network security system is strengthened, an email server filtering mechanism is established, antivirus software is installed, and backup information equipment is set up.

In the most recent year and up to the publication date of this report, there have been no significant impacts on the Company's financial or business operations due to technological changes or industry shifts.

(VI) Impact of changes in corporate image on crisis management and countermeasures:

The Company is an environmental services provider and has been committed to managing and maintaining a positive corporate image since its establishment. The Company responsibly handles waste entrusted by customers to reduce environmental pollution, complies with relevant laws and regulations, and fulfills its organizational commitments. In the most recent year and up to the publication date of this report, there have been no crises caused by changes in the corporate image. However, since corporate crises can cause significant damage to the Company, it will continue to uphold professional and ethical business principles, implement corporate governance requirements, corporate social responsibility, and risk management to reduce the occurrence and impact of such risks on the Company.

(VII) Expected benefits, potential risks, and countermeasures for mergers and acquisitions:

In the most recent year and up to the publication date of this report, the Company has had no plans related to mergers or acquisitions. However, if there are any merger or acquisition plans in the future, they will be carried out in accordance with the Company's "Procedures for Acquisition or Disposal of Assets" and other relevant regulations and legal requirements. The Company will adopt a prudent evaluation approach to ensure the protection of its interests and the interests of its shareholders.

(VIII) Expected benefits, potential risks, and countermeasures for expanding the plant:

The waste plastic resource recovery market is primarily driven by material recycling and energy recovery, but it still faces multiple challenges, including low recycling rates, difficulties in recycling and treating mixed-material waste plastics, and increased recycling complexity caused by products made of composite materials and hard-to-separate labels. The Resource Circulation Administration of the Ministry of Environment promotes policies such as encouraging single-material design, the use of recycled materials, and the establishment of industry supply chains to reduce waste at the source while processing waste plastics into recycled pellets for use in manufacturing new products, thereby achieving a truly circular plastic economy. With assistance and policy incentives from the Ministry of Environment, the Company completed the establishment of a recycled empty-bottle plastic reuse processing line in 2025 and expects to commence operations in the first half of 2026. Plastic empty bottles, including designated recyclable plastic containers with chemical residues that were previously treated by incineration, will be processed for reuse by utilizing the physical properties of thermoplastic heat deformation, and mechanical sorting technologies will be applied to enhance plastic classification quality to ensure the purity of recycled materials and increase the proportion converted into resource materials. In the initial phase, the expected monthly processing capacity of waste plastic containers is projected to reach 150 tons.

(IX) Risk associated with the concentration of purchases or sales and response measures:

1. Risk of concentration of purchase

The Company mainly provides medical and industrial waste disposal services, arranging for waste collection from customers using approved vehicles as authorized by the competent authorities, and performing proper disposal services. The main procurement expenses include fuel consumption for waste transport vehicles, as well as the cost of vehicle parts for repairs and maintenance. The Company has had close cooperation with various suppliers for many years, and the relationships are stable. In 2024 and 2025, apart from the largest supplier of automotive fuel, which accounted for approximately 34.90% and 30.37% of net purchases, respectively, expenditures with other individual suppliers accounted for less than 5% of net purchases. In addition to maintaining good relationships with suppliers, the Company also keeps certain cooperative opportunities with other suppliers to mitigate the risks associated with concentrated purchases. As of the publication date of this report, the Company has not experienced any significant impact on its operations due to supply shortages or interruptions and has no risks related to purchase concentration.

2. Risk of concentration of sales

The Company provides general, hazardous, and biomedical waste disposal services, leveraging its advantages in technology, quality, and service. In collaboration with multiple industrial waste treatment plants nationwide, the Company offers comprehensive services and maintains stable relationships with customers. Its main customers include well-known domestic corporations and prominent medical institutions. In recent years, in addition to maintaining steady revenue growth from major clients, the Company has actively developed new customers and expanded its customer base to increase diversification. Currently, the Company serves a total of 12,000 waste disposal customers. Apart from changes due to varying business development conditions, the sales proportion is also influenced by the operational status or strategic adjustments of individual customers. Due to the industry characteristics of the waste disposal and treatment business, where payment collection models are aligned with project contracts, sales from the Company's parent company, Sunny Friend Environmental Technology Co., Ltd. (hereinafter referred to as "Sunny Friend"), accounted for 30.71% and 37.85% of revenue in 2024 and 2025, respectively. For other individual customers, the transaction amounts did not exceed 5% of the Company's revenue, indicating that the risk of sales concentration remains limited.

