

Stock Code: 8473



FOREST WATER
ENVIRONMENTAL ENG'G
CO., LTD.

2024
Annual Report

Printed on April 28, 2025

Website for the Annual Report:

<https://mops.twse.com.tw>

The Company's Website: www.mfw.com.tw

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and

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Website: <http://www.kpmg.com.tw>
5. Name of the Exchange Where Foreign Securities are Listed and Traded,
and the Method of Access to the Information of Such Foreign Securities:
None
6. The Company's Website: www.mfw.com.tw

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One. Report to Shareholders

Dear shareholders,

Since its inception, Forest Water has continued to develop in the environmental sector. The main business of Forest Water has spanned diverse fields such as sewage, reclaimed water, and desalination projects, as well as waste, and biomass energy, with water resources being its top priority. In terms of construction in progress, as of the end of 2024, the unrealized revenue of loss-making construction was only 4.38%. With construction coming to an end, losses have also ended. Adhering to contract performance, we insisted on providing the best service up to the last minute. In terms of our operations, in addition to continuing with our existing operations and subsequent expansions, there are contracts for existing projects to be renewed in 2025, namely: “Operation and Maintenance of the Sanitary Sewage System in Chungkang Technology Industrial Park, Central Taiwan Science Park”, “Qimei Sewage Treatment Plant Operation and Maintenance Work (Phase 3)”, and “Operation and Maintenance of the Sanitary Sewer System in the Taichung Port Export Processing Zone”. With a 100% contract renewal rate, the Company continues to operate 19 sites, and maintains its share of over 20% of all sewage treatment plants in Taiwan. At the end of 2024, the Company was awarded the contract for the “Agent Operation and Maintenance of Chengching Lake” project, which is an important water supply hub in the Greater Kaohsiung area, a further milestone for the Company in the field of water treatment.

The resource circular economy includes reclaimed water treatment, waste treatment, and green energy development. In 2024, the Yongkang Water Recycling Center completed the second phase of water reclamation, nearly doubling its overall production capacity to 15,500 tons. In terms of waste treatment and green energy, the Company’s incinerator bottom ash treatment capacity has reached a record high of 276,000 tons. As well as this, we passed the trial run of Luchu Plant at the end of the same year, and the overall treatment capacity was increased by 230,000 tons. The food waste treatment plant, located in Waipu District, Taichung City, has continued to treat nearly 27,000 tons of raw food waste of Taichung City. In 2024, Forest Water delivered great results, which echoed the government’s policy to turn waste into energy.

In 2024, the Company recorded a cumulative net annual consolidated revenue of NTD 3,679,679 thousand, which represents a decrease of NTD 243,216 thousand from NTD 3,679,679 thousand in 2023. The after-tax net profit attributable to the parent company was NTD 39,751 thousand, which represents an increase of NTD 312,754 thousand from the net loss of NTD 273,003 thousand in 2023. The EPS was NTD 0.27, and the net value per share attributable to the parent company was NTD 36.78.

Report to Shareholders

Based on the operational performance in the past years, the operational risks are summarized as follows:

- Construction projects are faced with unexpected circumstances such as low budgets and project performance uncertainties, which result in insufficient risk management funding and difficulty in project implementation, leading to budget overruns and loss of control over progress.
- The impact of natural disasters or changes in market policies causes price rises and labor shortages, resulting in soaring costs.
- There is a communication barrier in the implementation of the project, resulting in a lack of understanding with the owner.
- The low mastery of high-end water treatment technology and operations and the failure to effectively manage the power consumption of desalination and equipment operation and maintenance, lead to frequent problems of operational energy consumption and equipment wear and tear.

Looking forward to this year, in terms of construction, we will complete loss-making projects and steadily progress with ongoing construction projects of NTD 11.4 billion, including the design contracting of the Nanzi Reclaimed Water Project, to ensure that the annual goal of 20% of the total construction progress can be achieved as scheduled. In line with the government's concept of using wastewater as an important water source for technological development, we will participate in wastewater upgrading/expansion projects, high-technology wastewater projects, and high-end water treatment projects in a balanced manner, creating profits from the projects undertaken. In terms of water treatment, we have maintained a plant share of more than 20%, laying a niche in the market and technology. At the same time, we have elevated our competitive edge in advanced water treatment with our experience in seawater desalination, reclaimed water, and water purification. With respect to future external development, we look forward to the comprehensive and excellent execution capabilities of integrated engineering and operation and maintenance to win the trust of customers. In addition to achieving a sewage treatment contract renewal rate of 100%, we will also increase our market share of reclaimed water supply projects. Our goal is to become the number one recycled water supplier within five years.

In response to the above risks, the Company has formulated relevant measures to facilitate smooth operations:

- Set up a decision-making team mechanism to conduct a full range of risk assessments including in areas such as technology, finance, human resources, and policies for large-scale cases to reduce bidding and case execution risks.

Report to Shareholders

- In response to project contract performance and risk control, the Company focuses on the development of engineering technology, and sets up an independent Engineering Technology Department to strengthen engineering management capabilities such as design review, cost control, and engineering quality to improve overall project execution capabilities.
- By improving the operating technology, we will further optimize mastery of the operating parameters and energy-saving operations, in order to enhance operation expertise, consolidate the service quality, and strive for national ratings and acknowledgment.
- Invest in talent cultivation and training and establish a learning organization to ensure that the Company's talent team is adequate, in order to give the Company the manpower and ability to sustainably operate and maintain customer service quality.

In line with the government's active promotion of a circular economy, in addition to stabilizing the electricity supply for raw food waste, the goal is to expand the reuse of general business waste and incinerator bottom ash treatment in 2025, in order to achieve more resource recycling in the waste reuse market.

In terms of internal development, in addition to investing in new technology R&D and talent cultivation, Forest Water actively expands the resources of its partners. Through enhancing contract 'performance, professionalism, technical competence and consolidating the Company's network of partners, we are able to increase the Company's growth momentum. This enables us to provide our customers with high-value services based on the concept of sustainable management in the field of green energy and environmental protection.

We would like to extend our sincere gratitude to all shareholders for their long-term support and encouragement. All employees of Forest Water are committed to creating maximum profits for all shareholders, continuously innovating and improving, and pursuing stable growth of the Company. We hope to provide better performance to all shareholders and appreciate their continued support and care for the Company. Thank you!

Two. Corporate Governance Report

I. Information of directors, supervisors, president, vice president, assistant vice presidents, and managers of departments and branches

(I) Director

1. Information of directors

April 28, 2025

Remarks	Relationship	Name	Title	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity	Concurrent position(s) at the Company other company(ies)	Main experience (education)	Nominee shareholding		Current shareholding of spouse or minor children	Current shareholding		Shareholding at the time of election		Date of first election	Term	Date of election	Name	Nationality	Title
							Number of shares	Shareholding (%)		Number of shares	Shareholding (%)	Number of shares	Shareholding (%)						
-	None	None	None	None	Corporate Director, Ho Ching Enterprises Co., Ltd. Corporate Director, Rich Forest Leisure Development Co., Ltd. Corporate Director, Green Forest Development Enterprise Co., Ltd. Corporate Director, Yilan Lealea Development Co., Ltd. Corporate Director, Lealea Hotel Co., Ltd. Corporate Director, Lea Jing Enterprise Co., Ltd.	-	1,831,081	1.01%	1,774,291	1,831,081	1.01%	1,774,291	1.09%	June 13, 2024	3 years	June 13, 2024	Rich Development Co., Ltd.	ROC	Chairman

Corporate Governance Report

Remarks		Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity			Concurrent position(s) at the Company other company(ies)		Main experience (education)		Nominee shareholding		Current shareholding of spouse or minor children		Current shareholding		Shareholding at the time of election		Date of first election	Term	Date of election	Name	Nationality	Title
		Relationship	Name	Title					Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares						
					Director, Orient Forest Development Enterprise Co., Ltd.		MBA, Stephen M. Ross School of Business, University of Michigan Department of Finance, National Taiwan University Managing Director, The Boston Consulting Group (BCG)		0%	0	0%	0	0.09%	170,239	0.08%	135,890				Representative Yu-Chi Kuo		

Corporate Governance Report

Remarks		Relationship	Name	Title	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity	Concurrent position(s) at the Company other company(ies)	Main experience (education)	Nominee shareholding		Current shareholding of spouse or minor children		Current shareholding		Shareholding at the time of election	
								Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares
						Corporate Director, Ho Ching Enterprises Co., Ltd. Corporate Director, Rich Forest Leisure Development Co., Ltd. Corporate Director, Green Forest Development Enterprise Co., Ltd. Corporate Director, Yilan Lealea Development Co., Ltd. Corporate Director, Lealea Hotel Co., Ltd. Corporate Director, Lea Jing Enterprise Co., Ltd.	-	0%	0	0%	0	1.01%	1,831,081	1.09%	1,774,291
						</									

Corporate Governance Report

Remarks	Relationship	Name	Title	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity	Concurrent position(s) at the Company other company(ies)	Main experience (education)	Nominee shareholding		Current shareholding of spouse or minor children		Current shareholding		Shareholding at the time of election		Date of first election	Term	Date of election	Name	Nationality	Title
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)						
-						Business administration, Fort Hays State University Special Assistant to the Chairman, Rich Development Co., Ltd.	0	0%	0	0%	28,710	0.02%	27,820	0.01%				Representative Chi-An Kuo		

Corporate Governance Report

Remarks		Relationship	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity
		Name	Title
		None	None
		None	None
		None	None
			Corporate Director, Ho Ching Enterprises Co., Ltd. Corporate Director, Rich Forest Leisure Development Co., Ltd. Corporate Director, Green Forest Development Enterprise Co., Ltd. Corporate Director, Yilan Lealea Development Co., Ltd. Corporate Director, Lealea Hotel Co., Ltd. Corporate Director, Lea Jing Enterprise Co., Ltd.
Concurrent position(s) at the Company other company(ies)			
Main experience (education)			
Nominee shareholding	Shareholding (%)		0%
	Number of shares		0
Current shareholding of spouse or minor children	Shareholding (%)		0%
	Number of shares		0
Current shareholding	Shareholding (%)		1.01%
	Number of shares		1,831,081
Shareholding at the time of election	Shareholding (%)		1.09%
	Number of shares		1,774,291
Date of first election			February 25, 2013
Term			3 years
Date of election			June 13, 2024
Name			Rich Development Co., Ltd.
Nationality			ROC
Title			Director

Corporate Governance Report

Remarks	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity			Concurrent position(s) at the Company other company(ies)	Main experience (education)	Nominee shareholding		Current shareholding of spouse or minor children		Current shareholding		Shareholding at the time of election		Date of first election	Term	Date of election	Name	Nationality	Title
	Relationship	Name	Title			Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)						
-				Chairman, Rich Development Co., Ltd.; Chairman, Li Ho Investment Co., Ltd.; Chairman, Orient Forest Development Enterprise Co., Ltd.; Chairman, Ho Ching Enterprises Co., Ltd.; Chairman, Lea Jing Enterprise Co., Ltd.; Chairman, Rich Forest Leisure Development Co., Ltd.; Chairman, Lead Way Investments Group Ltd.; Director, Lealea Enterprise Co., Ltd.; Director, Li Peng Enterprise Co., Ltd.; Director, Lealea Hotels and Resorts Co., Ltd.; Director, Blossom Increase Limited.; Director, Modern Rich Investment Limited.; Director, Faith Honest International Investment Limited.	MBA and Master of Public Health, Yale University President, Rich Development Co., Ltd.	0	0%	0	0%	0	0.22%	397,529	0.23%				Representative Shu-Chen Kuo		
													385,200						

Corporate Governance Report

Remarks		Relationship	Name	Title	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity

Corporate Governance Report

Remarks	Relationship	Name	Title	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity	Concurrent position(s) at the Company other company(ies)	Main experience (education)	Nominee shareholding		Current shareholding of spouse or minor children		Current shareholding		Shareholding at the time of election		Date of first election	Term	Date of election	Name	Nationality	Title
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)						
					Director, Top Forest Water Co., Ltd. President, Honyi Precision Industry Co., Ltd.	Master of Hospitality Management, Fu Jen Catholic University Director, Forest Water Sustainability Tech EP Engineering Co., Ltd.	0	0%	0	0%	69	0%	67	0%				Ching-Chi Li		

[illegible]

Corporate Governance Report

Remarks		-		-	
Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity	Relationship	None			
	Name	None			
Concurrent position(s) at the Company other company(ies)	Title	None			
		A director of the Company Supervisor, Yanjing AGV International Co., Ltd. Manager, Trading Business Department and Special Assistant to President, BHL Taipei Limited			
Main experience (education)		Department of Business Administration, Ching Yun University Trade and Procurement Manager, Grand Ocean Fishery Corporation Director, Green Forest Development Enterprise Co., Ltd.			
Nominee shareholding	Shareholding (%)	0%	0%		
	Number of shares	0	0		
Current shareholding of spouse or minor children	Shareholding (%)	0%	0%		
	Number of shares	0	0		
Current shareholding	Shareholding (%)	60.04 %	0%		
	Number of shares	108,587,854	0		
Shareholding at the time of election	Shareholding (%)	64.67%	0%		
	Number of shares	105,220,007	0		
Date of first election	July 15, 2014				
Term	3 years				
Date of election	June 13, 2024				
Name	Ho Ching Enterprises Co., Ltd.		Yao-Hung Tsao		
Nationality	ROC				
Title	Director				

Corporate Governance Report

Remarks		Relationship	Name	Title	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity
Concurrent position(s) at the Company other company(ies)					
Main experience (education)					
Nominee shareholding					
Shareholding (%)	Number of shares				
Current shareholding of spouse or minor children					
Shareholding (%)	Number of shares				
Current shareholding					
Shareholding (%)	Number of shares				
Shareholding at the time of election					
Shareholding (%)	Number of shares				
Date of first election					
Term					
Date of election					
Name					
Nationality					
Title					

Corporate Governance Report

Remarks	Relationship	Name	Title	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity	Concurrent position(s) at the Company other company(ies)	Main experience (education)	Nominee shareholding		Current shareholding of spouse or minor children		Current shareholding		Shareholding at the time of election		Date of first election	Term	Date of election	Name	Nationality	Title
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)						
-	None	None	None		Director, Liou Fu Investment Company Limited Director, Platinum Hotel Limited Company Xin Guo Bin Co., Ltd.	Cardiff Metropolitan University MBA Director, Platinum Hotel Limited Company	0	0%	0	0%	0	0%	0	0%	June 13, 2024	3 years	June 13, 2024	Chieh Pai	ROC	Independent director
-	None	None	None		Supervisor, Sun Moon Lake Entertainment Co., Ltd. Supervisor, Dragon Valley Tourism Co., Ltd. Supervisor, Formosan Aboriginal Culture Village Inc. Supervisor, Quan Sheng Tang Investment Co., Ltd. Supervisor, Fu You Construction Co., Ltd. Supervisor, Fu You Industrial Co., Ltd. Supervisor, Fu You Co., Ltd.	University of London, SOAS MASTER Special Assistant to the Chairman of Formosan Aboriginal Culture Village Inc.	0	0%	0	0%	0	0%	0	0%	June 13, 2024	3 years	June 13, 2024	Che-Hao Chang	ROC	Independent director

Note : For the information of gender and age, see “Implementation of the diversity policy for the Board of Directors” in this annual report (Page 17).

Corporate Governance Report

2. Major shareholders of corporate shareholders

April 28, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders
Ho Ching Enterprises Co., Ltd.	<div>Rich Development Co., Ltd. 68.44%</div> <div>BHL Taipei Limited 25%</div> <div>Beijing Enterprises Water (Hong Kong) Limited 5%</div> <div>Fu Hsun Fiber Industries Co., Ltd. 1.41%</div> <div>Li Ho Investment Co., Ltd. 0.15%</div>
Rich Development Co., Ltd.	<div>Lealea Enterprise Co., Ltd. 6.97%</div> <div>Li Peng Enterprise Co., Ltd. 6.87%</div> <div>Ching Iee Development Co., Ltd. 4.53%</div> <div>Hong Xiang Investment Co., Ltd. 3.67%</div> <div>Hong Yi Investment Co., Ltd. 2.06%</div> <div>Wood Textile Enterprise Co., Ltd. 2.02%</div> <div>ITT Investment Co., Ltd. 1.97%</div> <div>Shun Yuh Investment Co., Ltd. 1.75%</div> <div>Chi Xiang Investment Co., Ltd. 1.66%</div> <div>Li Wei International Development Co., Ltd. 1.47%</div>

3. Major shareholders of corporations which are the major shareholders of corporate shareholders

April 28, 2025

Name of corporation	Major shareholders of corporation
BHL Taipei Limited	<div>Beijing Holdings Limited (the parent company is Beijing Enterprises Group Company Limited) 100%</div>
Beijing Enterprises Water (Hong Kong) Limited	<div>BEWG INTERNATIONAL PTE. LTD (the parent company is Beijing Enterprises Water Group Limited (stock code: 00371)) 100%</div>
Fu Hsun Fiber Industries Co., Ltd.	<div>Fu Jin Investment Co., Ltd. 48.43%</div> <div>Yu-Kun Chen 4.83%</div> <div>Hsin-Yu Chen 3.77%</div> <div>Yu-Chin Chen 2.99%</div> <div>Yu-Chuan Chen 2.48%</div> <div>Yu-Ying Chen 2.46%</div> <div>Chun-Lun Chen 1.43%</div> <div>Lin-Te Chen 1.33%</div> <div>Shu-Yun Chen 1.31%</div> <div>Ting-Chun Chen 1.26%</div>

Corporate Governance Report

Name of corporation	Major shareholders of corporation	
Li Ho Investment Co., Ltd.	Rich Development Co., Ltd.	100%
Lealea Enterprise Co., Ltd.	Dong Ting Investment Co., Ltd.	7.97%
	Li Peng Enterprise Co., Ltd.	7.70%
	Li Mao Investment Co., Ltd.	4.77%
	Li Xing Investment Co., Ltd.	4.09%
	Hong Xing Investment Co., Ltd.	3.52%
	Kai Xiang Investment Co., Ltd.	2.98%
	Chi Xiang Investment Co., Ltd.	2.57%
	Shun Yuh Investment Co., Ltd.	1.60%
	Shao-Yi Kuo	1.55%
	Guanxiang Investment Co., Ltd.	1.53%
Li Peng Enterprise Co., Ltd.	Lealea Enterprise Co., Ltd.	18.47%
	Li Hao Investment Co., Ltd.	4.87%
	Lizan Investment Co., Ltd.	4.59%
	Li Mao Investment Co., Ltd.	3.76%
	Hong Xing Investment Co., Ltd.	2.67%
	Chi Xiang Investment Co., Ltd.	2.60%
	Kai Xiang Investment Co., Ltd.	1.68%
	Hong Yi Investment Co., Ltd.	1.65%
	Chuan-Ching Kuo	1.39%
	Shun Yuh Investment Co., Ltd.	1.32%
Ching Iee Development Co., Ltd.	ITT Management Co., Ltd.	37.89%
	Wood Textile Enterprise Co., Ltd.	37.89%
	Jia Rui Development Co., Ltd.	11.11%
	Ching Ju Investment Co., Ltd.	11.11%
Hong Xiang Investment Co., Ltd.	Ching Iee Development Co., Ltd.	37.93%
	Chuan-Ching Kuo	24.63%
	Wood Textile Enterprise Co., Ltd.	14.11%
	ITT Management Co., Ltd.	14.11%
Hong Yi Investment Co., Ltd.	Shao-Yi Kuo	50.00%
	I-Ling Yang	50.00%
ITT Management Co., Ltd.	Jet Goal Enterprises Co., Ltd.	17.63%
	Chiung-Ju Yang	19.50%
	Hong Xiang Investment Co., Ltd.	19.50%
	Ching Ju Investment Co., Ltd.	19.50%
	Ching Iee Development Co., Ltd.	19.50%
Wood Textile Enterprise Co., Ltd.	Jet Goal Enterprises Co., Ltd.	61.17%
	Chiung-Ju Yang	19.50%
	Ching Ju Investment Co., Ltd.	19.13%
Shun Yuh Investment Co., Ltd.	Chun-Nan Kuo	52.94%

Corporate Governance Report

Name of corporation	Major shareholders of corporation	
	Pi-Yuan Hsu	32.94%
	Ko-Jung Kuo	3.53%
	Ko-Chung Kuo	3.53%
	Ko-Wen Kuo	3.53%
	Ko-Ping Kuo	3.53%
Chi Xiang Investment Co., Ltd.	Chun-Nan Kuo	29.73%
	Pi-Yuan Hsu	13.39%
	Hong Xiang Investment Co., Ltd.	25.47%
	Ko-Chung Kuo	31.40%
	Shun Yuh Investment Co., Ltd.	29.73%
Li Wei International Development Co., Ltd.	Shu-Chen Kuo	98.35%
	Miao-Ju Lin	1.25%
	Yun-An Liu	0.40%

Corporate Governance Report

4. Disclosure of information about the professional qualifications of directors and the independence of independent directors

April 28, 2025

Criteria Name	Professional qualifications and experience	Independence	Also an independent director at the following number of other public companies
Yu-Chi Kuo	For the professional qualifications and experience of directors, see “Information of directors” in this annual report (Pages 4-13). None of the circumstances under Article 30 of the Company Act applies to any director	N/A	None
Chi-An Kuo			None
Shu-Chen Kuo			None
Ching-Chi Li			None
Hai-Feng Li			None
Yao-Hung Tsao			None
Jung-Hui Liu		All independent directors have met the following criteria: 1. They have met the requirements of Article 14-2 of the Securities and Exchange Act 2. They have met the requirements of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies 3. None of them (personally or through a nominee), their spouses or minor children holds any share of the Company 4. None of them has received any compensation for the provision of commercial, legal, financial or accounting services to the Company or any of its affiliates within the most recent two years	None
Chieh Pai			None
Che-Hao Chang			None

Corporate Governance Report

5. Diversity and independence of the Board of Directors

The Board of Directors has established the "Director Election Rules" to specify the nomination method for director candidates, taking into account diverse backgrounds, professional capabilities and experience, and in light of international trends, setting the Company's selection goal to include at least one female director.

The current (fifth) board of directors of the Company is composed of nine directors. The directors have extensive experience and expertise in the fields of law, finance, accounting, digital technology information, industry or business management, and all of them exercise their duties as directors independently.

Among the nine directors, there are three female directors (accounting for 30% of all board seats) and three independent directors (accounting for 30% of all board seats).

Based on the rich experience and professional experience of the directors in various fields, and through the objective guidance and supervision of external independent directors, the Company is committed to continuously ensuring the independence of the Board of Directors and effectively improving the effectiveness of corporate governance.

Corporate Governance Report

Implementation of the diversity policy for the Board of Directors:

Title	Chairman	Director					Independent director		
Name	Yu-Chi Kuo	Chi-An Kuo	Shu-Chen Kuo	Ching-Chi Li	Hai-Feng Li	Yao-Hung Tsao	Jung-Hui Liu	Chieh Pai	Che-Hao Chang
Gender	Female	Male	Female	Female	Male	Male	Male	Male	Male
Age	41-55	26-40	56-70	41-55	41-55	41-55	56-70	41-55	41-55
Professional knowledge and experience									
Commerce	✓	✓	✓	✓	✓	✓	✓	✓	✓
All companies	✓	✓	✓				✓	✓	✓
Accounting	✓	✓	✓						
Law					✓		✓		
Business management	✓	✓	✓	✓	✓	✓			
Leadership and decision making	✓	✓	✓	✓				✓	✓
Industrial knowledge	✓	✓	✓	✓	✓	✓	✓	✓	✓
Environmental sustainability	✓	✓	✓	✓	✓	✓	✓		
Social engagement	✓	✓				✓		✓	✓

(II) Information of the President, Vice President, Assistant Vice Presidents, and the managers of departments and branches

April 28, 2025

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Shareholdings of spouse or minor children		Nominee shareholding		Main experience (education)	Concurrent position(s) at other company(ies)	Manager(s) with a spousal relationship or a relationship within the second degree of consanguinity			Remarks
					Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship	
President	ROC	Jen-Chieh Wu	Male	December 3, 2014	386,486	0.21%	82,560	0.04%	0	0%	Institute of Environmental Engineering, National Central University Head of North Section, Audit Office, Environmental Protection Center of Industrial Parks, Industrial Development Bureau, Ministry of Economic Affairs Executive Vice President, Green Forest Development Enterprise Co., Ltd. Executive Vice President, Orient Forest Development Enterprise Co., Ltd.	Director, Ho Ching Enterprises Co., Ltd. Director, Easy Development Co., Ltd. President, Green Forest Development Enterprise Co., Ltd. President, Orient Forest Development Enterprise Co., Ltd. Executive Vice President, Eastern Forest Environmental Technology Co., Ltd.	None	None	None	-
President	ROC	Tsung-Ming Liao	Male	December 20, 2018	192,983	0.11%	22,883	0.01%	0	0%	Graduate Institute of International Business Administration, National Yunlin University of Science and Technology Project Consultant, Wangji Engineering Consulting Co., Ltd. Assistant Vice President, Orient Forest Development Enterprise Co., Ltd. Assistant Vice President, Green Forest Development Enterprise Co., Ltd.	Director and President, Re-use Environmental Co., Ltd.	None	None	None	-

Corporate Governance Report

Remarks	Manager(s) with a spousal relationship or a relationship within the second degree of consanguinity			Concurrent position(s) at other company(ies)	Main experience (education)	Nominee shareholding		Shareholdings of spouse or minor children		Shareholding		Date of taking office	Gender	Name	Nationality	Title
	Relationship	Name	Title			Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)					
-	None	None	None	Chairman, Easy Development Co., Ltd.	Department of Hydraulic Engineering, Tamkang University Engineer, China Real Estate Management Co., Ltd. Senior Specialist, Engineering Technology Department, Construction Headquarters, Tuntex Group Assistant Vice President, Kai Ju Enterprise Co., Ltd. Assistant Manager, Rich Forest Leisure Development Co., Ltd.	0	0%	0	0%	0	0%	December 10, 2018	Male	Pen-Sheng Yu	ROC	Vice President
-	None	None	None	Director and President, Top Forest Water Co., Ltd. Vice President, Grain Forest Green Energy Co., Ltd. Vice President, Re-use Environmental Co., Ltd.	Institute of Environmental Engineering, National Central University Senior manager of the Company	0	0%	0	0%	22,782	0.01%	January 1, 2020	Male	Tien-Shun Hsu	ROC	Vice President
-	None	None	None	Director, Grain Forest Green Energy Co., Ltd.	EMBA, National Dong Hwa University Senior manager of the Company	0	0%	0	0%	5,000	0%	January 1, 2020	Male	Yu-Sheng Chien	ROC	Senior Assistant Vice President

Corporate Governance Report

Remarks	Manager(s) with a spousal relationship or a relationship within the second degree of consanguinity			Concurrent position(s) at other company(ies)	Main experience (education)	Nominee shareholding		Shareholdings of spouse or minor children		Shareholding		Date of taking office	Gender	Name	Nationality	Title
	Relationship	Name	Title			Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares					
-	None	None	None	Vice President, Lea Lea Environmental Enterprise Co., Ltd.	EMBA, National Chengchi University Senior manager of the Company	0%	0	0%	0	0%	0	January 1, 2020	Male	Fu-Sheng Hung	ROC	Senior Assistant Vice President
-	None	None	None	None	Institute of Ho-Sea Engineering, National Taiwan Ocean University Assistant Vice President, Operations Management Division II	0%	0	0%	0	0%	0	May 2, 2023	Male	Ying-Chieh Lin	ROC	Assistant Vice President

Corporate Governance Report

Remarks	Manager(s) with a spousal relationship or a relationship within the second degree of consanguinity			Concurrent position(s) at other company(ies)	Main experience (education)	Nominee shareholding		Shareholdings of spouse or minor children		Shareholding		Date of taking office
	Relationship	Name	Title			Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	
-	None	None	None	None	Department of Mechanical Engineering, Tatung University Assistant Manager, Procurement and Development Division II	0%	0	0%	0	0%	0	August 1, 2023
-	None	None	None	Supervisor, Re-use Environmental Co., Ltd. Supervisor, Grain Forest Green Energy Co., Ltd. Director, Easy Development Co., Ltd.	Graduate Institute of Business Administration, National Taipei University Assistant VP, Administration Department Information security manager of the Company	0%	0	0%	0	0%	0	August 1, 2023

Corporate Governance Report

Remarks	Manager(s) with a spousal relationship or a relationship within the second degree of consanguinity			Concurrent position(s) at other company(ies)	Main experience (education)	Nominee shareholding		Shareholdings of spouse or minor children		Shareholding		Date of taking office	Gender	Name	Nationality	Title
	Relationship	Name	Title			Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares					
-	None	None	None	None	Graduate Institute of Environmental Engineering, National Taiwan University Assistant Vice President, Overseas Business Department of the Company	0%	0	0%	0	0%	0	September 4, 2023	Male	Wan-Tsai Chen	ROC	Assistant Vice President
-	None	None	None	None	Ph.D. Candidate, Graduate School of Environmental Engineering and Science, National Pingtung University of Science and Technology Sewage Treatment Plant Manager, ULPU International Co., Ltd. Assistant Vice President of the Company	0%	0	0%	0	0%	0	February 1, 2025	Male	Kai-Lung Cheng	ROC	Assistant Vice President

Corporate Governance Report

Remarks	Manager(s) with a spousal relationship or a relationship within the second degree of consanguinity			Concurrent position(s) at other company(ies)	Main experience (education)	Nominee shareholding		Shareholdings of spouse or minor children		Shareholding		Date of taking office
	Relationship	Name	Title			Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	
-	None	None	None	Accounting Manager, Orient Forest Development Enterprise Co., Ltd. Accounting Manager, Green Forest Development Enterprise Co., Ltd.	Department of Accounting, Ming Chuan University Assistant Manager, Rich Development Co., Ltd.	0%	0	0%	0	0.01%	34,179	April 30, 2014
-	None	None	None	Financial Manager, Orient Forest Development Enterprise Co., Ltd. Financial Manager, Green Forest Development Enterprise Co., Ltd.	Department of Applied Commerce, National Taipei College of Business Senior Financial Officer, Rich Development Co., Ltd.	0%	0	0%	0	0%	11,042	April 30, 2014
												Female
												Hsin-Wen Yang
												ROC
												Accounting Manager
												Female
												Ya-Ching Huang
												ROC
												Financial Manager

Corporate Governance Report

Remarks		Manager(s) with a spousal relationship or a relationship within the second degree of consanguinity			Concurrent position(s) at other company(ies)		Main experience (education)		Nominee shareholding		Shareholdings of spouse or minor children		Shareholding		Date of taking office	Gender	Name	Nationality	Title	
Relationship		Name	Title		None		Department of International Trade, Feng Chia University Shareholder service manager of the Company		0		0		0%		August 10, 2023	Female	Wan-Ting Huang	ROC	Chief corporate governance officer	
None		None	None		None				0		0		0%							
None																				

II. Remuneration paid to directors, supervisors, president and vice president in the most recent year

(I) Remuneration for directors and independent directors

Unit: NTD thousand

Title	Name	Remuneration for director								Sum of A, B, C and D, and it as a % of after-tax net profit		Remuneration received for concurrent service as an employee								Sum of A, B, C, D, E, F and G, and it as a % of after-tax net profit		Remuneration received from non-subsidiary investee companies or the parent company			
		Compensation (A)		Post-employment pension (B)		Remuneration for director (C)		Business execution expense (D)				Salary, bonus and special disbursement (E)		Post-employment pension (F)		Remuneration for employee (G)									
		The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company		All companies in the financial report		The Company	All companies in the financial				
																of	Amoun	of	Amoun				of	Amoun	of
Chairman	Rich Development Co., Ltd.	Representative	2,123	2,123	0	0	185	185	0	0	2,308	2,308	1.38%	1.38%	0	0	0	0	0	0	2,308	2,308	1.38%	1.38%	0
Director		Representative	240	240	0	0	370	370	0	0	610	610	0.36%	0.36%	4,767	4,767	0	0	0	0	5,377	5,377	3.22%	3.22%	884
Director		Representative	1,140	2,298	0	0	370	370	0	0	1,510	2,668	0.90%	1.60%	0	0	0	0	0	0	1,510	2,668	0.90%	1.60%	9,876
Director		Representative	140	140	0	0	185	185	0	0	325	325	0.19%	0.19%	0	0	0	0	0	0	325	325	0.19%	0.19%	0
Director		Representative	120	120	0	0	185	185	0	0	305	305	0.18%	0.18%	0	0	0	0	0	0	305	305	0.18%	0.18%	6,518
Chairman		Representative	120	120	0	0	185	185	0	0	305	305	0.18%	0.18%	0	0	0	0	0	0	305	305	0.18%	0.18%	0
Director		Rich	0	0	0	0	410	410	0	0	410	410	0.25%	0.25%	0	0	0	0	0	0	410	410	0.25%	0.25%	0
Director	Ho Ching Enterprises Co., Ltd.	Representative Hai-Feng Li	240	240	0	0	472	472	0	0	712	712	0.43%	0.43%	0	0	0	0	0	0	712	712	0.43%	0.43%	0
Director		Representative Yao-Hung Tsao	240	240	0	0	472	472	0	0	712	712	0.43%	0.43%	0	0	0	0	0	0	712	712	0.43%	0.43%	0

Title	Name	Remuneration for director								Sum of A, B, C and D, and it as a % of after-tax net profit		Remuneration received for concurrent service as an employee								Sum of A, B, C, D, E, F and G, and it as a % of after-tax net profit				Remuneration received from non-subsidiary investee companies or the parent company
		Compensation (A)		Post-employment pension (B)		Remuneration for director (C)		Business execution expense (D)				Salary, bonus and special disbursement (E)		Post-employment pension (F)		Remuneration for employee (G)								
		The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial	The Company	All companies in the financial			
Independent director	Jung-Hui Liu	240	240	0	0	280	280	0	0	520 0.31%	520 0.31%	0	0	0	0	0	0	0	0	520 0.31%	520 0.31%	0		
Independent director	Chieh Pai	140	140	0	0	140	140	0	0	280 0.17%	280 0.17%	0	0	0	0	0	0	0	0	280 0.17%	280 0.17%	0		
Independent director	Che-Hao Chang	140	140	0	0	140	140	0	0	280 0.17%	280 0.17%	0	0	0	0	0	0	0	0	280 0.17%	280 0.17%	0		
Independent director	Fan-Chih Wu	120	120	0	0	140	140	0	0	260 0.16%	260 0.16%	0	0	0	0	0	0	0	0	260 0.16%	260 0.16%	0		
Independent director	Chen-Tung Ku	120	120	0	0	140	140	0	0	260 0.16%	260 0.16%	0	0	0	0	0	0	0	0	260 0.16%	260 0.16%	0		

Note: At the re-election of the AGM on June 13, 2024, Representatives Chi-Kang Kuo and Chien-Yuan Huang of RICH DEVELOPMENT CO., LTD. stepped down; Independent Director Fan-Chih Wu stepped down; Representatives Yu-Chi Kuo and Ching-Chi Li assumed office; Independent Directors Chieh Pai and Che-Hao Chang assumed office.

- Specify the policy, system, standards and structure for payment of remuneration to independent directors, and describe the relevance of remuneration paid based on factors including job responsibilities, risks and the time invested: The remuneration for independent directors is determined based on the Articles of Incorporation, the results of evaluation of the performance of directors, the level of their participation in the Company's operations, and the value of their contribution, taking into account the Company's operating performance and the pay levels of peers. It will be reviewed by the Remuneration Committee and then submitted to the Board of Directors for discussion.
- Remuneration received by directors for providing services (e.g., serving as a non-employee advisor to the parent company/all companies in the financial report/investee companies) within the most recent year, other than that disclosed in the table above: None.

Table of remuneration ranges

Range of remuneration paid to each director of the Company	Name of director			
	Sum of first four items (A+B+C+D)		Sum of first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report (H)	The Company	The parent company and all investee companies (I)
Less than NTD 1,000,000	Rich Development Co., Ltd. Representative: Chi-An Kuo, Ching-Chi Li, Chi-Kang Kuo, Chien-Yuan Huang; Ho Ching Enterprises Co., Ltd. Representative: Hai-Feng Li, Yao-Hung Tsao; Jung-Hui Liu, Fan-Chih Wu, Chen-Tung Ku, Chieh Pai, and Che-Hao Chang.	Rich Development Co., Ltd. Representative: Chi-An Kuo, Ching-Chi Li, Chi-Kang Kuo, Chien-Yuan Huang; Ho Ching Enterprises Co., Ltd. Representative: Hai-Feng Li, Yao-Hung Tsao; Jung-Hui Liu, Fan-Chih Wu, Chen-Tung Ku, Chieh Pai, and Che-Hao Chang.	Rich Development Co., Ltd. Representative: Ching-Chi Li, Chi-Kang Kuo, Chien-Yuan Huang; Ho Ching Enterprises Co., Ltd. Representative: Hai-Feng Li, Yao-Hung Tsao; Jung-Hui Liu, Fan-Chih Wu, Chen-Tung Ku, Chieh Pai, and Che-Hao Chang.	Rich Development Co., Ltd. Representative: Ching-Chi Li, Chien-Yuan Huang; Ho Ching Enterprises Co., Ltd. Representative: Hai-Feng Li, Yao-Hung Tsao; Jung-Hui Liu, Fan-Chih Wu, Chen-Tung Ku, Chieh Pai, and Che-Hao Chang.
NTD 1,000,000 (inclusive) – NTD 2,000,000 (exclusive)	Rich Development Co., Ltd. Representative: Shu-Chen Kuo	None	Rich Development Co., Ltd. Representative: Shu-Chen Kuo	None
NTD 2,000,000 (inclusive) – NTD 3,500,000 (exclusive)	Rich Development Co., Ltd. Representative: Yu-Chi Kuo	Rich Development Co., Ltd. Representative: Yu-Chi Kuo, Shu-Chen Kuo	Rich Development Co., Ltd. Representative: Yu-Chi Kuo	Rich Development Co., Ltd. Representative: Yu-Chi Kuo
NTD 3,500,000 (inclusive) – NTD 5,000,000 (exclusive)	None	None	None	None
NTD 5,000,000 (inclusive) – NTD 10,000,000 (exclusive)	None	None	Rich Development Co., Ltd. Representative: Chi-An Kuo	Rich Development Co., Ltd. Representative: Chi-An Kuo, Chi-Kang Kuo
NTD 10,000,000 (inclusive) – NTD 15,000,000 (exclusive)	None	None	None	Rich Development Co., Ltd. Representative: Shu-Chen Kuo
NTD 15,000,000 (inclusive) – NTD 30,000,000 (exclusive)	None	None	None	None
NTD 30,000,000 (inclusive) – NTD 50,000,000 (exclusive)	None	None	None	None
NTD 50,000,000 (inclusive) – NTD 100,000,000 (exclusive)	None	None	None	None
More than NTD 100,000,000	None	None	None	None
Total	13	13	13	13

Corporate Governance Report

(II) Remuneration for supervisors

Not applicable, as the Audit Committee was formed by three independent directors on June 22, 2015.

(III) Remuneration for the President and Vice President

Unit: NTD thousand

Unit: NT\$ thousand

Title	Name	Salary (A)		Post-employment pension (B)		Bonus, special disbursement, etc. (C)		Amount of remuneration for employees (D)				Sum of A, B, C and D, and it as a % of after-tax net profit		Remunera- tion received from non- subsidiary investee companies or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Amount of cash	Amount of shares	Amount of cash	Amount of shares			
President	Jen-Chieh Wu	1,921	2,881	108	108	410	536	0	0	0	0	2,439 1.46%	3,525 2.11%	0
President	Tsung-Ming Liao	1,794	2,754	108	108	450	645	0	0	0	0	2,352 1.41%	3,507 2.10%	0
Vice President	Pen-Sheng Yu	1,559	1,559	91	91	374	374	0	0	0	0	2,024 1.21%	2,024 1.21%	0
Vice President	Tien-Shun Hsu	1,382	1,862	80	80	528	528	0	0	0	0	1,990 1.19%	2,470 1.48%	0

Corporate Governance Report

Table of remuneration ranges

Range of remuneration to the President and Vice President	Names of the President and Vice President	
	The Company	All companies in the financial report (E)
Less than NTD 1,000,000	None	None
NTD 1,000,000 (inclusive) – NTD 2,000,000 (exclusive)	Tien-Shun Hsu	None
NTD 2,000,000 (inclusive) – NTD 3,500,000 (exclusive)	Jen-Chieh Wu, Tsung-Ming Liao, Pen-Sheng Yu	Pen-Sheng Yu, Tien-Shun Hsu
NTD 3,500,000 (inclusive) – NTD 5,000,000 (exclusive)	None	Jen-Chieh Wu, Tsung-Ming Liao
NTD 5,000,000 (inclusive) – NTD 10,000,000 (exclusive)	None	None
NTD 10,000,000 (inclusive) – NTD 15,000,000 (exclusive)	None	None
NTD 15,000,000 (inclusive) – NTD 30,000,000 (exclusive)	None	None
NTD 30,000,000 (inclusive) – NTD 50,000,000 (exclusive)	None	None
NTD 50,000,000 (inclusive) – NTD 100,000,000 (exclusive)	None	None
More than NTD 100,000,000	None	None
Total	4	4

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(IV) Remuneration for the top five

Unit: NTD thousand

Title	Name	Salary (A)		Post-employment pension (B)		Bonus, special disbursement, etc. (C)		Amount of remuneration for employees (D)				Sum of A, B, C and D, and it as a % of after-tax net profit		Remunera- tion received from non- subsidiary investee companies or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Amount of cash	Amount of shares	Amount of cash	Amount of shares			
President	Jen-Chieh Wu	1,921	2,881	108	108	410	536	0	0	0	0	2,439 1.46%	3,525 2.11%	0
President	Tsung-Ming Liao	1,794	2,754	108	108	450	645	0	0	0	0	2,352 1.41%	3,507 2.10%	0
Vice President	Pen-Sheng Yu	1,559	1,559	91	91	374	374	0	0	0	0	2,024 1.21%	2,024 1.21%	0
Vice President	Tien-Shun Hsu	1,382	1,862	80	80	528	528	0	0	0	0	1,990 1.19%	2,470 1.48%	0
Vice President	Fu-Sen Hung	1,242	1,462	73	73	288	288	0	0	0	0	1,603 0.96%	1,823 1.09%	0

Corporate Governance Report

(V) Names of managers to whom the remuneration for employees is distributed, and the remuneration distributed

Unit: NTD thousand

	Title	Name	Amount of shares	Amount of cash	Total	The sum as a % of after-tax net profit
Manager	President	Jen-Chieh Wu	0	0	0	0%
	President	Tsung-Ming Liao				
	Vice President	Pen-Sheng Yu				
	Vice President	Tien-Shun Hsu				
	Assistant Vice President	Yu-Sheng Chien				
	Assistant Vice President	Fu-Sheng Hung				
	Assistant Vice President	Ying-Chieh Lin				
	Assistant Vice President	Wei-Cheng Tsai				
	Assistant Vice President	Kuang-Yu Lo				
	Assistant Vice President	Wan-Tsai Chen				
	Accounting Manager	Hsin-Wen Yang				
	Financial Manager	Ya-Ching Huang				
	Chief corporate governance officer	Wan-Ting Huang				

Corporate Governance Report

(VI) Analysis of the total remuneration paid by the Company and all companies in the consolidated financial statements to the directors, president and vice president of the Company within the most recent two years as a percentage of the after-tax net profit in the parent-only or separate financial report, and a description of the policy, standards and combinations for payment of remuneration, the procedures for determination of remuneration, and the relevance to the operating performance and future risks

1. Total remuneration paid to directors, supervisors, president and vice president of the Company as a percentage of the after-tax net profit in the parent-only or separate financial report within the most recent two years:

Title	Total remuneration as a percentage of the after-tax net profit in the parent-only financial report in 2023		Total remuneration as a percentage of the after-tax net profit in the parent-only financial report in 2024	
	The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements
Director	25.20%	28.56%	8.11%	8.81%
Supervisor	N/A			
President and vice president	18.67%	25.07%	5.27%	6.89%

2. The policy, criteria and combinations for payment of remuneration, the procedures for determination of remuneration, and the relevance to the operating performance and future risks:

The remuneration for the Company's directors includes salary and compensation, which is subject to approval by a resolution of the Board of Directors based on the regular pay levels of peers at home and abroad, as authorized in accordance with the Articles of Incorporation. The salary structure for the President and Vice President consists of basic salary, food allowance, and position-based allowance, and their remuneration is determined based on their positions and responsibilities, contribution and performance achievement rate as well as the Company's operating results, with reference to the pay levels of peers. It is subject to review and approval by the Remuneration Committee.

The Company's remuneration policy is determined based on its current financial conditions and operating results, as well as its fund use plan.

Corporate Governance Report

III. Information of corporate governance

(I) Information of operations of the Board of Directors

In the most recent year, the Board of Directors held 10 meetings (A), and the attendance of directors in these meetings is as follows:

Title	Name	Actual number of meetings attended (B)	Number of meetings attended by proxy	Actual rate of attendance (%) (B/A)	Remarks
Chairman	Rich Development Co., Ltd. Representative: Yu-Chi Kuo	6	0	100%	Newly elected after the re-election at the general shareholders' meeting on June 13, 2024,
Director	Rich Development Co., Ltd. Representative: Chi-An Kuo	10	0	100%	Re-elected after the re-election at the general shareholders' meeting on June 13, 2024,
Director	Rich Development Co., Ltd. Representative: Shu-Chen Kuo	8	0	80%	Re-elected after the re-election at the general shareholders' meeting on June 13, 2024,
Director	Rich Development Co., Ltd. Representative: Ching-Chi Li	6	0	100%	Newly elected after the re-election at the general shareholders' meeting on June 13, 2024,
Director	Ho Ching Enterprises Co., Ltd. Representative: Hai-Feng Li	0	8	0%	Re-elected after the re-election at the general shareholders' meeting on June 13, 2024,

Corporate Governance Report

Director	Ho Ching Enterprises Co., Ltd. Representative: Yao-Hung Tsao	10	0	100%	Re-elected after the re-election at the general shareholders' meeting on June 13, 2024,
Director	Rich Development Co., Ltd. Representative: Chi-Kang Kuo	4	0	100%	Stepped down after the re-election at the general shareholders' meeting on June 13, 2024,
Director	Rich Development Co., Ltd. Representative: Chien-Yuan Huang	3	1	75%	Stepped down after the re-election at the general shareholders' meeting on June 13, 2024,
Independent director	Jung-Hui Liu	10	0	100%	Re-elected after the re-election at the general shareholders' meeting on June 13, 2024,
Independent director	Chieh Pai	6	0	100%	Newly elected after the re-election at the general shareholders' meeting on June 13, 2024,
Independent director	Che-Hao Chang	5	1	83.33%	Newly elected after the re-election at the general shareholders' meeting on June 13, 2024,

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Independent director	Fan-Chih Wu	4	0	100%	Stepped down after the re-election at the general shareholders' meeting on June 13, 2024,
Independent director	Chen-Tung Ku	2	2	50%	Stepped down after the re-election at the general shareholders' meeting on June 13, 2024,

Other information required:

- Where any of the following applies to the operations of the Board of Directors, the date and number of session of the relevant Board of Directors meeting, the proposal(s) for the meeting, all opinions of independent directors, and the responses to the opinions of independent directors must be specified:

(1) Matters set forth under Article 14-3 of the Securities and Exchange Act:

Board of Directors			Proposals	Opinions of independent directors	Responses to the opinions of independent directors
4th term	23rd meeting	January 26, 2024	1. The policy and scope for the remuneration for directors and managers in 2024	Approve	N/A
	24th meeting	March 14, 2024	1. Proposal for disposal of land 2. Proposal for lifting of non-compete restrictions on new directors	Approve	N/A
	25th meeting	April 12, 2024	1. The setting of a record date for the issuance of new shares for conversion of the 2nd domestic issue of unsecured convertible bonds into common shares in Q1 of 2024 2. 2023 capitalization of earnings by way of issuance of new shares	Approve	N/A
5th term	2nd meeting	July 12, 2024	1. The setting of a record date for the issuance of new shares for conversion of the 2nd domestic issue of unsecured convertible bonds into common shares in Q2 of 2024 2. Endorsements/Guarantees for the financing limits of subsidiaries 3. Appointment of the 5th remuneration committee members	Approve	N/A

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4th meeting	August 29, 2024	1. Amendment to the “Implementation Rules for Internal Control System and Internal Audit”	Approve	N/A
5th meeting	October 7, 2024	1. The setting of a record date for the issuance of new shares for conversion of the 2nd domestic issue of unsecured convertible bonds into common shares in Q3 of 2024 2. Setting of the capital increase base date on 2023 capitalization of earnings	Approve	N/A
6th meeting	November 12, 2024	1. Appointment of representatives as the directors and supervisors of subsidiaries 2. Donation to “Yilan County Private Li Li Social Welfare Charity Foundation” 3. Amendment to the “Implementation Rules for Internal Control System and Internal Audit” 4. Establishment of the “Implementation Rules for Internal Control System and Internal Audit”	Approve	N/A
Result of resolution		Approved by all attending directors without objection and amendment		

(2) Matters other than the foregoing ones, for which the Board of Directors have adopted resolutions and for which objections or reservations have been expressed by the independent directors in records or written statements: None.