(X) Impacts, risks, and countermeasures regarding the significant transfer or changes of shares held by directors, supervisors, or major shareholders holding more than 10% of shares:

Before May 2023, Sunny Friend held 68.74% of the Company's shares. However, to facilitate the Company's stock registration for listed trading, Sunny Friend transferred shares to the lead and co-underwriting securities firms on May 18, 2023, reducing its ownership stake from 68.74% to 66.04%. On June 14, 2024, in accordance with legal requirements, the Company conducted a cash capital increase prior to its initial listing, issuing new shares. As per the resolution of the extraordinary shareholders' meeting on April 24, 2023, and in accordance with Article 267 of the Company Act, 15% of the shares were reserved for employee stock options. The Company's existing shareholders agreed to waive their preemptive rights for the new shares in this capital increase and entrusted the securities underwriters to handle the public offering for the innovative board listing. After the completion of this capital increase, Sunny Friend's shareholding in the Company decreased from 66.04% to 57.42%. These two changes in shareholding did not have any significant impact or risk on the Company's control.

To align with future plans for listing, the Company held an extraordinary shareholders' meeting on April 24, 2023, to conduct a full election of the Board of Directors—all 7 seats (3 of which are independent directors). After the election, the main management team remained unchanged, so there was no impact on the Company's control.

(XI) Impacts, risks, and countermeasures regarding changes in corporate control

The Company adheres to the principle of sustainable management. In recent years and as of the date of the prospectus publication, there have been no changes in corporate control.

(XII) Litigation or non-litigation events

The Company, its directors, supervisors, General Manager, ultimate responsible persons, major shareholders holding more than 10% of shares, and subsidiaries, if involved in any significant litigation, non-litigation or administrative disputes that have been finalized or are still pending, and whose outcomes could have a material impact on shareholders' equity or the securities price, should disclose the facts in dispute, the amount involved, the date the lawsuit began, the main parties involved, and the status of the case as of the date of the annual report publication: No such situation.

(XIII) Other major risks and countermeasures: None.

VII. Other Important Matters: None.

Six.Special Matters to be Recorded

I. Information on Affiliates

(I) Consolidated business report of affiliates: Please refer to the MOPS Market Observation Post System (inquiry website: https://mops.twse.com.tw/mops/#/web/home; inquiry path: MOPS Home > Individual Company > Electronic Books > Three Statements of Affiliated Companies Area > Consolidated Business Report of Affiliated Companies).

(II) Consolidated financial statements of affiliates: The companies that should be included in the preparation of the consolidated financial statements of affiliates are the same as those that should be included in the preparation of the parent company only consolidated financial statements in accordance with IFRS No. 7. Therefore, a separate consolidated financial statement for affiliates will not be prepared. Please refer to MOPS Market Observation Post System (MOPS) (https://mops.twse.com.tw/mops/#/web/home under MOPS Home > Electronic Books > Financial Statements).

(III) Affiliation report: Please refer to the MOPS Market Observation Post System (inquiry website: https://mops.twse.com.tw/mops/#/web/home; inquiry path: MOPS Home > Individual Company > Electronic Books > Three Statements of Affiliated Companies Area > Consolidated Business Report of Affiliated Companies).

II. Private placement of securities in the most recent year up till the publication date of this annual report: None.

III. Other supplementary information: None.

Seven.In the most recent year and up to the publication date of the annual report, if any events have occurred as stipulated in Article 36, Paragraph 3, Subparagraph 2 of this act, which may have a significant impact on shareholders' equity or the price of securities: None.

CHIN HSIN ENVIRON ENGINEERING CO., LTD.

Chairman Fang-Chen Chang