2. With respect to the recusal of any director with a stake in a proposal, the name of the director, the proposal, the reason for recusal and his/her participation in the voting must be specified:

(1) January 26, 2024 Board of Directors meeting: The policy and scope for the remuneration for directors and managers in 2024.
 Attending directors: Shu-Chen Kuo, Chi-An Kuo, Chi-Kang Kuo, Chien-Yuan Huang, Hai-Feng Li, Yao-Hung Tsao, Jung-Hui Liu, Fan-Chih Wu, and Chen-Tung Ku.
 Meeting process: Based on the principle for avoidance of conflicts of interest, the directors discussed proposals that did not involve their interests.
 Voting result: Approved without amendment and without objection from the attending directors upon a consultation by the chairperson.

(2) March 14, 2024 Board of Directors meeting: Proposal for lifting of non-compete restrictions on new directors.
 Attending directors: Shu-Chen Kuo, Chi-An Kuo, Chi-Kang Kuo, Chien-Yuan Huang, Hai-Feng Li, Yao-Hung Tsao, Jung-Hui Liu, Fan-Chih Wu, and Chen-Tung Ku.
 Meeting process: Based on the principle for avoidance of conflicts of interest, the directors discussed proposals that did not involve their interests.
 Voting result: Approved without amendment and without objection from the attending directors upon a consultation by the chairperson.

(3) July 12, 2024 Board of Directors meeting: Endorsements/Guarantees for the financing limits of subsidiaries.
 Attending directors: Yu-Chi Kuo, Chi-An Kuo, Shu-Chen Kuo, Ching-Chi Li, Yao-Hung Tsao, Jung-Hui Liu, Chieh Pai, and Che-Hao Chang.
 Meeting process: Based on the principle for avoidance of conflicts of interest, directors Chi-An Kuo and Chi-Kang Kuo temporarily left the meeting and did not participate in the discussion and voting.
 Voting result: Approved without amendment and without objection from the attending directors upon a consultation by the chairperson.

(4) 2024/07/12 Board of Directors: Appointment of the 5th remuneration committee members
 Attending directors: Yu-Chi Kuo, Chi-An Kuo, Shu-Chen Kuo, Ching-Chi Li, Yao-Hung Tsao, Jung-Hui

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Liu, Chieh Pai, and Che-Hao Chang.

Meeting process: Based on the principle for recusal of directors, independent directors Jung-Hui Liu, Chieh Pai, and Che-Hao Chang recused themselves from the meeting and did not participate in the discussion or voting.

Voting result: Approved without amendment and without objection from the attending directors upon a consultation by the chairperson.

- (5) November 12, 2024 Board of Directors meeting: Appointment of representatives as the directors and supervisors of subsidiaries.

Attending directors: Yu-Chi Kuo, Chi-An Kuo, Shu-Chen Kuo, Ching-Chi Li, Hai-Feng Li, Yao-Hung Tsao, Jung-Hui Liu, Chieh Pai, and Che-Hao Chang.

Meeting process: Based on the principle for avoidance of conflicts of interest, Chairman Shu-Chen Kuo and directors Chi-An Kuo and Chi-Kang Kuo temporarily left the meeting and did not participate in the discussion and voting, with director Jung-Hui Liu acting as the chairperson for the proposal.

Voting result: Approved without amendment and without objection from the attending directors upon a consultation by the chairperson.

- (6) November 12, 2024 Board of Directors meeting: Donation to “Yilan County Private Li Li Social Welfare Charity Foundation”.

Attending directors: Yu-Chi Kuo, Chi-An Kuo, Shu-Chen Kuo, Ching-Chi Li, Hai-Feng Li, Yao-Hung Tsao, Jung-Hui Liu, Chieh Pai, and Che-Hao Chang.

Meeting process: Based on the principle for avoidance of conflicts of interest, directors Chi-An Kuo and Chi-Kang Kuo temporarily left the meeting and did not participate in the discussion and voting.

Voting result: Approved without amendment and without objection from the attending directors upon a consultation by the chairperson.

3. A TWSE/TPEx listed company must disclose information including the cycle, period, scope, method and content of self-evaluation (or peer evaluation) of the Board of Directors, and specify the status of implementation of evaluation of the Board of Directors:

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Annually	January 1 to December 31, 2024	An evaluation of the performance of the Board of Directors, individual directors and the functional committees.	Internal self-evaluation and peer evaluation of the Board of Directors, functional committees and directors in accordance with the “Regulations Governing the Evaluation of the Performance of the Board of Directors” and the “Questionnaire for the Evaluation of the Performance of the Board of Directors.”	<p>The Company conducts the annual internal performance evaluation in five aspects (level of participation in the operations of the Company and awareness of responsibilities, improvement of the quality of decision-making by the Board of Directors and understanding of the goals and missions of the Company, composition and structure of the Board of Directors, election and continuing training of the directors, and internal control).</p> <p>The rates of achievement of the indicators are 95.45% for the Board of Directors, 100% for the Audit Committee, and 100% for the Remuneration Committee, while the overall rate of achievement of the indicators is 96.14%. During the evaluation period, all targets for the performance of the Board of Directors have been achieved, and its overall operations are good.</p> <p>The above information was submitted to the 7th meeting of the 5th Board of Directors on January 15, 2025 for reference.</p>

4. The goals of enhancing the functions of the Board of Directors in the current and the most recent years, and the evaluation of their implementation:

Establishing a good governance system for the Board of Directors, improving its supervisory functions, and

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strengthening its management functions in accordance with the Rules of Procedure for the Board of Directors and the Corporate Governance Best Practice Principles. The Company conducted a performance evaluation for the Board of Directors and functional committees in 2024 in accordance with the “Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees.” In 2025, the Company will strengthen the professional abilities of directors to improve the functions of the Board of Directors and implement the sustainability policy.

(II) Operations of the Audit Committee, or participation of supervisors in the operations of the Board of Directors

1. Information of operations of the Audit Committee

In the most recent year, the Audit Committee held 9 meetings (A), and the attendance of independent directors in these meetings is as follows:

Title	Name	Actual number of meetings attended (B)	Number of meetings attended by proxy	Actual rate of attendance (%) (B/A)	Remarks
Independent director	Jung-Hui Liu	9	0	100%	Re-elected after the re-election at the general shareholders' meeting on June 13, 2024,
Independent director	Fan-Chih Wu	4	0	100%	Stepped down after the re-election at the general shareholders' meeting on June 13, 2024,
Independent director	Chen-Tung Ku	2	2	50%	Stepped down after the re-election at the general shareholders' meeting on June 13, 2024,
Independent director	Chieh Pai	5	0	100%	Newly elected after the re-election at the general shareholders' meeting on June 13, 2024,
Independent director	Che-Hao Chang	4	1	80%	Newly elected after the re-election at the general shareholders' meeting on June 13, 2024,
Other information required:					

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1. Where any of the following applies to the operations of the Audit Committee, the date and number of session of the relevant Audit Committee meeting, the proposal(s) for the meeting, the objections, reservations or material recommendations of independent directors, the relevant resolution of the Audit Committee, and the responses to the opinions of the Audit Committee must be specified.

(1) Matters set forth under Article 14-5 of the Securities and Exchange Act:

Audit Committee			Proposals	Opinions of the Audit Committee members	Responses to the opinions of the Audit Committee members
3rd term	20th meeting	113/03/14	1. Individual financial report, consolidated financial report and business report for 2012 2. Statement on the Internal Control System for 2012 3. Proposed land disposal case 4. Lifting the non-competition restriction of new directors	Approve	N/A
	21th meeting	113/04/12	1. Proposal on the establishment of the base date for the issuance of new shares for the second domestic unsecured convertible corporate bond of our company in the first quarter of 2013 2. Proposal on the issuance of new shares using the earnings from the 2012 fiscal year	Approve	N/A
4th term	1th meeting	113/07/12	1. Proposal to set the base date for the issuance of new shares for the second domestic unsecured convertible corporate bonds of our company in the second quarter of 2013 2. Endorsement and guarantee for the subsidiary's financing quota	Approve	N/A
	2th meeting	113/08/29	1. Amendment of the "Internal Control System and Internal Audit Implementation Rules"	Approve	N/A
	3th meeting	113/10/07	2. Proposal on the establishment of the base date for the issuance of new shares for the second domestic unsecured convertible corporate bond of the Company in the third quarter of 2013		
	4th meeting	113/11/12	1. Designation of a representative to serve as a director and supervisor of a subsidiary 2. Donation to the "Yilan County Private LeaLea Social Welfare Charity Foundation" 3. Amendment of the "Internal Control System and Internal Audit Implementation Rules" 4. Formulate the "Internal Control System and Internal Audit Implementation Rules"	Approve	N/A

(2) Matters other than the foregoing ones, which have not been approved by the Audit Committee but have been approved in resolutions by at least two-thirds of all directors: None.

2. With respect to the recusal of any independent director with a stake in a proposal, the name of the independent director, the proposal, the reason for recusal and his/her participation in the voting must be specified:
3. Communication between independent directors and the chief internal auditor and CPAs (such information must include the material matters, methods and results of communication regarding the financial and

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business conditions of the Company):

- (1) After the audit report and the follow-up report are submitted to the Chairman, they shall be emailed to each independent director by the chief internal auditor for review, with meetings conducted with each independent director in person at least once every quarter to respond to their inquiries. The chief internal auditor attends the Audit Committee meetings and Board meetings and presents the audit report. This enables each independent director to be on top of the status of the Company's internal audit in a timely manner. If a material violation is discovered or if there is a concern of material damage to the Company, a report should be prepared and submitted, with each independent director notified.
- (2) The chief internal auditor attends all meetings of the Audit Committee. Each year, the CPAs submit at least one report on the financial conditions and internal control and audits of the Company, as well as the financial conditions and overall operations of domestic and foreign subsidiaries, to the Audit Committee, and engage in sufficient communication regarding whether there is any significant adjustments or amendments to laws that has affected the accounts. The CPAs make regular communication reports for the corporate governance unit. The Audit Committee may contact the CPAs in person or by phone when necessary to achieve the purpose of sufficient communication.
- (3) On December 3, 2024, the CPA team of KPMG Taiwan held a meeting with the independent directors regarding communication with the governance body to explain and discuss changes in the law, the status of investment projects, the key audit matters, and the audit quality indicators.
- (4) On November 12, 2024, the chief internal auditor submitted a report to and communicated with the independent directors regarding the 2024 plan for implementation of audit activities and audit matters prior to the meeting of the Board of Directors.

2. Focuses and operations of the Audit Committee in 2024:

- (1) Fair presentation of the Company's financial statements.
- (2) Selection (Discharge), independence and performance evaluation of the CPAs.
- (3) Whether the Company's internal control has been effectively implemented.
- (4) Whether the Company has complied with applicable laws and regulations and established a good corporate governance system and culture.
- (5) Management and control of existing or potential risks of the Company.

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(III) Implementation of corporate governance, differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences

Item assessed	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
I. Does the Company establish and disclose its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		In accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” the Company has established the “Corporate Governance Best Practice Principles,” which together with the Rules of Procedure for Shareholders’ Meeting, the Rules of Procedure for the Board of Directors and the internal control system have been the basis for promoting corporate governance.	No significant difference.
II. The shareholding structure and shareholders’ equity of the Company	V		(I) The Company has appointed a spokesperson and a deputy spokesperson as a channel for the Company to express its opinions publicly, and it has assigned the shareholder service department to handle shareholders’ suggestions or related disputes.	No significant difference.
(I) Does the Company establish internal procedures for handling shareholders’ suggestions, questions, disputes, and lawsuits? Does your company follow such procedures?				
(II) Does the Company keep a list of major shareholders actually controlling the Company and the ultimate controllers of the major shareholders?	V		(II) The Company has assigned the shareholder service department and engaged a professional shareholder service agent to manage matters related to shareholder services. The Company keeps track of changes in the list of shareholders and reports them in accordance with the law.	
(III) Has the Company established and implemented a system for risk control and firewalls with its affiliates?	V		(III) The Company and its affiliates are financially independent from each other, and the Company has established the “Procedures for the Management of Transactions with Related Parties” for relevant matters.	
(IV) Has the Company established internal regulations that prevent insiders from trading securities using non-public market information?	V		(IV) The Company has established the “Ethical Corporate Management Best Practice Principles” and the “Regulations Governing the Prevention of Insider Trading,”	

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Item assessed	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
			which are applicable to directors, managers and employees. The Company has continued to communicate the policies for confidentiality of material information and prohibition of insider trading to insiders.	
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors established a diversity policy and specific goals of management? Have such policy and goals been implemented?	V		(I) The Company has established a policy for the nomination and election of directors, and formulated a policy to achieve diversity in the members of the Board of Directors (including at least one female director, possessing experience and expertise in different professional areas, and directors who are employees accounting for no more than 30% of all directors). They also possess knowledge in different professional areas, such as finance, law and industry-academia experience, required to perform their duties. In 2024, the Company completed the nomination and election of all directors in accordance with the purposes of the diversity policy (election result: including three female directors, possessing experience/expertise in different professional areas, and directors who are employees accounting for no more than 30% of all directors), demonstrating the implementation of and compliance with the diversity policy. For the fulfillment of the aforementioned policy requirements, see "Diversity and independence of the Board of Directors" in this annual report (Pages 17).	No significant difference.
(II) Has the Company, apart from establishing a remuneration committee and an audit committee, voluntarily set up any other functional committee?		V	(II) Corporate governance is within the responsibilities of each department, and no other functional committee has been set up.	

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Item assessed	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
(III) Has the Company established regulations and methods for evaluation of the performance of the board of directors? Does the Company conduct such performance evaluation on a regular basis each year? Are the results of such performance evaluation submitted to the Board of Directors and used as reference for the remuneration for individual directors and for their nomination for re-election?	V		(III) On March 25, 2019, the Board of Directors approved the formulation of the Board Performance Evaluation Procedures and Its Evaluation Methods. The 2024 performance evaluation results have been reported to the Board of Directors on January 15, 2025. Please refer to the “Implementation of Board Evaluation” of this annual report (Page 27). The evaluation results are provided to the relevant units as a reference for the remuneration of directors and the nomination of directors.	
(IV) Does the Company assess the independence of CPAs on a regular basis?	V		(IV) On November 12, 2024, with reference to the “Standards of Professional Ethics for Certified Public Accountants Bulletin” No. 10 and the “Audit Quality Indicators” (AQIs), the Company confirmed that the CPAs have no direct or material indirect financial interest with the Company, have no close business relationship or employment relationship with the Company, and are not relatives of any director or manager or any person with a material effect on audit cases, and checked whether the CPAs have engaged in financing or guarantees with the Company or any of its directors. The Company has assessed that the CPAs possess independence and competence for 2025, and has obtained a declaration of independence issued by the CPAs.	
IV. Does the TWSE/TPEX listed company appoint an appropriate number of competent corporate governance officers and designate a chief corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing the information required for directors or	V		On November 10, 2022, the Board of Directors appointed a chief corporate governance officer for supervision over matters related to corporate governance. The officer is responsible for managing affairs for Board of Directors meetings and shareholders’ meetings as required by law and preparing minutes of such meetings, assisting directors in taking office, continuing training and	No significant difference.

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Item assessed	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
supervisors to perform their duties, assisting directors or supervisors in compliance, managing affairs for board of directors meetings and shareholders' meetings as required by law, and preparing minutes for board of directors meetings and shareholders' meetings)?			compliance, providing the information required for directors to perform their duties, and assisting the Board of Directors and functional committees in completing performance evaluations. 12 hours of continuing training in 2024: Taiwan Stock Exchange - Building a New Carbon Era with Sustainable Knowledge (6 hours); 2024 Cathay Pacific Sustainable Finance and Climate Change Summit (6 hours).	
V. Does the Company establish channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Does the Company create a section for stakeholders on its website and give proper responses regarding important issues of corporate social responsibility that concern stakeholders?	V		(I) The Company has appointed a spokesperson and a deputy spokesperson as a channel for the Company to express its opinions publicly, and it responds to relevant matters in accordance with its internal control system. (II) The Company has created a section for corporate governance and stakeholders on its website and set up a dedicated email address to provide smooth communication channels.	No significant difference.
VI. Does the Company engage any professional shareholder service agent to manage affairs for shareholders' meetings?	V		The Company has engaged a professional shareholder service agent.	No significant difference.
VII. Information disclosure (I) Does the Company set up a website to disclose financial, business and corporate governance information?	V		(I) There is a section for investor relations on the Company's website, where the content is continuously updated for related financial, business and corporate governance information.	No significant difference.
(II) Does the Company use other means to disclose information (e.g., setting up an English website, designating specialized personnel to collect and disclose corporate information, implementing a spokesperson system, or uploading the proceedings of investor conferences to the Company's website)?	V		(II) The Company has appointed specialized personnel to collect and disclose corporate information, implemented a spokesperson system, and uploaded the proceedings of investor conferences to its website and the MOPS.	
(III) Does the Company publish and submit an annual financial report		V	(III) All financial reports have been submitted by the deadlines set by	

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Item assessed	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
within two months after the end of each fiscal year? Does the Company publish and submit financial reports of the first, second and third quarters and the monthly status of operations before the required deadline?			the competent authority.	
VIII. Does the Company have other important information useful for understanding the status of corporate governance of the Company (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for directors and supervisors by the Company etc.)?	V		<ol style="list-style-type: none"> 1. Employees' rights and employee care: The Company has established the Employee Welfare Committee, and has adopted the Labor Standards Act, the Gender Equality in Employment Act, the Sexual Harassment Prevention Act and other relevant laws and regulations as the minimum standards for the Company to formulate human resource management regulations and systems to ensure the rights of employees. 2. Investor relations: The Company regularly discloses important operating information and continues to improve its information transparency for investors to understand the Company's operations and development plans. 3. Supplier relations: The Company has maintained good long-term cooperation with suppliers. 4. Stakeholders' rights: To protect the rights of stakeholders, the Company has established a number of good and smooth communication channels. In this regard, the Company has adhered to ethical principles and a responsible attitude and properly fulfilled its corporate social responsibilities. 5. Continuing training of directors: The Company has organized continuing training in accordance with the "Directions for the Implementation of Continuing Training for Directors and Supervisors of TWSE/TPEX Listed Companies" and complied with the requirements for continuing training hours. 6. Implementation of risk management policies and risk measurement standards: The Company has established the "Risk Management Policy and Procedures" and other 	No significant difference.

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Item assessed	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
			<p>internal regulations, and it submitted an annual report on the implementation of risk management policies and procedures to the Board of Directors on November 12, 2024.</p> <p>7. Implementation of customer policies: The Company is committed to the improvement of quality and professional technologies and the provision of the best products and services to customers.</p> <p>8. Purchase of liability insurance for directors and supervisors: The Company renewed liability insurance for directors and supervisors on May 31, 2024.</p>	
<p>IX. Please describe improvements completed according to the result of corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and specify the priorities and measures for improvement with respect to matters for which improvement has yet to be completed:</p> <p>In order to continue strengthening corporate governance, the Board of Directors adopted the Regulations Governing the Evaluation of the Performance of the Board of Directors and the methods for such evaluation on March 25, 2019. Since 2019, internal performance evaluation has been conducted annually. In the future, external evaluation will also be actively planned to strengthen the structure and operation of the Board of Directors and implement the sustainability policy in addition to internal performance evaluation.</p>				

(IV) Where the Company has established a Remuneration Committee, the information regarding its composition and operations must be disclosed

1. Information of members of the Remuneration Committee

Title	Criteria Name	Professional qualifications and experience	Independence	Also a remuneration committee member at the following number of other public companies
Independent director	Jung-Hui Liu	See "Disclosure of information about the professional qualifications of directors and the independence of independent directors" in this annual report (Page 19).		-
Independent director	Chieh Pai			-
Independent director	Che-Hao Chang			-

2. Information of the operations of the Remuneration Committee

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- (1) The Remuneration Committee consists of three members.
- (2) Term of the current members: The 4th term is from July 13, 2021 to July 12, 2024; the 5th term is from July 12, 2024 to June 12 2027. In the most recent year, the Remuneration Committee held two meetings (A), and the qualifications of its members and their attendance in these meetings are as follows:

Title	Name	Actual number of meetings attended (B)	Number of meetings attended by proxy	Actual rate of attendance (%) (B/A)	Remarks
Convener	Jung-Hui Liu	2	0	100%	Re-elected after the re-election at the general shareholders' meeting on June 13, 2024,
Member	Fan-Chih Wu	2	0	100%	Stepped down after the re-election at the general shareholders' meeting on June 13, 2024,
Member	Chen-Tung Ku	1	1	50%	Stepped down after the re-election at the general shareholders' meeting on June 13, 2024,
Member	Chieh Pai	0	0	0%	Appointed by the Board of Directors on 2024/07/12
Member	Che-Hao Chang	0	0	0%	Appointed by the Board of Directors on 2024/07/12

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Other information required:

1. Where the Board of Directors has declined to adopt or amend the recommendations of the Remuneration Committee, the date and number of session of the relevant Board of Directors meeting, the proposal(s) for the meeting, the relevant resolution of the Board of Directors and the response of the Company to the opinion of the Remuneration Committee must be specified (if the remuneration approved by the Board of Directors is higher than that recommended by the Remuneration Committee, the difference and its reason must be specified): None.
2. Where members of the Remuneration Committee have expressed objections or reservations in records or written statements to any matter subject to a resolution of the Remuneration Committee, the date and number of session of the relevant Remuneration Committee meeting, the proposal(s) for the meeting, the opinions of all members and the responses to the opinions of the members must be specified: None.

3. Important resolutions of the Remuneration Committee

Remuneration Committee			Proposals	Opinion of the Remuneration Committee	Response to the opinion of the Remuneration Committee
4th term	5th meeting	January 26, 2024	1. Distribution of performance bonuses to managers in 2023 2. The policy and scope for the remuneration for directors and managers in 2024	Approve	N/A
	6th meeting	March 14, 2024	1. Distribution of the remuneration for employees and directors in 2023	Approve	N/A
Result of resolution			Approved by all attending members without objection and amendment		

(V) Promotion of sustainable development, differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences

Item promoted		Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
		Yes	No	Summarized description	
I.	Does the Company establish a governance framework to promote sustainable development? Does the Company establish a specialized (or designate an existing) department to promote sustainable development, which	V		Under the supervision of the President, the Administration Department is responsible for promoting sustainable development, with each department actively implementing sustainability policies according to its responsibilities. A report on such promotion is submitted to the Board of Directors annually.	No significant difference.

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Item promoted	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
the senior management is authorized by the board of directors to manage under the supervision of the board of directors?			The Board of Directors regularly reviews the achievement of the sustainability targets for a variety of areas (industrial structure, market dynamics, application of laws and regulations, etc.), strengthens the review of activities with higher risks, offers recommendations, and follows up on their improvement.	
II. Does the Company conduct any risk assessment regarding environmental, social and corporate governance issues related to the Company's operations according to the materiality principle? Does the Company establish any relevant risk management policy or strategy?	V		On December 16, 2020, the Board of Directors adopted the "Risk Management Policy and Procedures" as the highest guiding principles for risk management strategy. The Company and its subsidiaries are subject to risk assessment based on the principle of materiality. On November 12, 2024, a report on the implementation of the risk management policy and procedures was submitted to the Board of Directors.	No significant difference.
III. Environmental issues (I) Does the Company create an appropriate environmental management system based on the industrial characteristics of the Company?	V		(I) The Company has gradually introduced relevant environmental management systems to meet the needs of internal and external stakeholders, hoping to achieve sustainable management by introducing risk thinking and PDCA management philosophy through the systems. In addition to the Taipei Office having received the ISO 14001 certification for environmental management system, the sewage plants and water resource centers under the Company have also received international certifications such as the ISO 14001 certification for environmental management system, the ISO 50001 certification for energy management system, the ISO 9001 certification for quality management system, and the OHSAS 18001 certification for occupational health and safety management system. The Luodong Water Resource Center has received the ISO 14064-1 certification for greenhouse gas verification and the Carbon Footprint Label certification. The sewage treatment plants in Nanzi, Central Taiwan Science Park and	No significant difference.

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Item promoted	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
(II) Is the Company committed to achieving more efficient use of energy and using renewable materials with low impact on environmental burden?	V		<p>Dihua have also received the Carbon Footprint Label certification.</p> <p>(II) The operating plants and water recycling centers under the Company primarily engage in the treatment of wastewater and sewage produced by urban sanitary sewers and industrial activities. Discharging effluents that meet national standards through professional wastewater and sewage treatment technologies is a core value of the Company. Except for small amounts of general waste (waste wood mixture, waste plastics and household waste) generated by sewage plants and water resource centers, the bulk of the waste generated by other plants has been general industrial waste – sludge, with sludge cakes accounting for more than 96% of the total waste. The water resource centers in Yilan and Luodong and the sewage treatment plants in Nanzi and Guanyin Industrial Park have installed sludge dryers to achieve the goal of reducing sludge cakes generated by sewage treatment plants. In the future, the Company will continue to fulfill the targets of sludge reduction, recycling and reuse.</p>	
(III) Does the Company assess the present and future potential risks and opportunities arising from climate change for the Company? Does the Company take any measures in response?	V		<p>(III) Greenhouse gas emissions resulting from energy use directly reflect the effect of operating activities on climate change. Therefore, it is the Company's top priority to protect the environment by monitoring the situation of energy use of each plant. Furthermore, the emission factor method is used to convert energy use into greenhouse gas emissions to gain first-line information about the possible effect of emissions on global warming. The water resource center in Luodong has completed a greenhouse gas verification in accordance with ISO 14064-3 and obtained a declaration on ISO 14064-1 greenhouse gas verification, which serves as a model</p>	

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Item promoted	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
(IV) Does your company make statistics of the greenhouse gas emissions, water usage and total weight of waste over the previous two years? Does your company establish policies for greenhouse gas reduction, reduction of water usage or management of other waste?	V		<p>that has been extended to the plant in Nanzi to actively implement measures for greenhouse gas management. The plant in Nanzi successfully received the Carbon Footprint Label in 2018, and its practice will be extended to other plants horizontally.</p> <p>(IV) The Company not only provides customers and owners with environmental protection services through professional skills, but also attaches great importance to the energy use in the projects contracted. In order to achieve comprehensive environmental protection, the Company has conducted energy audits and reviewed energy consumption at multiple plants, and has aimed to reduce operating costs and maintain sustainability on Earth through measures implemented for energy conservation plans, such as the replacement of lights, improvement of equipment efficiency, optimization of equipment operating time, installation of solar panels, and recycling and reuse of biogas.</p> <p>Additionally, Forest Water has been the first of its kind in guiding the wastewater treatment industry to understand the carbon emissions of wastewater (sewage) treatment services. Since 2016, when the Company obtained the Carbon Label for the wastewater (sewage) treatment services of the water resource center in Luodong, a total of four sewage treatment plants in operation have obtained the Carbon Label as of the end of 2024.</p>	
IV. Social issues (I) Does the Company establish relevant management policies and procedures in accordance with applicable laws and regulations and international human rights conventions?	V		(I) As a global corporate citizen, the Company has been paying close attention to international human rights trends for a long time and striving for full protection of human rights and fulfillment of corporate social responsibilities. In order to fulfill its	No significant difference.

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Item promoted	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
(II) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits)? Is the operating performance or result appropriately reflected in the remuneration for employees?	V		<p>human rights commitments and responsibilities, the Company has disclosed its direction for human rights protection in accordance with international conventions (the Company has referred to international conventions including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the conventions and declarations of the ILO, and the ten principles of the UN Global Compact).</p> <p>In terms of implementation, the specific measures taken by the Company include: for recruitment: eliminating unlawful discrimination (based on race, religion, political party, etc.), implementing a gender equality policy, and ensuring job opportunities; for employment: prohibiting forced labor and child labor, providing a safe, friendly and healthy workplace, caring for the physical and mental health of employees and their work-life balance, and establishing diverse communication channels and complaint mechanisms to prevent infringements or violations of human rights. Furthermore, the Company holds labor-management committee meetings in accordance with the law to maintain smooth communication between employees and the employer. During new employee training, the Company promotes its employee work rules, integrity awareness, and its human rights protection policy.</p>	
			(II) Remuneration: Remuneration is paid not only in accordance with labor laws, but also based on education and job experience, professional knowledge and abilities, personal performance and other additional criteria, with no difference in the remuneration standards for men and women. The Company has established reward and penalty systems and their	

Corporate Governance Report

Item promoted	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
(III) Does the Company provide employees with a safe and healthy work environment and give safety and health training to employees regularly?	V		<p>enforcement procedures. A full-time employee will undergo regular performance evaluations every six months. The result of such evaluation will be a rating of A+, A, B, C, D or E, which serves as a basis of reference for promotion, transfer, remuneration, bonus sharing, training and career planning. According to the Articles of Incorporation, where the Company records a profit in the year, it shall allocate no less than 2% of the profit as remuneration for employees.</p> <p>Leave: Employees are granted special leave in accordance with the requirements for “one fixed day off and one flexible rest day per week” under the Labor Standards Act and other applicable laws, as well as the types of leave defined by the Gender Equality in Employment Act.</p> <p>Welfare: Emergency aid for employees, group insurance, subsidies for marriage and funerals, travel allowance for employees, and the entitlement to welfare measures adopted by the Employee Welfare Committee.</p> <p>(III) The Company has established the Safety and Health Work Code and occupational safety personnel. The goal is to provide a safe, healthy and comfortable working environment and promote health and safety management. This includes: Annual fire safety inspections, public safety inspections of buildings, monitoring of drinking water, lighting, and noise levels, improving environmental quality and safety. In accordance with the “Act of Gender Equality in Employment”, we have established a lactation room, and hold internal crisis response and disaster prevention training from time to time (at least once a year). The training content mainly includes equipment operation and maintenance training, job-related</p>	

Corporate Governance Report

Item promoted	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
(IV) Does the Company establish an effective plan for development and training of the career abilities of employees?	V		<p>training, and workplace disaster prevention scenario drills. In doing this, we strengthen the awareness of employees' personal safety and environmental protection measures at work, reinforce the promotion of operational safety regulations and the implementation of SOPs. We aim to reduce the occurrence of occupational hazards and ensure the safety of employees.</p> <p>Valuing the health of employees, the Company organizes annual employee health examinations. The Company has appointed emergency personnel and established an emergency response team to ensure a safe working environment for employees and promote employee health. In addition, the Company organizes outdoor activities from time to time or periodically to maintain employees' physical and mental well-being, and encourages employees to form clubs for various activities.</p> <p>(IV) The Company organizes internal and external training sessions in accordance with the annual training plan, and establishes an effective professional training and development program for employees to enhance their career development abilities. The Company organizes the following types of training:</p> <ol style="list-style-type: none"> 1. Internal training External lecturers in certain professional areas are hired to share their own experience and professional knowledge. Through experience sharing, employees can improve their professional skills and problem-solving ability. 2. New employee training During new employee training, the Company provides an overview of its operations and introduces its organization, administrative regulations and welfare measures to 	

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Item promoted	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
			<p>help new employees develop a greater sense of belonging and identification with the Company.</p> <p>3. External training In order to improve their job skills, employees are arranged to attend relevant external courses to enhance their competitiveness and management capabilities.</p> <p>4. Training subsidies for technician certification The Company provides full subsidies for employees to further develop professional skills and obtain certifications to improve their job knowledge and skills. Moreover, for the purpose of strengthening the professional development of employees, relevant education and training platforms have been established since 2018 to provide internal learning channels for employees to develop talents that meet the Company's growth needs.</p>	
(V) Regarding customer health and safety, customer privacy, marketing and labeling in relation to products and services, does the Company comply with applicable laws and international standards? Does the Company establish policies and complaint procedures for the protection of consumer or customer rights?	V		(V) The protection of customer rights and privacy is an essential obligation and responsibility of the Company. The Company has complied with applicable laws and regulations and international standards, concluded non-disclosure agreements with customers and owners on a case-by-case basis, and announced the complaint channels for stakeholders on its website. In 2024, there were no violations of customer privacy or loss of customer information.	
(VI) Does the Company establish any supplier management policy that requires suppliers to comply with relevant regulations with regard to issues of environmental protection, occupational safety and health or labor rights. What is the status of its implementation?	V		(VI) All contracts between the Company and suppliers have included the "Declaration on Supplier's Social Responsibilities and Ethical Standards," specified the legal provisions on environmental protection/labor/human rights/occupational health and safety which suppliers are required to follow,	

Corporate Governance Report

Item promoted	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
			and stated that all products delivered have met the environmental requirements in the place of production. A supplier shall bear all responsibilities and costs relating to damage caused by any violation of law, and the contract may be terminated or canceled at any time if there is any significant impact.	
V. Does the Company prepare a sustainability report and other reports that disclose non-financial information of the Company based on internationally accepted standards or guidelines for preparation of reports? Do the foregoing reports receive the assurance or guarantee opinions of any third-party certifying agency?	V		To fulfill the responsibility and idea of sustainable management, the Company has disclosed all kinds of information in its annual reports and sustainability reports in a transparent manner.	No significant difference.
VI. Where the Company has established its own principles of sustainable development in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” the differences between the operations of the Company and such principles must be described:				
<p>VII. Other important information useful for understanding the promotion of sustainable development:</p> <p>At Forest Water, we act prudently step by step to ensure steady growth. Upholding an attitude of seriousness and diligence, and with the spirit of “never forget to whom we owe gratitude, and give back to the society,” we have actively invested resources in charitable activities, hoping to use our corporate influence to serve as a model that attracts public attention to charitable activities.</p> <p>We deeply believe in the idea of “whatever is taken from society should be used for the society,” and we hope to make a contribution to society in a more meaningful and valuable way by taking advantage of our strengths. We have participated in many charitable activities, such as caring for disadvantaged groups, sponsoring sports events, donating buses, providing scholarships, donating for major natural disasters, and organizing environmental and ecological activities.</p> <p>Specialized in environmental engineering and wastewater (sewage) treatment, Forest Water is committed to the construction of urban sewer systems and the treatment of domestic and industrial wastewater, and also relies on its core business to create values for the reuse of water resources, such as using reclaimed water after treatment in the ecological pond of a sewage treatment plant and its surrounding wetland to create a diverse ecological landscape. Moreover, the government has been actively promoting the Green Building Label in recent years, hoping that the promotion of the Green Building Label will encourage building designers to pay attention to the use of green building materials and the recycling and reuse of resources to reduce impact on the ecology. In addition to building an environment suitable for human living, we also reserve diverse habitats for other species to avoid the environmental and ecological impact caused by the acquisition of building materials. When performing a project contracted from an owner, the Company has followed the owner’s design requirements, and the completed project has successfully received a building label.</p> <p>In order to change people’s long-standing impression of sewage treatment plants and water recycling centers, the Company has sought to demonstrate its strengths by opening its plants to companies, operating agencies and schools, organizing on-site visits and detailed guided tours to help visitors better understand the sanitary sewer</p>				

Corporate Governance Report

Item promoted	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
system. The Company also uses its resources to assist other organizations in holding water-resource-related education and training events at its plants, hoping to enhance public awareness of the sewage treatment process and related environmental protection knowledge through interactive learning.				

Corporate Governance Report

(VI) Implementation of climate-related information

Item	Implementation
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Corporate Governance Report

<p>I. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and management.</p>	<p>1. The Board of Directors is the highest decision-making unit of the Company's risk management mechanism, and the highest executives of each department and functional unit serve as members of the Risk Management Unit. The Risk Management Unit conducts environmental risk identification based on the business scope, such as climate change, greenhouse effect, etc.; and implements the management of climate risks and opportunities through exchanges among departments, so as to incorporate climate issues into the Company's strategy formulation and management decision-making considerations.</p>
<p>II. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).</p>	<p>2. The Company has identified the risks and opportunities brought about by climate change and assessed its potential impact on business, strategy and finance as follows:</p> <p>Short-term impact (one to three years):</p> <p>In order to comply with the government and market requirements for greenhouse gas disclosure, the Company actively conducts greenhouse gas inventory and verification, fulfills its environmental information disclosure obligations, and meets the ESG needs of customers. However, the related processes of inventory and reporting require investment of manpower and resources, resulting in a certain increase in operating costs. In terms of internal operations, the Company is simultaneously promoting the research and development of digital transformation and low-carbon engineering technologies to improve operational efficiency and environmental benefits, but this will also lead to an increase in capital expenditures for technology development and system introduction in the short term.</p> <p>Medium-term impact (three to ten years):</p> <p>In response to the country's energy transformation and net-zero emission policies, the Company regards climate-related opportunities as opportunities for strategic transformation and actively expands new businesses related to low-carbon industries such as green energy, resource recycling, and pollution control, hoping to create revenue growth momentum. At the same time, in order to strengthen climate risk management capabilities, plans have been made to establish an internal greenhouse gas inventory team in the medium term to establish standard operating procedures and data management capabilities in response to increasingly stringent environmental regulations and stakeholder expectations.</p> <p>Long-term effects (more than ten years):</p> <p>As the physical risks and transition risks brought about by climate change intensify, the Company will continue to review the climate resilience of its operating locations and service content, incorporate climate risk considerations into long-term financial and human resource planning, and strengthen internal environmental impact assessments and sustainable operating capabilities to ensure that the company can maintain its competitive advantage in the face of the net zero trend and global climate governance pressure.</p>

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III. Describe the financial impact of extreme climate events and transformative actions.	3. Extreme climate events may cause interruption of engineering operations, damage to equipment or delays in construction, thereby increasing operating costs and insurance expenses. On the other hand, the greenhouse gas inventory, energy conservation and carbon reduction, and digital transformation investments required for the transformation actions have also resulted in an increase in the company's capital expenditure on manpower, equipment, and system construction in the short term. However, these actions can help companies reduce long-term climate risks, improve market competitiveness, and create new sustainable business opportunities.
IV. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4. The Company has incorporated climate risk into its overall risk management system as part of its environmental and disaster risk management system and has implemented risk management procedures in accordance with the Company's risk management process, including identification, assessment, control and supervision. Each department conducts risk review and reporting regularly according to its responsibilities, and the risk management unit integrates and reports to the board of directors. For major cross-departmental climate risk events, the general manager will coordinate and formulate response and recovery plans to ensure that climate risk management is closely integrated with the company's operating strategy.
V. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	5. The Company is currently continuing to pay attention to the TCFD scenario analysis methods and the latest requirements of the competent authorities. In the future, the Company will gradually evaluate and adopt appropriate climate scenarios, parameters and assumptions for resilience analysis and financial impact assessment based on actual operational needs and relevant regulatory guidelines.
VI. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	6. None.
VII. If internal carbon pricing is used as a planning tool, the basis for setting the pricing shall be stated.	7. None.
VIII. If climate-related goals have been set, specify the activities covered, the scope of GHG emissions,	8. None.

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<p>the planned schedule, and the progress made in each year. If carbon credits or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) shall be specified.</p>	
<p>IX. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans</p>	<p>9. The Company will refer to the Taskforce on Climate-related Financial Disclosure (TCFD) and follow the disclosure and management framework it recommends to identify climate-related impacts. Subsequently, the Company will provide an overall assessment and consideration of climate change issues to the Company's management and report to the Board of Directors in due course.</p>

Corporate Governance Report

(VII) Status of ethical management, differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences

Item assessed	Implementation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
I. Establishment of ethical management policies and plans				No significant difference.
(I) Does the Company establish any ethical management policy adopted by the board of directors? Do the regulations and external documents of the Company specify the policy and practices of ethical management and the commitments by the board of directors and the senior management to actively implementing the ethical management policy?	V		(I) The Company has established the “Ethical Corporate Management Best Practice Principles” to regulate its ethical corporate management policy. It has been published on the Company’s website and communicated during new employee training for employees, managers and directors to become aware of and comply with it, and it has also been incorporated into the internal control system.	
(II) Does the Company establish any mechanism for assessment of the risks of unethical behavior to perform regular analysis and assessment of operating activities with higher risks of unethical behavior within the scope of business of the Company? Does the Company establish, on the basis of the foregoing, any plan for prevention of unethical behavior, including at least measures for prevention of the behavior under Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?	V		(II) Adhering to the principles of ethical management, the Company strictly prohibits offering or accepting bribes, and also clearly prohibits the provision of illegal political contributions. Ethical management forms an important part of education and training at the Company. The Company regularly reiterates its policy and prevention plan and the consequences of unethical conduct to ensure full understanding of its determination to focus on ethical management.	
(III) Does the Company specify and implement the operating procedures, guidelines of conduct, penalties for violations and complaint system in the plan for prevention of unethical behavior? Is the foregoing plan reviewed and amended on a regular basis?	V		(III) The Company has established the “Regulations for Handling Reports of Illegal and Unethical Conduct,” which has been implemented and regularly reviewed.	
II. Implementation of ethical management				No significant difference.
(I) Does the Company assess the	V		(I) All contracts between the Company	

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Item assessed	Implementation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
<p>history of integrity of its transaction counterparties? Does the contract between the Company and a transaction counterparty include any provision governing ethical behavior?</p> <p>(II) Does the Company set up any department under the board of directors that is responsible for the promotion of corporate ethical management and that gives a report to the board of directors regarding its ethical management policy and unethical behavior prevention plan and their supervision and implementation on a regular basis (at least annually)?</p>	V		<p>and suppliers have included the “Declaration on Supplier’s Social Responsibilities and Ethical Standards.” The “Supplier Information Card” has been created in accordance with the Company’s internal control procedures to establish a supplier database, with supplier evaluation being conducted from time to time to update the list of qualified suppliers.</p> <p>(II) The President’s Office is responsible for the promotion of ethical corporate management. It attends meetings of the Board of Directors to understand the decision-making process and maintain the Company’s ethical corporate management policy. On November 12, 2024, a report on the implementation of ethical corporate management in 2024 was submitted to the Board of Directors.</p>	
<p>(III) Does the Company establish any policy for prevention of conflicts of interest, provide any appropriate channel for representation, and implement such policy?</p> <p>(IV) Does the Company establish effective accounting and internal control systems to ensure the implementation of ethical management? Does the internal audit department establish any relevant audit plan based on the result of assessment of the risks of unethical behavior? Does the Company, in accordance with the foregoing plan, conduct an audit of the compliance with the unethical behavior prevention plan, or engage a CPA to conduct such audit?</p>	V	V	<p>(III) The Company has established the “Code of Ethical Conduct” to clearly specify the scope of conflicts of interest and related policies. Complaints about violations may be reported by employees directly to the relevant supervisors or the audit body under the Board of Directors.</p> <p>(IV) To ensure the implementation of ethical management, the Company has established effective accounting and internal control systems, with the internal audit department regularly conducting audits on compliance with the related systems.</p>	

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Item assessed	Implementation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summarized description	
(V) Does the Company organize internal and external training sessions on ethical management on a regular basis?	V		(V) At a regular monthly meeting, the Company will reserve time to promote education and training related to ethical management with case studies.	
III. Operations of the whistleblowing system of the Company (I) Does the Company establish specific systems for whistleblowing and rewards? Does the Company establish any convenient whistleblowing channel and appoint any appropriate person to handle the case of a person reported?	V		(I) Penalty and complaint systems have been clearly defined in the relevant regulations, and the promotion of the importance of integrity is strengthened during new employee training.	No significant difference.
(II) Does the Company establish standard operating procedures for investigation of cases reported by whistleblowers, including subsequent measures required after the completion of investigation and the relevant confidentiality measures?	V		(II) According to the “Regulations for Handling Reports of Illegal and Unethical Conduct,” any unethical conduct may be reported directly to the relevant department or the audit body under the Board of Directors, and all relevant information will be kept confidential.	
(III) Does the Company take measures to protect whistleblowers from improper retaliation as a result of whistleblowing?	V		(III) The Company takes measures to protect whistleblowers from improper retaliation as a result of whistleblowing.	
IV. Enhancement of information disclosure Does the Company disclose the contents of its ethical management principles and the results of their promotion on its website and the Market Observation Post System?	V		The Company has disclosed the information related to its ethical management principles and the results of their promotion on its website and the MOPS.	No significant difference.
V. Where the Company has established its own principles of ethical management in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” the differences between the operations of the Company and such principles must be described: None.				
VI. Other important information useful for understanding the status of ethical management at the Company: With integrity as the cornerstone of management, the Company has established effective internal audit and internal control systems and management measures to ensure the Company, its contractors and customers follow appropriate policies. For other related information, see the Company’s sustainability report and website.				

(VIII) Other important information useful for understanding the status of corporate governance

Please visit the Company’s website and the MOPS.

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(IX) Implementation of the internal control system

1. Statement of internal control

Please visit the Company's website and the MOPS.

URL: <https://mopsov.twse.com.tw/mops/web/t06sg20>

2. Where the internal control system has been reviewed by a CPA, the review report of the CPA must be disclosed: N/A.

(X) Important resolutions adopted by the shareholders' meeting and the Board of Directors during the most recent year and as of the date of publication of the annual report

1. Resolutions of the 2024 annual shareholders' meeting and their implementation:

Date	Proposals and results of resolution
June 13, 2024	<ol style="list-style-type: none"> 1. Approval of the 2013 business report and financial statements 2. Approval of the 2013 profit distribution proposal 3. Approved the 2013 profit-to-capital issuance of new shares 4. The proposal to amend the Articles of Incorporation was not approved 5. Approval of the amendment to the "Shareholders' Meeting Rules of Procedure" 6. Approval of the election of the fifth board of directors (including independent directors) 7. Approval of lifting the non-competition restriction on new directors
<p>Implementation:</p> <ol style="list-style-type: none"> 1. 2013 Annual Business Report and Financial Statements: Completed on 2014/07/01 together with the shareholders' meeting minutes. 2. Profit distribution for 2013: completed on 2013/07/01 and announced together with the minutes of the shareholders' meeting. 3. Case of issuing new shares by converting 2013 earnings into capital: Change registration completed on 2013/08/26. 4. Amendment to the Articles of Association: Completed on 113/07/01 and announced together with the minutes of the shareholders' meeting. 5. Proposal to amend the "Rules of Procedure for Shareholders' Meetings": completed on 113/07/01 and announced together with the minutes of the shareholders' meeting. 6. Election of the fifth board of directors (including independent directors): Change registration completed on 26/08/2013 7. Lifting of the non-competition restriction of the new director: completed on 113/07/01 and announced together with the minutes of the shareholders' meeting. 1. 8. Resolutions of shareholders' meeting: completed as announced on 113/07/01. 	

2. Resolutions of the 2025 special shareholders' meeting and their implementation:

Date	Proposals and results of resolution
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January 6, 2025	Approved Amendment to the “Articles of Incorporation” Result of resolution: The proposals submitted by the Board of Directors were approved, without amendment, by voting.
Implementation: 1. Amendment to the “Articles of Incorporation”: it was published along with the minutes of the shareholders’ meeting on January 22, 2025. 2. Resolution of the special shareholders’ meeting: published on January 22, 2025.	

3. Important resolutions adopted by the Board of Directors during 2024 and as of the date of publication of the annual report:

Date	Proposals and results of resolution
January 26, 2024	1. Appointment of authorized signatories 2. Distribution of performance bonuses to managers in 2023 3. The policy and scope for the remuneration for directors and managers in 2024 4. The 2024 operational plan Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.
March 14, 2024	1. Distribution of the remuneration for employees and directors in 2023 2. The 2023 parent-only financial statements, consolidated financial statements and business report 3. The 2023 statement of internal control system 4. Proposal for disposal of land 5. Election of the members of the 5th Board of Directors (including independent directors) 6. Reasons for convening the 2024 annual shareholders’ meeting, and other related matters 7. The period for accepting the nomination of candidates for directors (including independent directors), the number of directors to be elected, and the place for accepting such nomination 8. List of nominated candidates for the members of the 5th Board of Directors (including independent directors) 9. Proposal for lifting of non-compete restrictions on new directors Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.
April 12, 2024	1. The setting of a record date for the issuance of new shares for conversion of the 2nd domestic issue of unsecured convertible bonds into common shares in Q1 of 2024 2. Distribution of the earnings of 2023 3. 2023 capitalization of earnings by way of issuance of new shares 4. Amendment to the “Articles of Incorporation” 5. Amendment to the “Rules of Procedure for Shareholder’ Meeting” 6. Added the reasons for convening the 2024 annual shareholders’ meeting, and other related matters Result of resolution: All proposals were approved without amendment and

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Date	Proposals and results of resolution
	without objection from the attending directors upon a consultation by the chairperson.
May 13, 2024	1. The consolidated financial statements for Q1 of 2024 Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.
June 13, 2024	1. Election of the chairman 2. Election of vice chairman Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.
July 12, 2024	1. The setting of a record date for the issuance of new shares for conversion of the 2nd domestic issue of unsecured convertible bonds into common shares in Q2 of 2024 2. Endorsements/Guarantees for the financing limits of subsidiaries 3. Appointment of the 5th remuneration committee members 4. Evaluation of the scope of business in 2024 Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.
August 9, 2024	1. 2023 Sustainability Report 2. The consolidated financial statements for Q2 of 2024 Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.
August 29, 2024	1. Amendment to the “Implementation Rules for Internal Control System and Internal Audit” 2. Amendment to the “Organizational Chart” 3. Amendment to the “responsibilities of the main departments” 4. Amendment to the “Approval Authority Table” Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.
October 7, 2024	1. The setting of a record date for the issuance of new shares for conversion of the 2nd domestic issue of unsecured convertible bonds into common shares in Q3 of 2024 2. Setting of the capital increase base date on 2023 capitalization of earnings Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.
November 12, 2024	1. Appointment of representatives as the directors and supervisors of subsidiaries 2. The consolidated financial statements for Q3 of 2024 3. Regular assessment of the independence of the CPAs 4. Donation to “Yilan County Private Li Li Social Welfare Charity Foundation” 5. To discontinue the cash capital increase via private placement in 2023

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Date	Proposals and results of resolution
	<p>6. Amendment to the “Implementation Rules for Internal Control System and Internal Audit”</p> <p>7. Establishment of the “Implementation Rules for Internal Control System and Internal Audit”</p> <p>8. Establishment of the “Procedures for the Preparation and Verification of Sustainability Reports” and amendment to the “Corporate Social Responsibility Best Practice Principles”</p> <p>9. The 2025 audit plan</p> <p>10. Amendment to the “Articles of Incorporation”</p> <p>11. The reasons for convening the first special shareholders’ meeting in 2025, and other related matters</p> <p>Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.</p>
January 15, 2025	<p>1. The setting of a record date for the issuance of new shares for conversion of the 2nd domestic issue of unsecured convertible bonds into common shares in Q4 of 2024</p> <p>2. Issue of employee stock option certificates in 2025</p> <p>3. Establishment of the “General Principles of Pre-approved Non-assurance Service Policy”</p> <p>4. Distribution of performance bonuses to managers in 2024</p> <p>5. The 2025 operational plan</p> <p>Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.</p>
March 13, 2025	<p>1. Distribution of the remuneration for employees and directors in 2024</p> <p>2. The 2024 parent-only financial statements, consolidated financial statements and business report</p> <p>3. Distribution of the earnings of 2024</p> <p>4. The 2024 statement of internal control system</p> <p>5. Subscription of subsidiary’s 2025 first cash capital increase new shares</p> <p>6. Amendment to the “Articles of Incorporation”</p> <p>7. The reasons for convening the 2025 annual shareholders’ meeting, and other related matters</p> <p>Result of resolution: All proposals were approved without amendment and without objection from the attending directors upon a consultation by the chairperson.</p>

(XI) Directors or supervisors have expressed different opinions in records or written statements with regard to important resolutions adopted by the Board of Directors during the most recent year and as of the date of publication of the annual report: None.

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IV. Information of fees for the CPAs

(I) Information of fees for the CPAs

Unit: NTD thousand

Name of CPA firm	Name of CPA		Audit period	Audit fees	Non-audit fees Note	Total	Remarks
KPMG Taiwan	Shu-Ying Chang	Chun-Ming Pan	January 1 to December 31, 2024	2,700	878	3,578	None

Note: Services for non-audit fees include tax certification, audits on the direct deduction method, the filing of consolidated tax returns, and printing and travel expenses.

(II) The CPA firm is replaced and the audit fees paid for the year when such replacement occurs are less than those paid for the year prior to such replacement: None.

(III) The decrease in the audit fees is no less than 10% from the previous year: None.

V. Information on replacement of the CPAs: None.

VI. The chairman, president or financial or accounting manager of the Company who has served at the firm of the CPAs or any of its affiliates during the most recent year: None.

Corporate Governance Report

VII. Changes in transfers and pledges of shares held by directors, supervisors, managers and shareholders with a shareholding of more than 10% during the most recent year and as of the date of publication of the annual report

(I) Change in the shareholdings of directors, supervisors, managers and major shareholders

1. Please visit the Company's website and the MOPS.

URL:https://mops.twse.com.tw/mops/#/web/query6_1

2. Please visit the Company's website and the MOPS.

URL:https://mopsov.twse.com.tw/mops/web/STAMAK03_1

(II) Information of related parties who are the counterparties in transfers of shares: None.

(III) Information of related parties who are the counterparties in pledges of shares: None.

Corporate Governance Report

VIII. Information of shareholders with the top 10 shareholdings who are related parties or are spouses or relatives within the second degree of consanguinity

Name	Personal shareholding		Shareholdings of spouse or minor children		Total nominee shareholding		Names and relationship of shareholders with the top 10 shareholdings who are related parties or are spouses or relatives within the second degree of consanguinity		Remarks
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Name	Relationship	
Ho Ching Enterprises Co., Ltd.	108,587,854	60.04%	N/A	N/A	N/A	N/A	None	None	None
Representative: Chi-An Kuo	28,710	0.02%	0	0%	0	0%	Chi-Gan Kuo	brother	None
Ching Iee Development Co., Ltd.	1,968,699	1.09%	N/A	N/A	N/A	N/A	None	None	None
Representative: Chien-Chien Lin	0	0%	0	0%	0	0%	None	None	None
Rich Development Co., Ltd.	1,831,081	1.01%	N/A	N/A	N/A	N/A	None	None	None
Representative: Chi-Gan Kuo	5,521	0%	0	0%	0	0%	Chi-An Kuo	brother	None
Leader Construction Co., Ltd.	1,799,460	0.99%	N/A	N/A	N/A	N/A	None	None	None
Representative: Shih-Yi Chen	0	0%	0	0%	0	0%	None	None	None
Citigroup Managed Berkeley Capital Securities Limited Investment Account	1,429,321	0.79%	N/A	N/A	N/A	N/A	None	None	None
Kings Town Bank International Lease Corporation	0	0%	N/A	N/A	N/A	N/A	None	None	None

Corporate Governance Report

Representative: Hung-Li Lin	1,056,034	0.58%	0	0%	0	0%	None	None	None
Mega Securities Co., Ltd.	788,000	0.44%	N/A	N/A	N/A	N/A	None	None	None
Representative: Pei- Chun Chen	683,400	0.38%	0	0%	0	0%	None	None	None
Pen-Hsi Liao	0	0%	0	0%	0	0%	None	None	None
Shin Teh International Co., Ltd.	618,347	0.34%	N/A	N/A	N/A	N/A	None	None	None
Representative: Miao-Ju Lin	597,851	0.33%	0	0%	0	0%	None	None	None
Sung-Shan Lai	108,587,854	60.04%	0	0%	0	0%	None	None	None
JPMorgan Securities Co., Ltd. investment account managed by Chase	28,710	0.02%	N/A	N/A	N/A	N/A	None	None	None
Citigroup manages UBS European SE investment account	1,968,699	1.09%	N/A	N/A	N/A	N/A	None	None	None

Corporate Governance Report

IX. Numbers of shares held by the Company, its directors, supervisors and managers and companies directly or indirectly controlled by the Company in a single investee company, and the comprehensive shareholding percentage calculated on a consolidated basis

Investee company	The Company's investment		Investments of directors, supervisors, managers and directly or indirectly controlled companies		Comprehensive investment	
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Orient Forest Development Enterprise Co., Ltd.	223,013,980	100%	0	0%	223,013,980	100%
Green Forest Development Enterprise Co., Ltd.	151,979,149	70%	65,133,921	30%	217,113,070	100%
Top Forest Water Co., Ltd.	7,000,000	70%	1,000,000	10%	8,000,000	80%
Perfection Forest Development Enterprise Co., Ltd.	24,000,000	100%	0	0%	24,000,000	100%
Easy Development Co., Ltd.	11,000,000	100%	0	0%	11,000,000	100%
Modern Rich Investment Limited	8,568,730	100%	0	0%	8,568,730	100%
Faith Honest International Investment Limited	2,963,730	100%	0	0%	2,963,730	100%
Grain Forest Green Energy Co., Ltd.	31,850,000	70%	13,650,000	30%	45,500,000	100%
Eastern Forest Environmental Technology Co., Ltd.	3,500,000	70%	0	0%	3,500,000	70%
Re-use Environmental Co., Ltd.	3,427,710	50.40%	2,957,240	43.48%	6,384,950	93.89%
Rising Environmental Co., Ltd.	50,000	100%	0	0%	50,000	100%
Lea Lea Environmental Enterprise Co., Ltd.	7,942,000	95%	0	0%	7,942,000	95%

Three. Financing

I. Capital and shares

(I) Sources of share capital

1. Generation of share capital

Month/Year	Issue price	Authorized share capital		Paid-in share capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Non-cash property used as share payment	Other
June 2004	10	600,000	6,000,000	600,000	6,000,000	Established	None	Note 1
December 2004	10	2,000,000	20,000,000	2,000,000	20,000,000	Cash capital increase: NTD 14 million	None	Note 2
January 2007	10	3,000,000	30,000,000	3,000,000	30,000,000	Cash capital increase: NTD 10 million	None	Note 3
July 2008	10	5,000,000	50,000,000	5,000,000	50,000,000	Cash capital increase: NTD 14 million Capital increase from earnings: NTD 6 million	None	Note 4
November 2010	10	6,000,000	60,000,000	6,000,000	60,000,000	Capital increase from earnings: NTD 10 million	None	Note 5
June 2011	10	8,800,000	88,000,000	8,800,000	88,000,000	Capital increase from earnings: NTD 28 million	None	Note 6
May 2013	10	18,800,000	188,000,000	14,000,000	140,000,000	Capital increase from earnings: NTD 52 million	None	Note 7
November 2013	10	18,800,000	188,000,000	4,706,052	47,060,520	Capital reduction: NTD 92.94 million	None	Note 8
December 2013	10	160,000,000	1,600,000,000	102,971,797	1,029,717,970	Issuance of new shares from capital increase as a result of merger: NTD 1 billion Cancellation of shares as a result of merger: NTD 17.34 million	None	Note 9
September 2014	10	160,000,000	1,600,000,000	110,971,797	1,109,717,970	Cash capital increase: NTD 80 million	None	Note 10
November 2014	10	160,000,000	1,600,000,000	113,187,297	1,131,872,970	Employee stock warrants: NTD 22.16 million	None	Note 11
January 2016	10	160,000,000	1,600,000,000	119,187,297	1,191,872,970	Cash capital increase: NTD 60 million	None	Note 12
October 2016	10	160,000,000	1,600,000,000	132,212,297	1,322,122,970	Cash capital increase: NTD 130.25 million	None	Note 13
January 2019	10	160,000,000	1,600,000,000	137,812,297	1,378,122,970	Cash capital increase: NTD 56 million	None	Note 14
September 2019	10	200,000,000	2,000,000,000	134,812,297	1,348,122,970	Capital reduction by cancellation of treasury stocks: NTD 30 million	None	Note 15
October 2021	10	200,000,000	2,000,000,000	144,249,158	1,442,491,580	Capital increase from earnings: NTD 94.37 million	None	Note 16

Financing

March 2023	10	200,000,000	2,000,000,000	147,003,978	1,470,039,780	Conversion of corporate bonds into 2,754,820 common shares	None	Note 17
December 2023	10	300,000,000	3,000,000,000	157,348,978	1,573,489,780	Issuance of 10,345,000 common shares for cash capital increase via private placement	None	Note 18
March 2024	10	300,000,000	3,000,000,000	162,629,520	1,626,295,200	Conversion of corporate bonds into 5,280,542 common shares	None	Note 19
June 2024	10	300,000,000	3,000,000,000	163,626,734	1,636,267,340	Conversion of corporate bonds into 997,214 common shares	None	Note 20
September 2024	10	300,000,000	3,000,000,000	174,859,965	1,748,599,650	Conversion of corporate bonds into 11,233,231 common shares	None	Note 21
November 2024	10	300,000,000	3,000,000,000	180,468,651	1,804,686,510	Issuance of 5,608,686 common shares from capitalization of earnings	None	Note 22
December 2024	10	300,000,000	3,000,000,000	180,852,418	1,808,524,180	Conversion of corporate bonds into 383,767 common shares	None	Note 23

Note 1: It was approved by Letter Fu-Jian-Shang-Zi No. 09312027410 dated June 10, 2004.

Note 2: The cash capital increase of NTD 14 million was approved by Letter Fu-Jian-Shang-Zi No. 09326465600 dated December 28, 2004.

Note 3: The cash capital increase of NTD 10 million was approved by Letter Fu-Jian-Shang-Zi No. 09680728410 dated January 26, 2007.

Note 4: The cash capital increase of NTD 14 million and the capital increase from earnings of NTD 6 million were approved by Letter Fu-Chan-Ye-Shang-Zi No. 09786933610 dated July 16, 2008.

Note 5: The cash capital increase of NTD 10 million was approved by Letter Fu-Chan-Ye-Shang-Zi No. 09989576410 dated November 18, 2010.

Note 6: The capital increase from earnings of NTD 28 million was approved by Letter Fu-Chan-Ye-Shang-Zi No. 10084356300 dated June 13, 2011.

Note 7: The capital increase from earnings of NTD 52 million was approved by Letter Fu-Chan-Ye-Shang-Zi No. 10283683400 dated May 7, 2013.

Note 8: The capital reduction of NTD 92,939,480 was approved by Letter Fu-Chan-Ye-Shang-Zi No. 10289778410 dated November 20, 2013.

Note 9: The issuance of new shares from capital increase as a result of merger, amounting to NTD 1 billion, and the cancellation of shares as a result of merger, amounting to NTD 17,342,550, were approved by Letter Jing-Shou-Shang-Zi No. 10201254850 dated December 26, 2013.

Note 10: The cash capital increase of NTD 80 million was approved by Letter Jing-Shou-Shang-Zi No. 10301193190 dated September 26, 2014.

Note 11: The employee stock warrants of NTD 22,155,000 was approved by Letter Jing-Shou-Shang-Zi No. 10301244190 dated November 28, 2014.

Note 12: The cash capital increase of NTD 60 million was approved by Letter Jing-Shou-Shang-Zi No. 10501014520 dated January 22, 2016.

Note 13: The cash capital increase of NTD 130.25 million was approved by Letter Tai-Zheng-Shang-Yi-Zi No. 1050012292 dated July 12, 2016, and Letter Jing-Shou-Shang-Zi No. 10501227310 dated October 13, 2016.

Note 14: The cash capital increase of NTD 56 million was approved by Letter Jin-Guan-Zheng-Fa-Zi No. 1070345536 dated December 18, 2018, and Letter Jing-Shou-Shang-Zi No. 1080101720 dated February 15, 2019.

Note 15: The capital reduction by cancellation of treasury stocks of NTD 30 million was approved by Letter Jin-Guan-Zheng-Jiao-Zi No. 1080321514 dated June 25, 2019, and Letter Jing-Shou-Shang-Zi No. 10801117950 dated September 3, 2019.

Note 16: The capital increase from earnings of NTD 94.37 million was reported to the Financial Supervisory Commission and became effective on August 18, 2021, and was approved by Letter Jing-Shou-Shang-Zi No. 11001194660 dated October 26, 2021.

Note 17: The conversion of corporate bonds into 2,754,820 common shares was approved by Letter Jing-Shou-Shang-Zi No. 11230065140 dated April 26, 2023.

Note 18: The issuance of 10,345,000 common shares for cash capital increase via private placement was approved by Letter Jing-Shou-Shang-Zi No. 11330001510 dated January 10, 2024.

Note 19: The conversion of corporate bonds into 5,280,542 common shares was approved by Letter Jing-Shou-Shang-Zi No. 11330062770 dated April 26, 2024.

Note 20: The conversion of corporate bonds into 997,214 common shares was approved by Letter Jing-Shou-Shang-Zi No.

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11330131710 dated August 26, 2024.

Note 21: The conversion of corporate bonds into 11,233,231 common shares was approved by Letter Jing-Shou-Shang-Zi No. 11330185770 dated October 24, 2024.

Note 22: The issuance of 5,608,686 common shares from capitalization of earnings was approved by Letter Jing-Shou-Shang-Zi No. 11330001510 dated January 10, 2024.

Note 23: The conversion of corporate bonds into 383,767 common shares was approved by Letter Jing-Shou-Shang-Zi No. 11430007300 dated February 7, 2025.

2. Types of shares issued

Type of shares	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	180,852,418	119,147,582	300,000,000	Listed stocks: 170,176,299 shares Privately placed stocks: 10,676,119 shares

3. Information related to the shelf registration system: N/A.

(II) List of major shareholders

Name of major shareholder	Shares	Number of shares held	Percentage
Ho Ching Enterprises Co., Ltd.		108,587,854	60.04%
Ching Iee Development Co., Ltd.		1,968,699	1.09%
Rich Development Co., Ltd.		1,831,081	1.01%
Leader Construction Co., Ltd.		1,799,460	0.99%
Kings Town Bank International Lease Corporation		1,429,321	0.79%
Mega Securities Co., Ltd.		1,056,034	0.58%
Pen-Hsi Liao		788,000	0.44%
Shin Teh International Co., Ltd.		683,400	0.38%
JPMorgan Securities Co., Ltd. investment account managed by Chase		618,347	0.34%
Citigroup manages UBS European SE investment account		597,851	0.33%

Financing

(III) The dividend policy of the Company and its implementation

1. Dividend policy

Where the Company records earnings in the final accounts of a year, it shall allocate 10% of the earnings as legal reserves after paying taxes and covering prior losses, The remaining amount of the earnings plus the undistributed earnings at beginning of the period will be accumulated undistributed earnings, the amount of which will be the earnings distributable for the current year after adjusting the special reserves set aside or reversed in accordance with the law and deducting an appropriate amount of retained earnings. The Board of Directors shall prepare a proposal for distribution of the earnings and submit the proposal to a shareholders' meeting for a resolution on such distribution.

Taking into account the environment and growth stage where the Company is situated, as well as the future funding needs, financial structure, earnings and a balanced and stable dividend policy, the Company will distribute stock dividends or cash dividends as appropriate based on the funding needs and the degree of dilution of earnings per share, with cash dividends not less than 10% of the total amount distributed. If necessary, the principles for distribution of cash dividends and stock dividends may be adjusted by a resolution of the shareholders' meeting.

Based on the above principles, the future dividend policy of the Company will stipulate that a percentage of no less than 80% of the after-tax net profit for the current year is a high rate of earnings distribution. Cash dividends were distributed in the past three years, reaching approximately 90% of the dividends to shareholders for the current year. For the distribution of dividends in prior years, see the information on the distribution of dividends on the MOPS.

2. Distribution of dividends

On March 13, 2025, the Board of Directors resolved to distribute the 2024 earnings in cash dividends of NTD 131,118,003, or NTD 0.725 per share.

3. It is expected that there will be no significant change in the Company's dividend policy in the future.

(IV) Effects of the proposed distribution of bonus shares at the current shareholders' meeting on the business performance and earnings per

Financing

share of the Company

N/A.

(V) Remuneration for employees and directors

1. The percentage or range of the remuneration for employees and directors as specified in the Articles of Incorporation:

Where the Company records a profit in a year, it shall allocate no less than 2% of the profit as remuneration for employees, which shall be distributed in shares or cash subject to a resolution of the Board of Directors. The recipients of such remuneration may include the employees of any affiliate who have met certain requirements. The Board of Directors may adopt a resolution to allocate no more than 2% of the amount of the profit as remuneration for directors. A report on the proposal for distribution of the remuneration for employees and directors shall be submitted to a shareholders' meeting. If the Company still has accumulated losses, an amount of the profit shall be retained to cover such losses prior to any allocation of the remuneration for employees and directors according to the aforementioned percentage.

2. The basis of estimation of the remuneration for employees and directors, the basis of calculation of the number of shares distributed as remuneration for employees, and the accounting treatment where there is any difference between the actual amount distributed and the estimated amount:

- (1) The basis for estimating the amount of the remuneration for employees and directors in the current period:

The amount of remuneration for employees and directors is estimated according to the percentage specified in the Articles of Incorporation. Based on the profit of the year, no less than 2% of the profit is estimated as remuneration for employees, and no more than 2% of the profit is estimated as remuneration for directors and supervisors.

- (2) The basis for calculation of the number of shares distributed as remuneration for employees: No distribution of stock dividends.

- (3) The accounting treatment where there is any difference between the actual amount distributed and the estimated amount:

If, subsequently, there is any difference between the actual amount for distribution approved by a resolution of the shareholders' meeting and the estimated amount, such difference shall be treated

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as a change in accounting estimates and recognized as an adjustment to the profit/loss for the year of the resolution of the shareholders' meeting.

3. Distribution of remuneration approved by the Board of Directors:

- (1) The amount of the remuneration for employees, directors and supervisors distributed in cash or shares. Where such amount is different from the estimated amount in the year of the recognized expenses, the amount, reasons and treatment of such difference must be disclosed:

On March 13, 2025, the Board of Directors resolved to distribute remuneration of NTD 3,673,764 to employees and remuneration of NTD 3,673,763 to directors for 2024. There is no difference between the actual amount distributed and the estimated amount for 2024.

- (2) The amount of the remuneration for employees distributed in shares, and the percentage it accounts for in the sum of the after-tax net profit and total remuneration for employees in the parent-only or separate financial report of the current period: No proposal for such distribution.

4. Actual distribution of the remuneration for employees, directors and supervisors (including the number of shares distributed, amount and share price) in the previous year. Where there is any difference with the recognized remuneration for employees, directors and supervisors, the amount, reasons and treatment of such difference must be described:

On March 14, 2024, the Board of Directors adopted a resolution to distribute NTD 786,900 as remuneration for employees and NTD 786,899 as remuneration for directors for the fiscal year 2023. The actual amount distributed as remuneration for employees and directors was overestimated by NTD 177,187 from the estimated amount for 2023. Such difference was mainly due to an estimation difference, and the amount of such difference was treated as a change in accounting estimates and recognized as a profit/loss for 2024.

- (VI) Repurchase by the Company of its own shares: None.

Financing

II. Issuance of corporate bonds

(I) Issuance of corporate bonds

Type of corporate bonds	2nd domestic issue of unsecured convertible bonds
Date of issue	September 28, 2021
Par value	NTD 100,000
Place of issue and trading	N/A
Issue price (in NTD 100)	NTD 101 (issued at a premium)
Total	NTD 1,000,000,000 Paid-in amount: NTD 1,013,577 thousand
Interest rate	0%
Term	5 years, maturity date: September 28, 2026
Guarantor	None
Trustee	Trust Department, Mega International Commercial Bank Co., Ltd.
Underwriter	Mega Securities Co., Ltd.
Certifying attorney	Attorney Chung-Chieh Wei from Chung-Chieh Wei's Law Office
CPA	KPMG Taiwan CPA Shih-Chin Chih
Method of repayment	Upon maturity, the par value of bonds plus interest compensation (101.26% of the par value, with a real return rate of 0.25%) will be repaid in cash on a lump sum basis.
Outstanding principal	NTD 1,000,000,000
Terms for redemption or early repayment	(1) During the period from the day following the expiration of three months after the issuance of the convertible bonds (December 29, 2021) until 40 days prior to the expiration of the issuance period (August 19, 2026), if the closing price of the Company's common shares exceeds the current conversion price by at least 30% for 30 consecutive business days, the Company may, within 30 business days thereafter, send a "Notice of Redemption of Bonds" effective for one month (the aforesaid period shall start from the date of mailing by the Company, with the date of expiration of the period as the record date for redemption of the bonds, and the period may not be a period of cessation of conversion under Article 9) by registered mail to the holders of the bonds (they shall be according to the register of bondholders on the 5th business day prior to the date of mailing of the "Notice of Redemption of

Financing

Type of corporate bonds	2nd domestic issue of unsecured convertible bonds
	<p>Bonds.” In the case of bondholders who have acquired the convertible bonds due to trading or other reasons, such notice will be made by public announcement) to redeem all of the bonds in cash at a redemption price equaling the par value of the bonds, and send a letter requesting a public announcement of the foregoing from the Taipei Exchange. When executing the request for redemption, the Company shall redeem the outstanding convertible bonds in cash at the par value of the bonds within 5 business days after the record date for redemption of the bonds.</p> <p>(2) During the period from the day following the expiration of three months after the issuance of the convertible bonds (December 29, 2021) until 40 days prior to the expiration of the issuance period (August 19, 2026), if the outstanding balance of the convertible bonds is less than 10% of the total amount issued originally, the Company may, at any time thereafter, send a “Notice of Redemption of Bonds” effective for one month (the aforesaid period shall start from the date of mailing by the Company, with the date of expiration of the period as the record date for redemption of the bonds, and the period may not be a period of cessation of conversion under Article 9) by registered mail to the holders of the bonds (they shall be according to the register of bondholders on the 5th business day prior to the date of mailing of the “Notice of Redemption of Bonds.” In the case of bondholders who have acquired the convertible bonds due to trading or other reasons, such notice will be made by public announcement) to redeem all of the bonds in cash at a redemption price equaling the par value of the bonds, and send a letter requesting a public announcement of the foregoing from the Taipei Exchange. When executing the request for redemption, the Company shall redeem the outstanding convertible bonds in cash at the par value of the bonds within 5 business days after the record date for redemption of the bonds.</p>
Restrictions	None
Name of credit rating agency, date of rating, and result of corporate bond rating	N/A

Financing

Type of corporate bonds		2nd domestic issue of unsecured convertible bonds
Other additional rights	Amount of bonds converted into common shares (exchanged or subscribed), global depositary receipts, or other securities as of date of publication of the annual report	As of April 28, 2025, the bonds have been converted into a total of 20,649,574 common shares.
	Regulations for issuance and conversion (exchange or subscription)	In accordance with the regulations governing the issuance and conversion of the unsecured convertible bonds.
The possible dilutive effect of the regulations governing the issuance and conversion, exchange or subscription and the issuance conditions on equity, and their effect on shareholders' equity		Please refer to the Company's prospectus for the 2nd domestic issue of unsecured convertible bonds.
Name of depository for the subject of exchange		None

Financing

(II) Information of convertible corporate bonds

Type of corporate bonds		2nd domestic issue of unsecured convertible bonds		
Item	Year	January 1 to April 28, 2025	2024	2023
	Item			
Market price of convertible bonds	Highest	116.00	162.00	103.50
	Lowest	105.00	99.00	93.80
	Average	112.89	122.71	100.96
Conversion price		NTD 34.9	NTD 34.9	NTD 36.3
Date of issue and the conversion price at issue		September 28, 2021 NTD 40		
Method for performance of conversion obligations		Issuance of new shares		

III. Issuance of preferred shares: None.

IV. Issuance of global depositary receipts: None.

V. Issuance of employee stock warrants: None.

VI. Issuance of restricted stock awards for employees: None.

VII. Issuance of new shares with shares acquired or assigned from other companies: None.

Financing

VIII. Fund use plan and its implementation

(I) Plan

Please visit the Company's website and the MOPS.

URL: https://mopsov.twse.com.tw/mops/web/bfhtm_q2

(II) Implementation

Please visit the Company's website and the MOPS.

URL: https://mopsov.twse.com.tw/mops/web/bfhtm_q2

(III) Achievement of expected benefits:NONE.

Four. Overview of Operations

I. Information of business

(I) Scope of business

1. Information of primary business

The business scope of Forest Water spans diverse engineering fields such as sewage, reclaimed water, and desalination projects, as well as waste, and biomass energy, with water resources being its top priority. In the future, we will concentrate on supporting the government's focus in water supply technologies. Net zero and sustainability have become the core concepts of the Company's development in response to the environment, policies, and industry trends. Given this, the Company expects to stabilize its existing share of water treatment plants while taking a proactive approach in increasing the market share of reclaimed water supply. The Company's goal is to increase the water supply rate to 25% within 2 years, and develop into the largest recycled water supplier within 5 years. For internal development, we will focus on planning investment in new technology R&D and talent cultivation to increase the medium- and long-term growth momentum. In the field of energy and environmental protection, we provide customers with high-value services with the concept of sustainable management.

2. Weight of business

Unit: NTD thousand

Category of business \ Year	2023		2024	
	Operating revenue	Percentage in operations	Operating revenue	Percentage in operations
Contracted water treatment project construction	1,529,407	41.56%	1,078,529	31.84%
Water treatment operation and maintenance	1,123,804	30.54%	1,185,337	35.00%
Service concessions	661,013	17.96%	643,807	19.01%
Waste treatment	346,191	9.41%	458,065	13.53%
Other	19,264	0.53%	21,140	0.62%
Total	3,679,679	100.00%	3,386,878	100.00%

3. The current products (services) of the Company

Overview of Operations

- (1) Water treatment project contracts: the construction of urban sanitary sewer systems, industrial wastewater treatment plants, reclaimed water treatment plants and seawater desalination plants.
 - (2) Operation and maintenance of water treatment projects: the operation and maintenance of urban sanitary sewer systems, industrial wastewater treatment plants, reclaimed water treatment plants and seawater desalination plants.
 - (3) Service concessions: After concluding a service concession agreement with a government agency (grantor) to provide construction or upgrading services, the consideration receivable received from the grantor is recognized as amortized financial assets and revenue, respectively.
 - (4) Treatment of general industrial waste: the treatment, recycling and reuse of incinerator bottom ash, and the treatment, recycling and reuse of sludge.
 - (5) Biomass energy treatment and power generation: the construction of organic industrial waste recycling and treatment plants and biomass energy plants to sell electricity.
4. New products (services) planned for development
- In the future, the Company will integrate resources within the Group to develop the following categories of business:
- (1) High-tech/high-end water treatment, recycling and reuse project
 - (2) Waste treatment, recycling and reuse
 - (3) AI smart water service

(II) Overview of the industry

1. Current situation and development of the industry

Taiwan's environmental engineering market has grown significantly in recent years due to the global sustainable development trend and the impact of government policies. According to the International Institute for Management Development (IMD) in Lausanne, Switzerland, infrastructure is one of the most important factors in the evaluation of national competitiveness announced annually. Among the top 10, Taiwan ranked 8th in terms of infrastructure. This shows that Taiwan attaches great importance to infrastructure. In addition, the policies in the Forward-Looking Infrastructure Project the Taiwan government promotes encompasses: "water environment construction" and "green energy construction", "building the water supply network of the

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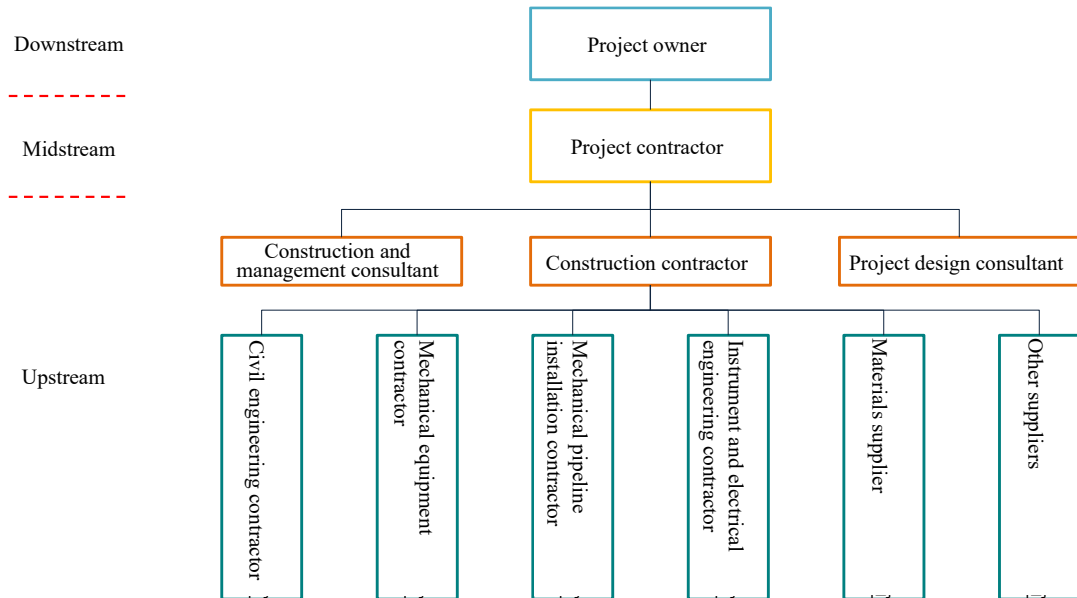
Western Corridor” and “enhancing technological water use” in the Water Resources Management Project. The government also promotes the utilization of resources, such as energy-based wastewater treatment and the Circular 5+2 Policy, which show a promising market outlook in the future.

The Company’s main business is water treatment such as sewage, reclaimed water, and desalination, as well as waste, biomass energy and other diversified engineering fields, especially water treatment project contracting and operation and maintenance. The Company is also involved in resource recycling and green energy, and its overall development direction is consistent with the national policy development priorities.

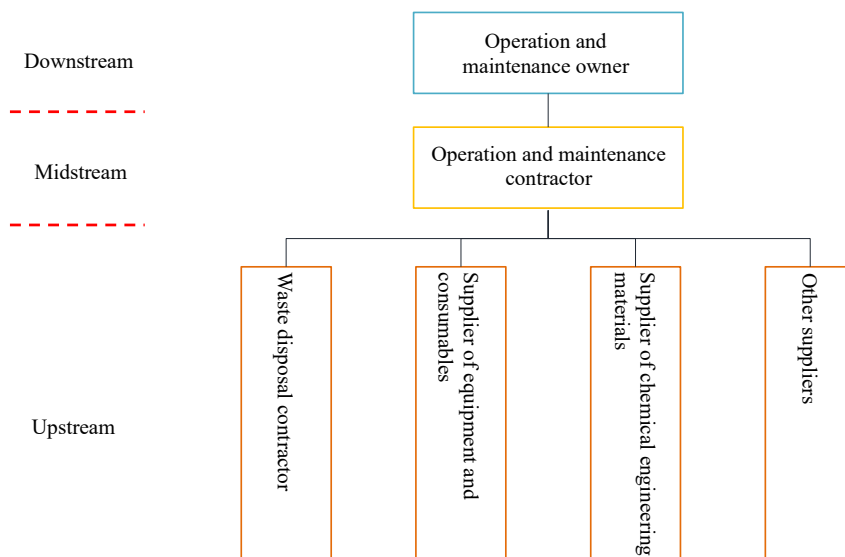
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2. Relationship between the upstream, midstream and downstream of the industry

(1) Contracted water treatment project construction



(2) Water treatment operation and maintenance



3. Development trends of products

(1) Contracted water treatment project construction

Water treatment is a key link in the field of environmental engineering

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as well as the “water environment construction” referred to in the Forward-Looking Program, covering many technical fields such as urban sewage, industrial wastewater, purified water, and reclaimed water. With the global shortage of water resources, tightening of laws and regulations, and the increasing demand for sustainability of enterprises, the scale of the water treatment market continues to expand, developing toward smart and high-performance technologies. According to the Forward-Looking Program and the Water Resource Management Program of the Executive Yuan, whether it is the continuous promotion of sewage sewers, building the water supply network of the Western Corridor, or strengthening of water supply technologies, growth potential of the business of water treatment projects in Taiwan is expected.

In particular, the government’s objective is to use sewage as an important water source for water supply technology. According NLMA’s statistical data in the 2023 Sewer Statistics, 67 of the existing 122 sewage treatment plants more than 10 years old. In the face of increasingly stringent regulations and the demand for reclaimed water supply, many sewage treatment businesses are faced with the dilemma of insufficient performance or the need to increase the treatment capacity. Therefore, there are certain requirements for sewage treatment works that should not be ignored. To continue with the strengthening of the policy of water supply through technology, reclaimed water and desalination projects are important development, as we further understand that reclaimed water supply is 184,000 tons of water supply per day based on the current daily water supply and will gradually grow to 630,000 tons of water supply per day within 10 years. Since the drought of the century taking place in 2020, seawater desalination has become one of the diversified water resources other than rainfall, considered by the Water Resources Agency. In the strategy of the Water Resource Management Program, the Water Resources Agency has planned to promote eight desalination plants in three phases on Taiwan’s main island, and has already put into construction the first phase of the Hsinchu and Tainan plants. will be able to produce about 100,000 tons of insurance water per day each, and the subsequent second and third phases. Upon completion of the second and third phases of the project, the daily water supply will be up to 850,000 tons. Based on this, the overall business opportunities for water treatment projects will continue to be released.

(2) Water treatment operation and maintenance

In response to the construction needs of water treatment projects, the operation and maintenance of water plants is a crucial part of the whole life cycle of the national construction. The most economical and reasonable method is used to complete the treatment process and is key to achieving optimal operation of the treatment system in the promotion

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of water resources. According to the “Sustainable Water Quality 2.0 - River Quality Improvement Plan” launched by the Ministry of Environment in recent years, it can be seen that domestic requirements for water treatment have been increasingly emphasized. The “Basic Plan for Water Resources Management in Taiwan”, approved by the Executive Yuan in 2021, encompasses the need for a stable supply of reclaimed water. The above plans require professional vendors to perform operation and maintenance work, in order to control the quality of the environment and avoid the water resource shortages. The increasing demand for recycled water, desalination and other high-end water treatment markets, coupled with the promotion of net-zero policy, the operation and maintenance of the technological threshold is also raised. However, the existence of high-end water treatment facing energy consumption and net-zero energy-saving is contradicting. Finding the most efficient treatment technology has become the key to the overall operation and maintenance. In addition to raising the technical threshold, the water treatment industry is also affected by workforce shortages due to the declining birthrate. Therefore, AI will be combined with smart water services to add value to manpower for more precise needs, which undoubtedly increases the growth potential of professional operation and maintenance.

(3) Treatment of general industrial waste

In recent years, the Ministry of Environment has adopted the zero-waste policy for resource recycling, hoping to create a favorable environment for resource recycling, improving the efficiency of the use of resources, while allowing the sustainability of resources. Bottom ash produced by incinerators is general business waste. In accordance with the “Procedures for Management of Recovery of Bottom Ash by Incinerators” announced by the Environmental Protection Administration, the incineration bottom ash is treated to produce recycled aggregates, ferrous and non-ferrous metals, and derivative waste. In line with the government’s Circular 5+2 Policy, recycled aggregates are also included as one of the available materials in the construction specifications of public works. Aggregates can be used for filling of bases, embankments, dock areas, roads with graded aggregate base layer materials, low-density recycled pervious concrete, asphalt concrete, brick products, cement products for Jersey barriers and curbs, covering soil for sanitary landfilling (but not as the final covering soil). Using incinerated recycled aggregates in construction projects not only reduces the extraction of natural earth and rock resources but also lowers carbon emissions during the transportation of construction materials. In the era of net-zero, the concept of recycling is a necessary trend to create a win-win situation for both the economy and the environment.

(4) Renewable green energy

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In recent years, the government has actively promoted a resource circular economy. In addition to strengthening the reuse of general industrial waste, the recycling of biomass resources has also become one of the key policies. Food waste and other organic industrial wastes, which were traditionally difficult to treat, are now stably treated and reused through anaerobic digestion technology. This technology can effectively decompose organic matter, stabilize its nature, and ultimately convert it into organic fertilizer or other renewable resources to achieve a circular economy and sustainable development.

Anaerobic digestion technology is widely used in the field of renewable green energy. The technology can not only process organic waste, but also generate biogas through the fermentation process. After proper purification, biogas can be used as renewable energy to be fed into the grid and supplied to households and businesses, making it an exemplary example of “turning waste into energy”. In Taiwan in particular, a large amount of organic waste was generated due to animal epidemics in the past. Appropriate anaerobic treatment procedures can be used as an important auxiliary measure for epidemic prevention and control and the harmless treatment of waste. In addition, the waste sludge generated from the sewage treatment process can also be reduced through anaerobic digestion technology, while energy and available resources are recovered to achieve a three-win model of pollution reduction, resource recovery, and energy conversion. In addition, the Ministry of Environment has recently further promoted the green transformation of wastewater treatment and actively implemented the “Promotion of Waste (Sewage) Water Energy, Low-Carbon and Smart Treatment Project” to improve the efficiency of water recycling and reduce carbon emissions with green energy technologies. For the contracted water treatment industry, this policy undoubtedly opens up a new opportunity for green energy transformation.

4. Competition

On par with government policies, the water treatment industry still accounts for the majority of Taiwan’s environmental engineering market. The Company has been deeply involved in the water treatment market for many years, covering domestic sewage treatment, industrial wastewater treatment, reclaimed water recycling, desalination, and water treatment equipment maintenance and operation services. The Company’s subsidiaries: Green Forest (Kaohsiung City Nanzhi Sewage System) and Orient Forest (Yilan Luodong Area Sewage

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System), have delivered excellent results and have completed the construction of multiple sewage treatment plants. In recent years, on par with the government's policy, we have contracted high-end water treatment projects and agent maintenance and operation services for reclaimed water in Yongkang and desalination in Magong and Qimei, as well as agent operation and maintenance of Chengching Lake. By leveraging organizational resources, we strengthen our competitive edge in the green energy and environmental protection market.

In Taiwan, there are environmental engineering companies, such as China Ecotek, AsWater Advanced Envirotech, Hui Min, Weisheng, CTCI, ECO, and HDEC. Each company has different technical advantages and market strategies, forming a diversified competitive landscape. The Company has been deeply involved in the water treatment market over two decades, and has participated in all types of cases including water treatment projects, operations, and public-private partnerships. At the same time, we have accumulated experience across the entire life cycle of water treatment construction, from planning and design and construction to operation and public-private-partnership in large-scale projects. With respect to water treatment, we can provide owners with one-stop services from engineering planning, design and construction, operation and maintenance, and performance management. Furthermore, the Company's integrated water source treatment capabilities, including subsidiaries, have also improved related technical capabilities. Therefore, the Company has considerable advantages in terms of actual performance, experience and ability.

With the impact of global net zero and sustainability issues, the Company has also actively invested in waste treatment, reuse and green energy development, hoping to develop other recycling businesses in addition to water treatment. To be on par with the policy and technology trends, we also actively facilitate collaboration between industry, government, and academia to improve business development, human resources, technology, and capabilities by combining the Company's diversified achievements. We hope to establish collaborative resources with other upstream and downstream companies in the future to expand the territory and scale of environmental engineering.

(III) Overview of technologies and R&D

1. R&D expenses invested

Due to the characteristics of the industry, the technological level of the Company's business is mainly subject to the equipment suppliers and construction technology providers selected. Therefore, the Company mostly

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contracts reputable vendors for the materials, equipment and construction work of engineering and operation and maintenance projects. The Company also sends a professional team for on-site control and monitoring of quality and progress. In terms of domestic technological R&D, the Company promotes industry-academia collaboration and cross-industry integration or integration of related industries. For foreign technological R&D, the Company will introduce successfully developed technologies applied in practical cases as well as model factory tests from abroad.

2. Successfully developed technologies or products

The primary business of the Company consists of water treatment project contracts, operation and maintenance services, water recycling, and the recycling and reuse of organic industrial waste. The Company's R&D department mainly focuses on the development of new business. Due to its different characteristics, the industry does not require the R&D and technologies of new products, unlike the general manufacturing and electronics industries. The Company mainly invests R&D expenses in collaboration with universities to conduct research in the field of environmental engineering. The relevant projects and their results are as follows:

No.	Year	Schools we worked with	Topic of research project	Research results
1	2020	Thin Film Technology Alliance	Development of applications for various types of thin film processing technologies	<ul style="list-style-type: none"> ✧ President Jen-Chieh Wu serves as the coordinator of the Thin Film Technology Alliance to promote academia-industry integration. ✧ Development of applications for various types of thin film processing technologies in the area of environmental engineering.
2	2020	Note	Research on the treatment of livestock manure into resources	<ul style="list-style-type: none"> ✧ Research the development of the technology for treatment of livestock manure into fertilizers and the application of a rapid fermentation system to treat livestock manure. ✧ Note: Due to a confidentiality agreement, no information will be disclosed for the time being.

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No.	Year	Schools we worked with	Topic of research project	Research results
3	2021	National Taipei University of Technology	Research on the stabilization and reuse of fine aggregate recycled from incineration	<ul style="list-style-type: none"> ✧ The first stage is to establish the type and ratio of stabilizing additives to test, and reduce the concentration of leached lead in recycled aggregate for environmental purposes. ✧ In the second stage, based on the results of the first stage, parameter feedback discussion, analysis and commercial operation are conducted after being used in the actual plant.
4	2022	Department of Environmental Engineering and Science, Feng Chia University	2022 fish, shellfish and ecological environment survey and research plan in the lower reaches of Wu River	<ul style="list-style-type: none"> ✧ 1. Mainly sample and analyze heavy metal content of the fish, shrimp, shellfish and river water quality upstream and downstream of the Wu River outlet in Taichung Science Park ✧ In order to understand the impact of the water outlet of the Taichung Science Park on the heavy metal content of the water organisms.
5	2023	Department of Environmental Engineering and Science, Feng Chia University	Feasibility assessment of sludge reuse in Taichung Science Park	<ul style="list-style-type: none"> ✧ 1. This project conducts sintering tests on the recycling and reuse of dewatered sludge from the Sewage Treatment Plant in Taichung Science Park ✧ 2. The optimal ratio of mixing dewatered sludge into bricks is 10%. Factory test results show that the compressive strength can reach 210.11kg/cm, which can meet the three quality standards of the national standard CNS382R2002, and is equivalent to bricks, so it has the feasibility of being reused.
6	2024	Department of Environmental Engineering, National Ilan University	ISO140641 2018 greenhouse gas inventory introduction process and implementation and ISO14067 product carbon footprint professional coaching service plan	<ul style="list-style-type: none"> ✧ Promote the Yilan Regional Water Recycling Center's carbon inventory data and product carbon emission competitiveness. ✧ Provide accurate and complete carbon inventory and carbon footprint information, and gradually carry out the first stage ISO14064-1 and second stage ISO14067 carbon footprint calculation.

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No.	Year	Schools we worked with	Topic of research project	Research results
7	2025	Department of Environmental Engineering and Science, National Pingtung University of Science and Technology	Diagnosis and performance improvement of anaerobic digestion system	<ul style="list-style-type: none"> ✧ Diagnose and analyze the current status of the anaerobic digester system in Nanzi, Futian, and Waipu, and conduct efficiency improvement studies, and propose concrete anaerobic function improvement plans. ✧ In line with the Company's carbon reduction development strategy.
8	2025	Institute of Environmental Engineering, National Central University	A project study on scale removal in MBR system	<ul style="list-style-type: none"> ✧ Conduct long-term tests in actual plants to analyze the water quality of inflowing and outflowing MBR, and investigate the relationship between pollutants and scale deposits in the water. ✧ Based on the aforementioned results, tests were conducted with different types of cleaning agents and cleaning frequencies to establish the optimal chemical cleaning strategy, while achieving energy savings and life extension.
9	2025	Department of Environmental Engineering and Science, National Pingtung University of Science and Technology	Development and testing of bio-trickling filter bed CO ₂ energy conversion system	<ul style="list-style-type: none"> ✧ Purify the biogas generated by the anaerobic fermentation system to raise the methane concentration to over 95% of the natural gas grade; ✧ During the process, the CO₂ in biogas is captured and converted into energy in compliance with carbon capture, utilization, and storage.

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

Business aspect	Short-term plan (2025)	Medium-to-long-term plan
Business execution	<ul style="list-style-type: none"> ● For water treatment projects, the Company promotes existing projects in accordance with the progress of construction to ensure the quality as scheduled, and invests in high-tech sewage projects and high-end water treatment projects in a balanced manner, and actively strives for 	<ul style="list-style-type: none"> ● In the implementation of water treatment projects, more professionals with engineering design and engineering technology management are introduced to improve the management capacity of the overall project life cycle and create a niche for project profitability.

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Business aspect	Short-term plan (2025)	Medium-to-long-term plan
	<p>at least one medium-to-large-scale reclaimed water project.</p> <ul style="list-style-type: none"> ● In terms of water treatment operations and maintenance, based on a stable plant share, we will have a high-end water supply with significant growth in technological water consumption, while improving the performance of operation and management. ● In line with the government's circular economy policy, actively expand the business of general waste reuse and green energy development to ensure that the energy of resource reuse is improved. 	<ul style="list-style-type: none"> ● Water treatment operations, in addition to continuously improving sewage treatment and water supply capacity, are also relatively important in terms of contract performance, budgeting, and technical adjustments to operations are also relatively important to ensure that the quality and sustainability of operations are maintained. ● Regarding the evaluation of new projects, we know from the government's reclaimed water technology water production policy that sewage treatment is an important source of reclaimed water. Therefore, we will maintain the renewal rate of our existing sewage treatment projects to achieve the goal of becoming the largest supplier of reclaimed water.
New technology development	<ul style="list-style-type: none"> ● Continue to expand industry-academia collaboration, and develop carbon reduction and carbon-negative energy technologies for water treatment plants with the goal of net zero. 	<ul style="list-style-type: none"> ● Establish a sustainable development mechanism that can promote technological development at different stages and ensure that technologies can be accumulated, verified and applied in the market. ● Make good use of our advantages in the actual operations field to become the best verification platform for technology implementation; improve operating efficiency and reduce risks through internal applications. ● Promote the productization and commercialization of technology to ensure that technology is not only for internal application, but can be further developed into marketable products or solutions through standardization and modularization to expand market opportunities
Business management	<ul style="list-style-type: none"> ● In terms of professional talent, the Company has not only expanded external recruitment but has also extended the scope 	<ul style="list-style-type: none"> ● In response to policies and trends, the Company has embarked on a digital transformation and is introducing AI technology to

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Business aspect	Short-term plan (2025)	Medium-to-long-term plan
	<p>of training to strengthen existing teams to enrich talent cultivation.</p> <ul style="list-style-type: none">● In terms of empowerment, new digital information technology has been introduced to assist the team in smoother operation management.● Establish an internal management mechanism for regular operation management and major decision-making, promote annual performance target management simultaneously, and provide incentives such as improvement bonuses to increase motivation.	<p>empower employees to optimize operations.</p> <ul style="list-style-type: none">● Cultivate reserve manpower and establish the future management team to ensure a stable supply of management talent.● Introduce new tools and technologies, carry out process transformation, cultivate the ability of actively optimizing and responding to changes, further create an organizational culture of continuous learning and improvement, and promote the flywheel effect of continuous progress.

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II. Overview of market and production/sales

(I) Market analysis

1. Sales territories for main products

The following is a list of the information of the Company's main projects from 2024 up to April 28, 2025.

(1) Contracted water treatment project construction

No.	Project title	Name of owner	Water volume (CMD)	Date of completion
1	Turnkey project on the promotion of recycling and reuse of effluent by the water recycling center in Yongkang, Tainan City	Construction and Planning Agency, Ministry of the Interior	Reclaimed Water Plant Phase 1, Stage 2 15,500CMD	Under acceptance
2	Phase-1 turnkey project for investment in the reconstruction of agriculturally circular pig farm	Taiwan Sugar Corporation	1. This turnkey project requires the completion of a farm for 16,000 breeding piglets and another for 100,000 pork pigs. 2. The designed generator capacity can be at least 800 kW. 3. A total of 36,900 metric tons of pig manure from the farms are treated each month.	Contract is being performed
3	Erlin Science Park Water Resource Center Phase 1 Stage 2 Project	Central Taiwan Science Park Bureau, Ministry of Science and Technology	Construction of a new water recycling center	Trial operation until 2025/6
4	Construction, operation and maintenance of a 900-metric-ton seawater desalination plant on Daisho Island	Taiwan Water Corporation	Construction of a 900-tonne seawater desalination plant	Contract is being performed

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No.	Project title	Name of owner	Water volume (CMD)	Date of completion
5	Turnkey project for Taichung City Futien Water Recycling Center effluent recovery and reuse (including operation and maintenance)	Water Resources Bureau, Taichung City Government	Pipeline network for water supply system, and reclaimed water treatment plant (including commissioning and operation and maintenance)	Contract is being performed
6	Drainage and interception in the upstream of Sanye River, and the functional improvement and expansion of the water recycling center in Huweiliao (including operation)	Water Resources Bureau, Tainan City Government	Drainage and interception, and the functional improvement and expansion of the water recycling center (including operation)	Under contract (effectiveness under evaluation)
7	Phase 2 of the expansion of Hsinchu Science Park (land in Baoshan) –sewage treatment plant	Hsinchu Science Park Bureau, National Science and Technology Council	Construction of a new sewage treatment plant (4,000 CMD)	Contract is being performed
8	Phase 2 of the water recycling center in Yilan	Yilan County Government	Expansion of a sewage treatment plant (15,000 CMD)	Contract is being performed

(2) Water treatment operation and maintenance

No.	Project title	Name of owner	Water volume (CMD)	Remarks
1	Turnkey project for Taichung City Futien Water Recycling Center effluent recovery and reuse (including operation and maintenance) – preliminary operation and maintenance	Taichung City Government	152,000 CMD	March 1, 2010 - July 31, 2025
2	Operation and maintenance of the water recycling center in Yilan	Yilan County Government	30,000 CMD	June 1, 2019 - November 30, 2026
3	Operation and maintenance of the sewage treatment plant in Erlin	Changhua County Government	6,200 CMD	September 9, 2012 - December 31, 2025

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No.	Project title	Name of owner	Water volume (CMD)	Remarks
4	Operation and Maintenance of the Sewage System at Central Taiwan Science Park Bureau for 2025 to 2029	Central Taiwan Science Park Bureau, Ministry of Science and Technology	145,000 CMD	January 1, 2020 - December 31, 2029
5	2024 Subsequent expansion of the agent operation of Water and Fertilizer Resource Treatment Center and Wuchi Water and Fertilizer Treatment Facility	Environmental Protection Bureau, Taichung City Government	500 CMD	January 1, 2019 - December 31, 2025
6	Operation and Maintenance of Sewer System in Pingtung Science Park from 2024 to 2026	Pingtung Office, Export Processing Zone Administration, Ministry of Economics Affairs	4,000 CMD	February 1, 2017 - December 31, 2026
7	Operation and Maintenance of the Sanitary Sewage System in Chungkang Technology Industrial Park, Central Taiwan Science Park from 2025 to 2027	Taichung Port Office, Export Processing Zone Administration, Ministry of Economics Affairs	10,000 CMD	January 1, 2019 - December 31, 2027
8	Qimei Sewage Treatment Plant Operation and Maintenance Work (Phase 3)	Water Resources Bureau, Kaohsiung City Government	4,000 CMD	March 5, 2020 - February 29, 2028
9	Operation and management of the water recycling center in Chiayi (2022 to 2025)	Chiayi City Government	12,000 CMD	May 10, 2019 - December 31, 2025
10	The sanitary sewer system and water recycling center in Changhua City	Department of Water Affairs, Changhua County Government	15,000 CMD	July 20, 2019 - September 15, 2032
11	Operation, maintenance and management of the water recycling center in Fengyuan, Taichung City (2nd expansion)	Water Resources Bureau, Taichung City Government	18,000 CMD	April 14, 2020 - March 31, 2026
12	2025 Operation and maintenance of the sewage treatment plant and water distribution reservoir in Hofa Industrial Park, Kaohsiung City	Economic Development Bureau, Kaohsiung City Government	4,500 CMD	April 3, 2021 - December 31, 2025

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No.	Project title	Name of owner	Water volume (CMD)	Remarks
13	Operation and maintenance work for Fuxing Water Recycling Center and Interceptor System and Gravel Treatment Plant (phase 1) in Lukang	Changhua County Government	4,200 CMD	August 7, 2021 - August 6, 2027
14	Drainage and interception in the upstream of Sanye River, and the functional improvement and expansion of the water recycling center in Huweiliao (including operation)	Water Resources Bureau, Tainan City Government	27,000 CMD	October 7, 2021 – June 21, 2025
15	Operation and maintenance of the newly constructed water recycling center and reclaimed water treatment plant in Yongkang, Tainan City Operation of the newly constructed advanced reclaimed water treatment facilities, water distribution reservoir and water distribution network in Yongkang, Tainan City	Tainan City Government Southern Taiwan Science Park Bureau, National Science and Technology Council	29,000 CMD (Sewage) 15,500 CMD Reclaimed water 8,000 CMD (Water distribution)	December 16, 2022 - December 31, 2036
16	Chengcing Lake Water Treatment Plant Outsourcing Operation and Maintenance	Water company	450,000 CMD	October 14, 2025 - October 13, 2030
17	Construction, operation and maintenance of an additional 6,000-metric-ton seawater desalination plant in Magong	Water company	6,000 CMD	October 14, 2023 - October 13, 2038
18	Ask for Private participation in the Commissioned Operation and Maintenance Services for Construction of Kaohsiung City Nanzhi Sewage System Construction Project	Kaohsiung City Government (Green Forest)	75,000 CMD	April 13, 2009 - April 13, 2041
19	Commissioned Operation and Maintenance Services for Yilan Luodong Area Sewage System Construction BOT Project	Yilan County Government (Orient Forest)	30,000 CMD	June 26, 2009 - December 13, 2040

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No.	Project title	Name of owner	Water volume (CMD)	Remarks
20	Sewer System Construction, Alternation, Mortification, and BOT Project of Guanyin Industrial Park, Ministry of Economic Affairs	Industrial Development Bureau, Ministry of Economic Affairs (Perfection Forest)	46,200 CMD	August 1, 2016 – July 31, 2031
21	Taichung City Waipu Fertilizer Plant (Green Energy Ecological Park) BOT Project	Environmental Protection Bureau, Taichung City Government (Grain Forest)	Biomass Energy Center	August 28, 2017 - August 28, 2042

(3) Projects Participated In

No.	Project title	Name of owner	Main subject	Location
1	Request for private participation in the construction and operation of the sanitary sewer system in Nanzi, Kaohsiung City (BOT)	Kaohsiung City Government	Designed capacity: 75,000 CMD	Kaohsiung
2	Construction, operation and transfer of the sanitary sewer system in Luodong, Yilan County (BOT)	Yilan County Government	Designed capacity: 45,000 CMD	Yilan
3	Addition, reconstruction, repair, operation and transfer of the sanitary sewer system in Guanyin Industrial Park (ROT)	Industrial Development Bureau, Ministry of Economic Affairs	Designed capacity: 46,200 CMD	Taoyuan
4	Construction, operation and transfer of the composting plant (green energy ecological park) in Waipu, Taichung City (ROT)	Taichung City Government	Food waste treatment and power generation	Taichung
5	Construction, transfer and operation of the reclaimed water treatment plant in Nanzi, Kaohsiung City (BTO)	Kaohsiung City Government	Designed capacity: 70,000 CMD	Kaohsiung

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2. Market share

The environmental protection industry is a systematic and comprehensive sector, including civil engineering, chemical engineering, machinery, environmental engineering, optoelectronics and materials, covering a wide range of projects. Companies are specialized in different areas and participate in tenders for projects of different types and characteristics. Therefore, any difference in the market share of the same industry has limited value for reference.

However, the Company currently has about NTD 11.4 billion worth of construction projects in progress to be completed in the next 2-5 years. In terms of water treatment, the cumulative average sewage treatment volume (including domestic and industrial wastewater) reached 612,600 CMD in April 2025, with the high-end water supply reaching 101,500 CMD and it will continue to grow in the future. This shows that the Company's market share in the industry is not to be underestimated.

3. Market supply, demand and growth in the future

The environmental engineering industry covers a wide range, involving environmental protection, resource recovery, energy reuse and industrial upgrading, etc. In recent years, echoing the net zero policy and sustainability issues, the overall environmental engineering market is expected to continue to grow. In terms of water treatment in the future, according to the Taiwan Forward-Looking Program and the Water Resource Management Program, the government will actively invest in the technological water and reclaimed water market. There should be large-scale projects to be released for subsequent construction and agent operations.

With the promotion of the 5+2 circular economy policy, the industry has developed the trend of reusing resources, including waste reuse and biomass energy. Recently, the Ministry of Environment has promoted the green transformation of wastewater treatment, hoping to promote wastewater treatment to energy. It is estimated that 150 waste water energy plants will be promoted by 2032. The relevant policies and plans echo with the Company's main business development. The traditional environmental engineering market is also transforming with the issues of net zero and sustainability. The market is also gradually expanding to new stages such as technical water, recycled water and resource recycling, and green energy. At the same time, it is also opening up a new development space for the environmental engineering market in Taiwan.

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4. Competitive advantages

(1) A strong team and highly qualified personnel

With professional technologies and personnel, the Company's team is able to acquire engineering technologies and conduct operation and maintenance work in a timely and appropriate manner. In terms of professional personnel, the Company recruits engineers who have graduated from well-known domestic and foreign universities and institutes, and who possess special knowledge and abundant practical experience.

(2) Good financial ability

The Company observes the fluctuations of market interest rates and uses interest rate hedges of long-term and short-term borrowings in combination with financing of the capital market to improve its financial capital. Over the years, the Company has had stable profitability, which is beneficial to the funding needs for large project contracts in the future and construction projects in progress.

(3) Proven operating performance for large projects

The Company has proven operating performance in construction, operation and maintenance for a number of large projects. Its experience in the integration of BOT systems for planning, design, construction and operation gives it an advantage in tenders that select the most advantageous bids.

(4) Diversified business development

The Company continues to effectively keep track of the changes in laws and regulations and the implementation of policies, using them as the basis for its development strategy and the development of new technologies.

5. Advantages and disadvantages for prospects of development, and the measures in response

(1) Advantages

A. Following government policies (promotion of infrastructure), a series of new tenders have been launched.

B. The trends of domestic environmental protection laws and international environmental protection and trade regulations have become increasingly strict, and the requirements for industrial emission standards are getting higher. Subsequent projects for expansion and renovation should be launched gradually.

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- C. Rising awareness of environmental protection in Taiwan is beneficial to construction in environmental protection projects.
- D. Resource recycling and the promotion and development of green energy policies are aligned with the Company's business development direction.
- E. The Company's main business is water treatment, which is highly in line with the policy of energy-based wastewater treatment promoted by the Ministry of the Environment. This helps actively expand the field of green energy development, improve the efficiency of resource recycling, and strengthen the sustainable competitiveness of the Company.

(2) Disadvantages

- A. Contractors of public projects through tendering are subject to the government policies on procurement and outsourcing, which require them to draw up budgets and publicly announce tenders in accordance with certain procedures. Variations in the timing and the results of bidding will affect the development of the industry.

Measures in response:

The Company seeks to increase the sources of stable profit by developing customers from private businesses and diversifying the development of the environmental protection industry.

- B. The source of domestic environmental protection technologies and new equipment is mainly technical cooperation with foreign manufacturers, increasing the actual procurement cost for project implementation.

Measures in response:

The Company will develop new technologies and markets jointly with international strategic alliances, reduce the outsourcing costs for equipment and projects, and participate in the R&D investment in technological projects in emerging major industries.

- C. A lack of skilled labor is not conducive to the progress of construction, and relatively increases the project cost.

Measures in response:

The Company will develop a well-established supply system and strengthen the capabilities for vertical integration to facilitate the use and integration of resources.

(II) Important applications and manufacturing processes of main

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products

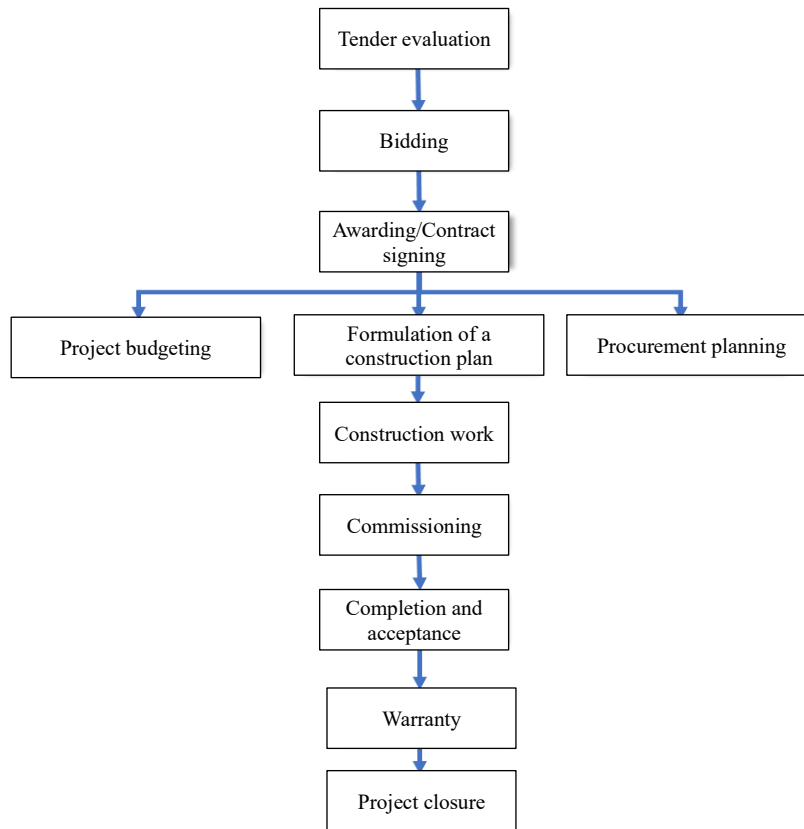
1. Important applications of main products

- (1) Water treatment projects include construction of domestic sewage, recycled water, seawater desalination and industrial wastewater treatment.
- (2) Water treatment operation and maintenance covers domestic sewage treatment, reclaimed water, desalination, and industrial wastewater.
- (3) Treatment of general industrial waste, including the treatment of incinerator bottom ash and the recycling of resources.
- (4) Renewable green energy, including biogas generation from biomass energy.

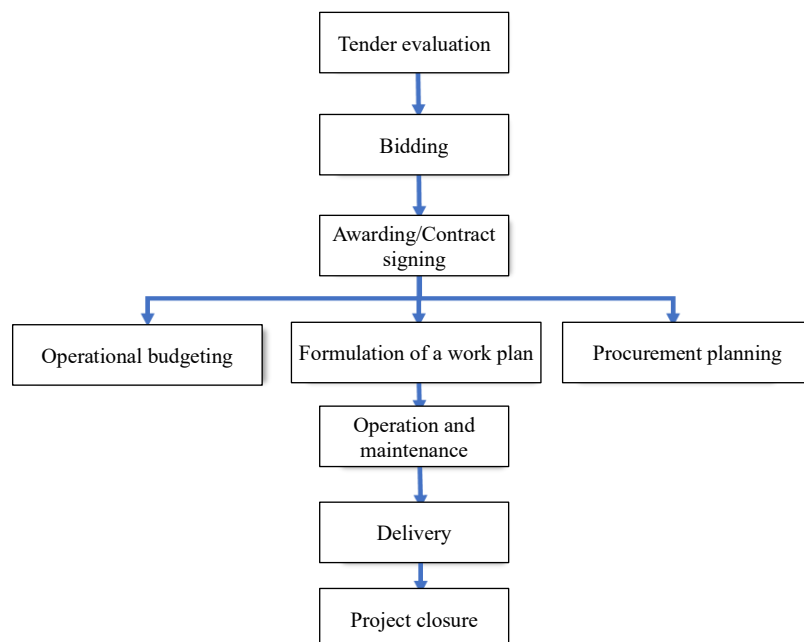
Overview of Operations

2. Production and manufacturing processes for main products

(1) Contracted water treatment project construction



(2) Water treatment operation and maintenance



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(III) Supply of primary raw materials

The supply of the primary materials is dependent on the requirements of the owner's contract. Subject to the relevant specifications and functional requirements, such materials are purchased from domestic and foreign suppliers in accordance with the Company's procurement procedures. For construction work, qualified and high-quality construction companies are selected.

According to the characteristics of projects, the items of electromechanical equipment purchased mainly include gates, mechanical bar screens, valves, dosing pumps, sludge thickeners and dehydrators, blowers, water pumps, other pumps, cables, meters, analyzers, control panels, and other electromechanical materials and equipment.

According to the characteristics of projects, the items purchased for projects mainly include those for civil engineering, pipeline engineering, mechanical installation, instrumentation and control, electrical engineering, and ventilation and air conditioning.

For the purpose of quality control, the Company purchases the above products from highly qualified suppliers with whom the Company has maintained good cooperation, which is beneficial to the subsequent progress and quality control of projects.

(IV) List of major customers for purchases/sales

- Names of customers accounting for no less than 10% of the total purchases of the Company during any of the most recent two years, and their respective amounts and percentages of purchases:

Unit: NTD thousand

Item	2023				2024			
	Name	Amount	Share of annual net purchases (%)	Relationship with the issuer	Name	Amount	Share of annual net purchases (%)	Relationship with the issuer
1	Jen Wei	174,398	10.46%	None	Jen Wei	243,838	18.80%	None
2	EigenGreen International Inc.	127,954	7.67%	None	EigenGreen International Inc.	161,340	12.44%	None
3	Kao Hui Construction Co., Ltd.	169,301	10.15%	None	Kao Hui Construction Co., Ltd.	26,974	2.08%	None
4	Other	1,196,261	71.72%		Other	865,099	66.68%	
	Net purchase	1,667,914	100.00%		Net purchase	1,297,251	100.00%	

Analysis of changes:

The Company's purchases mainly consist of contracts for sewage treatment plants, pipeline networks, machinery,

Overview of Operations

instrumentation and control equipment, and other construction projects. Such construction projects are contracted to domestic construction and electromechanical companies, and the machinery and instrumentation and control equipment for sewage treatment are imported from foreign manufacturers on a case-by-case basis. There were no significant changes in the construction schedules of these projects - the “Phase-1 Turnkey Project for Investment in the Reconstruction of Agriculturally Circular Pig Farm” of Taiwan Sugar Corporation, the “Erlin Science Park Water Resource Center Phase 1 Stage 1 Project” of the Central Taiwan Science Park Bureau, the “Construction, Operation and Maintenance of a 900-Metric-Ton Seawater Desalination Plant on Daisho Island” of Taiwan Water Corporation, and the “Phase 2 of the Expansion of Hsinchu Science Park (Land in Baoshan) – Sewage Treatment Plant”.

2. Names of customers accounting for no less than 10% of the total sales of the Company during any of the most recent two years, and their respective amounts and percentages of sales:

Unit: NTD thousand

Item	2023				2024			
	Name	Amount	Share of annual net sales (%)	Relationship with the issuer	Name	Amount	Share of annual net sales (%)	Relationship with the issuer
1	Kaohsiung City Government	535,466	14.55%	None	Kaohsiung City Government	568,588	16.79%	None
2	Yilan County Government	552,208	15.01%	None	Yilan County Government	609,549	18.00%	None
3	Livestock Department, Taiwan Sugar Corporation	608,454	16.54%	None	Livestock Department, Taiwan Sugar Corporation	421,578	12.45%	None
4	Central Taiwan Science Park Bureau, National Science and Technology Council	404,790	11.00%	None	Central Taiwan Science Park Bureau, National Science and Technology Council	377,814	11.16%	None
5	Other	1,578,761	42.90%		Other	1,409,349	41.60%	
	Net sales	3,679,679	100.00%		Net sales	3,386,878	100.00%	

Analysis of changes:

The Company is specialized in environmental protection and construction projects, and its sales customers are mainly government agencies. Its operating revenue arises from the construction of sewage treatment plants and the services for operation and maintenance of sewage treatment plants, including the “Project on the Construction, Operation and Transfer of Sewage Treatment Plant in Nanzi (BOT)” with the Kaohsiung City Government, the “Project on the Construction, Operation and Transfer of Sewage Treatment Plant in Luodong (BOT)” with the Yilan County Government, and the “Phase-1 Turnkey Project for Investment in the Reconstruction of Agriculturally Circular Pig Farm” of Taiwan Sugar Corporation. There has been no significant change in the Company’s operating revenue in the most recent two years.

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III. Information of employees

Item \ Year		2023	2024	January 1 to April 28, 2025
Number of employees	Direct employees	579	615	659
	Indirect employees	73	77	74
	Total	652	692	733
Average age		40.43	40.87	41.04
Average length of service		4.45	4.83	4.65
Distribution of educational level (%)	PhD	0.31	0.14	0.14
	Master's	16.72	17.92	16.78
	Bachelor's	66.26	64.31	62.61
	Senior high school	14.26	15.46	18.01
	Below senior high school	2.45	2.17	2.46

IV. Information of environmental protection expenses

- (I) Losses incurred due to environmental pollution during the most recent year and as of the date of publication of the annual report (including compensation and any violation of environmental protection laws found during an environmental inspection, indicating the date of penalty, the number of the document imposing the penalty, the legal provisions violated, the content of the legal provisions violated, and the content of the penalty), and disclosure of the estimated amounts of and responses for such losses that may occur currently or in the future: None.

V. Labor relations

- (I) The welfare measures, continuing education, training and retirement system for employees and their implementation, the agreements between employees and the employer, and the measures for protection of the rights of employees

1. Employee welfare measures

In order to achieve sustainable management, create a good working environment for employees, and strive for a stable life of employees and the utilization of their skills to fulfill the goals of combining personal growth with the Company's development, the Company has implemented the following welfare measures:

Labor insurance, health insurance, pension, bonuses for traditional holidays, travel allowance, group insurance, employee education and

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training, employee uniforms, employee health examination, subsidies for marriage, funerals and festivities, employee stock ownership, dividends, and the establishment of the “Employee Welfare Committee.”

2. Continuing education and training

To meet the needs of employees, the Company organizes a variety of education and training activities, such as new employee training and professional skill training, to provide employees with comprehensive development of their professional skills and inspiration for their personal growth.

Status of employee education and training in 2024	Managerial personnel	Non-managerial personnel	Total
Number of employees	159	533	692
Total training hours (hours)	2,498	9,080	11,578

3. Retirement system and its implementation

The new labor retirement system was officially implemented on July 1, 2005. In accordance with the relevant laws and regulations, the Company has appropriated 6% of each employee’s salary to their respective dedicated account held at the Bureau of Labor Insurance on a monthly basis. The procedures and applicable measures have been published on the Company’s website and at the employee section for employees.

4. Agreements between employees and the employer

The Company holds regular quarterly meetings of the labor–management committee to maintain a channel of two-way communication. Both sides have maintained good and harmonious interactions. In 2024 and as of the date of publication of the annual report, the Company has not incurred any significant loss due to a labor dispute.

5. Measures for protection of the rights of employees

The Company has established the Employee Welfare Committee in accordance with the law to protect and enforce the benefits and rights of employees.

The Company is committed to the promotion of a “gender equality policy” and the creation of a happy workplace. This is also an important commitment and responsibility of the Company to all employees.

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- (II) Losses incurred due to labor disputes during the most recent year and as of the date of publication of the annual report (including any violation of the Labor Standards Act found during a labor inspection, indicating the date of penalty, the number of document imposing penalty, the legal provisions violated, the content of the legal provisions violated, and the content of penalty), and disclosure of the estimated amounts of and responses for such losses that may occur currently or in the future. If it is not possible to reasonably estimate such amount, the facts that such reasonable estimate is not possible must be described:

The Company usually attaches great importance to the welfare of its employees. To date, there has been no labor dispute, nor has the Company's operations been affected by any labor dispute, and there is no potential factor for labor disputes based on the current situation. Therefore, it is extremely unlikely that there are expected to be losses due to labor disputes in the future.

VI. Information security management

- (I) Describe the information security risk management framework, the information security policy, specific management plans and the resources invested in information security management

1. Information security policy

In order to ensure the confidentiality, integrity, availability and legality of information assets (hardware, software, data, documents, and personnel related to information processing) and avoid intentional or accidental threats internally and externally, the Company has established the "Regulations for Information Security Management" taking into account its business needs. The relevant control measures include:

- (1) Personnel security management: including user system authorization, user management, and the management of user passwords.
- (2) Data security management: including host data backup, system data recovery, and security management for computer media and data files.
- (3) System security management.
- (4) Security management for firewalls.
- (5) Security management for network services.

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- (6) Handling of system and network breaches.
- (7) Equipment security management.
- (8) Security management for the peripheral environment and computer rooms.

2. Information security risk management framework

The Company's relevant operations are currently carried out by external IT vendors. Relevant measures, such as host data backup, security management for computer media and data files, security management for firewalls, and security management for peripheral environment and computer rooms, are implemented in accordance with the aforementioned regulations.

3. Security management for information assets and equipment

The Company regularly conducts an inventory of its information assets to protect their confidentiality, availability and integrity. The Company is also committed to strengthening the physical security management for computer rooms, including personnel access control, an additional video monitoring system and an uninterruptible power supply (UPS) system, to protect the security of the Company's information systems and equipment.

- (II) Losses incurred due to major information security incidents during the most recent year and as of the date of publication of the annual report, their possible effects, and the measures in response

In 2024 and as of the date of publication of the annual report, the Company has not discovered any significant web attack or incident that has or is likely to cause a significant adverse effect on the business and operations of the Company. Also, the Company has not been involved in any related legal actions or subject to any related monitoring and investigation.

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VII. Important contracts

Nature of contract	Contracting party	Start and expiry dates of contract	Main subject	Restrictions
Project contract	National Land Management Agency, MOI	January 19, 2019 - completion of acceptance	Turnkey project on the construction of water recycling center and reclaimed water treatment plant in Yongkang, Tainan City	None
Project contract	Taiwan Sugar Corporation	April 6, 2020 - completion of acceptance	Phase-1 turnkey project for investment in the reconstruction of agriculturally circular pig farm	None
Project contract	Hsinchu Science Park Bureau, National Science and Technology Council	September 1, 2022 - completion of acceptance	Phase 2 of the expansion of Hsinchu Science Park (land in Baoshan) –construction of sewage treatment plant	None
Operation and maintenance service contract	Central Taiwan Science Park Bureau, National Science and Technology Council	January 1, 2025 - December 31, 2029	Operation and maintenance of the sanitary sewage system in Taichung Industrial Park, Central Taiwan Science Park	None
Operation and maintenance service contract	Yilan County Government	December 1, 2023 - November 30, 2026	Operation, maintenance and management of the water recycling center in Yilan	None
Operation and maintenance service contract	Tainan City Government Southern Taiwan Science Park Bureau, National Science and Technology Council	December 16, 2022 - December 31, 2036	Operation and maintenance of the newly constructed water recycling center and reclaimed water treatment plant in Yongkang, Tainan City Operation of the newly constructed advanced reclaimed water treatment facilities, water distribution reservoir and water distribution network in Yongkang, Tainan City	None
Operation and maintenance service contract	Taiwan Water Corporation	October 14, 2023 - October 13, 2038	Construction, operation and maintenance of an additional 6,000-metric-ton seawater desalination plant in Magong	None

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Operation and maintenance service contract	Taiwan Water Corporation	February 12, 2025 - February 11, 2030	Agent Operation and Maintenance of Chengching Lake	None
Construction, operation and transfer contract (Note 1)	Kaohsiung City Government	April 13, 2006 - April 12, 2041	Request for private participation in the project on the construction and operation of the sanitary sewer system in Nanzi, Kaohsiung City	None
Construction, operation and transfer contract (Note 2)	Yilan County Government	December 2005 - December 2040	Request for private participation in the project on the construction, operation and transfer of the sanitary sewer system in Luodong, Yilan County	None
Construction, operation and transfer contract (Note 3)	Kaohsiung City Government	December 28, 2023 - December 28, 2044	Project on the construction, transfer and operation of the reclaimed water treatment plant in Nanzi, Kaohsiung City	None
Syndicated loan contract (Note 2)	Syndicate including Land Bank and others	July 10, 2013 - July 10, 2028	Request for private participation in the financing for the construction project on the “construction, operation and transfer of the sanitary sewer system in Luodong, Yilan County”	Note 6
Addition, reconstruction, repair, operation and transfer contract (Note 4)	Industrial Development Administration, Ministry of Economic Affairs.	August 1, 2016 to July 31, 2031	Contract on the addition, reconstruction, repair, operation and transfer of the sanitary sewer system in Guanyin Industrial Park	None
Addition, reconstruction, repair, operation and transfer contract (Note 5)	Environmental Protection Bureau, Taichung City Government	August 28, 2017 - August 28, 2042	Contract on the construction, operation and transfer of the composting plant (green energy ecological park) in Waipu, Taichung City	None
Syndicated loan contract (Note 3)	Syndicate including Mega Bank and others	11 years from the day of activation	Project financing for the project on the construction, transfer and operation of the reclaimed water treatment plant in Nanzi, Kaohsiung City	Note 7

Note 1: A contract of the subsidiary Green Forest Development Enterprise Co., Ltd.

Note 2: A contract of the subsidiary Orient Forest Development Enterprise Co., Ltd.

Note 3: A contract of the subsidiary Top Forest Water Co., Ltd.

Note 4: A contract of the subsidiary Perfection Forest Development Enterprise Co., Ltd.

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Note 5: A contract of the subsidiary Grain Forest Green Energy Co., Ltd.

Note 6: Financial ratios that shall be maintained at a certain level at the end of each year:

- (1) Debt-to-equity ratio (total liabilities/total equity): less than or equal to 200%.
- (2) The times interest earned of the principal to be maintained by the subsidiary at the end of each year [(after-tax net profit + depreciation + interest expense) / (principal repayable on medium-to-long-term debts for the period + interest expense)]: more than or equal to 1.
- (3) From the date of notice by the bank to the day before the improvement date, additional interest will be accrued at an annual rate of 0.25% on each loan balance. If no improvement is completed within the said period, an amount of the total outstanding balance on the expiry date of the improvement period (12/31) shall be paid to the bank at a rate of 0.1%.

Note 7: Financial ratios that shall be maintained at a certain level at the end of each year:

- (1) Debt ratio (total liabilities ÷ net worth): Shall not be higher than 250% from 2024 to 2030; shall not be higher than 180% from 2031 onwards.
- (2) Principal and interest earned ratio “(pre-tax profit + interest expense + depreciation + amortization + construction fee income + difference) ÷ (long-term debt principal due in the current year + interest expense)”: shall not be less than 1.05 times from 2029.

Five. Review and Analysis of Financial Conditions and Financial Performance and Risk Events

I. Financial conditions

Unit: NTD thousand

Item \ Year	2024	2023	Difference	
			Amount of increase (decrease)	%
Current assets	5,947,539	5,250,033	697,506	13.29
Intangible assets	2,039,563	2,198,636	(159,073)	(7.24)
Long-term receivables	6,512,790	6,746,205	(233,415)	(3.46)
Investments accounted for using the equity method	121,371	111,343	10,028	9.01
Other non-current assets	1,057,384	1,129,698	(72,314)	(6.40)
Total assets	15,678,647	15,435,915	242,732	1.57
Current liabilities	3,887,336	5,601,236	(1,713,900)	(30.60)
Non-current liabilities	3,958,387	2,376,144	1,582,243	66.59
Total liabilities	7,845,723	7,977,380	(131,657)	(1.65)
Share capital	1,808,524	1,573,490	235,034	14.94
Capital reserves	4,532,939	4,084,257	448,682	10.99
Retained earnings	278,649	167,549	111,100	66.31
Other equity	(58,165)	(38,729)	(19,436)	50.18
Non-controlling interests	1,270,977	1,671,968	(400,991)	(23.98)
Total equity	7,832,924	7,458,535	371,389	5.02

1. Analysis and description of changes in increase/decrease equaling or exceeding 20% in the most recent two years:
 - (1) Current liabilities: Corporate bonds due within one year converted to non-current liabilities.
 - (2) Non-current liabilities: Increase in bonds payable and long-term loans.
 - (3) Retained earnings: Due to an increase in profit in the current period compared to the previous period.
 - (4) Other equity: Due to a decrease in the unrealized loss on investments in financial assets measured at fair value through other comprehensive income compared to the same period of last year.
2. Future plan in response to significant effects: None.

Review and Analysis of Financial Conditions and Financial Performance and Risk Events

II. Financial performance`

Unit: NTD thousand

Item \ Year	2024	2023	Amount of increase (decrease)	Percentage of change (%)
Operating revenue	3,386,878	3,679,679	(292,801)	(7.96)
Operating cost	2,635,185	3,060,580	(425,395)	(13.90)
Gross operating profit	751,693	619,099	132,594	21.42
Operating expense	243,468	212,147	31,321	14.76
Net operating profit	508,225	406,952	101,273	24.89
Non-operating revenues and expenses:	(74,808)	(123,157)	48,349	(39.26)
Pre-tax net profit of continuing operations	433,417	283,795	149,622	52.72
Income tax expense	122,972	121,386	1,586	1.31
Net profit for the current period	310,455	162,409	148,036	91.15

1. Analysis and description of changes in increase/decrease equaling or exceeding 20% in the most recent two years

- (1) Gross operating profit, net operating profit, pre-tax net profit of continuing operations, and net profit for the current period: Due to a significant increase in profit from last year as a result of a decrease in operating cost in the current period compared to the same period of last year.
- (2) Non-operating revenues and expenses: Due to an increase in profit on evaluation of financial assets and liabilities measured at fair value through profit/loss in the current period.

2. Expected sales volumes and their basis, their possible effects on the future finance and business of the Company, and the plan in response

The Company is specialized in environmental protection and construction projects. In order to enhance international competitiveness and improve` quality of life, the government will continue to demand growth in the short-, medium- and long-term for the penetration rate of sanitary sewers in counties and cities. With rising awareness of environmental protection, control over the treatment, recycling and reuse of sewage and wastewater from the public and private sectors will continue. As a result, the Company will have stable sources for project contracting and the operation and maintenance of water treatment systems. In 2021, the Company acquired the “Turnkey Project on the Recycling and Reuse of Effluent by the Futian Water Recycling Center in Taichung City”; in 2022, the Company acquired the “Phase 2 of the expansion of Hsinchu Science Park (land in Baoshan) – construction of sewage treatment plant” and “Phase 2 of the water recycling center in Yilan”; in 2024, the Company acquired the “Project on the construction, transfer and operation of the reclaimed water treatment plant in Nanzi, Kaohsiung City” - with all projects going as

Review and Analysis of Financial Conditions and Financial Performance and Risk Events

scheduled, it is expected that five years of revenue will be injected. In 2023, the Company acquired the “Operation, maintenance and management of the water recycling center in Yilan”; in 2024, the Company acquired the “water recycling center and reclaimed water treatment plant in Yongkang, Tainan City” (entered a full period of operation and maintenance), and the “sewage system in Taichung Industrial Park” - to maximize the short-, medium- and long-term benefits of water treatment operation and maintenance income.

Review and Analysis of Financial Conditions and Financial Performance and Risk Events

III. Cash flows

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

Unit: NTD thousand

Cash balance at beginning of the period (1)	Annual net cash outflow from operating activities (2)	Annual net cash outflow from investing activities (3)	Annual net cash outflow from financing activities (4)	Amount of cash balance (shortage) (1)+(2)+(3)+(4)	Remedy for cash shortage	
					Investment plan	Financial management plan
1,790,514	887,870	(682)	73,206	2,750,908	None	None
Analysis of changes in cash flows: 1. Net cash inflow from operating activities: Due to an increase in receivables for the construction of contract assets in the current period. 2. Net cash outflow from investing activities: Due to an increase in property, plant and equipment in the current period. 3. Net cash outflow from financing activities: Due to the increase in borrowings.						

(II) Improvement plan for insufficient liquidity

With the completion of the projects contracted by the Company, cash inflows can be generated to cover the funds required for operations, and there is unlikely to be any risk of insufficient liquidity.

(III) Analysis of cash liquidity for the next year

Unit: NTD thousand

Cash balance at beginning of the period (1)	Annual net cash inflow from operating activities (2)	Annual net cash outflow from investing activities (3)	Annual net cash outflow from financing activities (4)	Amount of cash balance (shortage) (1)+(2)+(3)+(4)	Remedy for cash shortage	
					Investment plan	Financial management plan
2,750,908	(1,323,536)	(837,510)	1,347,908	1,937,770	None	None
1. Analysis of changes in cash flows in the current year: Operating activities: A net cash inflow is expected to be generated from the Company's operating activities. Investing activities: A net cash outflow from investing activities is expected due to additional equipment for operations. Financing activities: A net cash inflow is expected to be generated from the Company's financing activities. 2. Analysis of the remedy for estimated cash shortage and liquidity: None.						

Review and Analysis of Financial Conditions and Financial Performance and Risk Events

IV. The effect of material capital expenditure in the most recent year on the finance and business of the Company

The Company did not have any material capital expenditure in the most recent year.

V. The reinvestment policy for the most recent year, the main reasons for profits or losses therefrom, the improvement plan and the investment plan for the next year

(I) Reinvestment policy

In accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the competent authority, the Company has established the “Procedures for Acquisition or Disposal of Assets” as the basis for reinvestments by the Company to understand the relevant business and financial conditions. Additionally, in order to enhance the supervision and management of investee companies, the internal control system has included regulations for the supervision of subsidiaries, which set out requirements for their financial and business activities, to achieve significant investment benefits for reinvestments by the Company.

(II) The main reasons for profits or losses from the reinvestment policy for the most recent year, and the improvement plan

The following table shows the reinvestment profits/losses recognized by the Company on long-term equity investments evaluated using the equity method as of December 31, 2024:

Unit: NTD thousand

Item \ Date	December 31, 2024	
	Profit/Loss of investee company in the current period	Profit/Loss recognized by the Company
Orient Forest Development Enterprise Co., Ltd.	184,261	184,261
Green Forest Development Enterprise Co., Ltd.	281,679	197,175
Perfection Forest Development Enterprise Co., Ltd.	(37,908)	(37,908)
Top Forest Water Co., LTD.	(4,943)	(3,460)
Easy Development Co., Ltd.	(2,334)	(2,334)
Grain Forest Green Energy Co., Ltd.	(7,518)	(5,263)
Eastern Forest Environmental Technology Co., Ltd.	(2,791)	(1,954)

Review and Analysis of Financial Conditions and Financial Performance and Risk Events

Re-use Environmental Co., Ltd.	150,830	65,863
Rising Environmental Co., Ltd.	(75)	(75)
Lea Lea Environmental Enterprise Co., Ltd.	(24,067)	(27,906)
Modern Rich Investment Limited	6,712	6,712

1. Orient Forest Development Enterprise Co., Ltd.

This is mainly an investee company established according to a contract concluded with the Yilan County Government for the BOT project on “Sanitary Sewer System in Luodong, Yilan,” with a concession period of 35 years. Starting operation in the second half of 2009, the company recorded a profit of NTD 184,261 thousand in 2024, and will maintain a long-term stable profit in the future.

2. Green Forest Development Enterprise Co., Ltd.

This is mainly an investee company established according to a contract concluded with the Kaohsiung City Government for the BOT project on “Sanitary Sewer System in Nanzi, Kaohsiung,” with a concession period of 35 years. Formally beginning operation in early 2010, the company started to receive revenues for construction, operation and maintenance according to contracts. In 2024, it recognized a profit of NTD 197,175 thousand, and will maintain a long-term stable profit in the future.

3. Perfection Forest Development Enterprise Co., Ltd.

Mainly due to the reinvestment business established by the signing of the ROT project with the Industrial Development Bureau, Ministry of Economic Affairs in July 2016 for the “Sewer System Construction, Alternation, Mortification, and BOT Project of Guanyin Industrial Park, Ministry of Economic Affairs”. The concession period is 15 years and the loss in 2024 was NTD 37,908 thousand. The Company has strengthened inspection and counseling on water quality and discharge of manufacturers in the region, and improved the MBR system and sludge drying process in the plant to increase profits.

4. Top Forest Water Co., LTD.

This is a subsidiary in which Company holds 70% of shares. It is mainly an investee company established according to a contract concluded with the Kaohsiung City Government in December 2023 for the BTO project on “Contract for the Construction, Transfer and Operation of Reclaimed Water Treatment Plant in Nanzi, Kaohsiung City,” with a concession period of 21 years. The project is expected to

Review and Analysis of Financial Conditions and Financial Performance and Risk Events

begin in 2025.

5. Easy Development Co., Ltd.

This is a wholly owned subsidiary acquired by the Company in September 2016. It is an R Class waste treatment and reuse company.

6. Grain Forest Green Energy Co., Ltd.

This is a subsidiary in which the Company holds 70% of shares. It is mainly an investee company established according to a contract concluded with the Environmental Protection Bureau, Taichung City Government in August 2017 for the ROT project on “Construction, Operation and Transfer of Composting Plant (Green Energy Ecological Park) in Waipu, Taichung City,” with a concession period of 25 years. The company began operation in the second half of 2019 and recorded a loss of NTD 5,263 thousand in 2024. The first phase of the project is stable food waste intake and anaerobic power generation and currently administrative procedures are in progress to increase the operating capacity.

7. Eastern Forest Environmental Technology Co., Ltd.

As a subsidiary where the Company holds 70% of its shares, “Eastern Forest Environmental Technology Co., Ltd.” was established as a joint venture with Sinotech Environmental Technology Ltd. in October 2017 to engage in soil-water-related business. In addition, the reinvestment in 70% of the shares of Beijing Forest Water Environment Technology Co., Ltd. through investments in 100% of the shares of the offshore company Li Xing Investment Co., Ltd. and in 100% of the shares of Forest Water Investment Co., Ltd. has been deregistered.

8. Re-use Environmental Co., Ltd.

In November 2017, the Company acquired control over Re-use Environmental Co., Ltd. by purchasing 51% of its shares, and the Company currently holds 50.41% of its shares. As a company specialized in the treatment and reuse of incinerator bottom ash, Re-use recognized a profit of NTD 65,863 thousand in 2024, and is expected to maintain a long-term stable profit in the future.

9. Rising Environmental Co., Ltd.

The Company’s wholly owned subsidiary that has been dissolved and liquidated.

10. Lea Lea Environmental Enterprise Co., Ltd.

Review and Analysis of Financial Conditions and Financial Performance and Risk Events

In August 2020, the Company acquired control over Lea Lea Environmental Enterprise Co., Ltd. by purchasing 95% of its shares. Lea Lea Environmental is a company engaging in waste disposal and treatment.

11. Modern Rich Investment Limited

The Company has indirectly acquired 40% of the shares of Anning (Beijing Holdings) Haoyuan Water Co., Ltd. by purchasing Loyal Sheen International Limited through investments in 100% of the shares of the offshore company Modern Rich Investment Limited and in 100% of the shares of Faith Honest International Investment Limited. The company recognized a profit of NTD 6,712 thousand in 2024.

(III) Investment plan for the next year: None.

VI. Risk events

(I) The effects of changes in interest rate and exchange rate and inflation on the profits/losses of the Company, and the future measures in response

1. Interest rate changes

(1) Effect on the profits/losses of the Company

In 2024, the Company's interest expense was NTD 152,177 thousand, accounting for 4.49% of the annual net operating revenue. It mainly arose from the interest on long-term bank borrowings for syndicated loans to the subsidiary Orient Forest Development Enterprise Co., Ltd. participating in the "Project on the Sanitary Sewer in Luodong, Yilan (BOT)," as well as the interest on the Company's bank borrowings and the convertible corporate bonds issued by it. The Company mainly borrows loans in NTD. Where there is a financing need, the Company will plan for appropriate long-term and short-term bank loans depending on the actual funding needs, in order to minimize the risks caused by interest rate fluctuations.

(2) Measures in response

From March 18, 2022 to March 22, 2024, the central bank raised the interest rate 6 times for a total of 0.875%, so that the rediscount rate, secured loan financing interest rate, and short-term financing interest rate were raised to 2%, 2.375% and 4.25%, respectively, due to the control of inflation and price stability. As inflation

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intensifies, the Company will keep a close eye on market price fluctuations; maintain good interaction with suppliers and customers to avoid major impacts on the Company due to inflation. The Company will continue to monitor the changes in current and expected interest rates, and negotiate with the banks it conducts transactions with for more favorable borrowing rates in a timely manner, in order to keep its financing costs within the level of the market interest rate.

2. Exchange rate changes

(1) Effect on the profits/losses of the Company

Imports accounted for a slightly lower proportion of the Company's engineering materials and required a lower percentage of foreign currency positions. Therefore, the effect of exchange rate changes on the Company was relatively limited. In 2024 and 2023, changes in the exchange profits/losses on operations were unlikely to have any significant effect on the Company.

(2) Measures in response:

In order to reduce the effect of exchange rate changes, the Company maintains close contact with the foreign exchange departments of financial institutions, collects information on exchange rate changes from time to time, keeps full track of information on the trends and changes of foreign exchange rates in Taiwan and abroad, and adjusts foreign exchange positions in a timely manner depending on exchange rate changes.

3. Inflation

(1) Effect on the profits/losses of the Company

The Company's main business item is water treatment project contracting and water treatment operation and maintenance. Inflation will lead to an increase in the cost of construction materials and labor, which may increase the implementation cost and cause the original contract budget to exceed. Although a mechanism is in place for material adjustment in all works contracts, caution should still be exercised.

(2) Measures in response

To master better budget planning and management, as well as the adjustment of contract terms (if there is a mechanism in place for material adjustment). The VaR of inflation shall be considered in budget planning, with measures taken in advance to deal with possible cost increases. The cost impact can be mitigated by

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negotiating with suppliers for a fixed price or stipulating inflation adjustment clauses with the business owners.

- (II) The policies on high-risk and high-leverage investments, loaning of funds to others, endorsements/guarantees and transactions of derivatives, the main reasons for profits or losses, and the future measures in response

Risk	Implementation	Policy and measures in response
High-risk and high-leverage investment	The Company has not engaged in any high-risk and high-leverage investment, and all investments have been implemented after careful assessment.	The Company focuses on its primary business and has not used its funds for any high-risk and high-leverage investment.
Loaning of funds to others	As of the date of publication of the annual report, the Company has loaned no funds to others.	The Company has established the “Procedures for Loaning of Funds to Others,” and all funds loaned to others have been subject to the relevant regulations.
Endorsements/Guarantees	As of the date of publication of the annual report, the Company has provided guarantees required for the operations of its subsidiaries in accordance with the “Procedures for Endorsements/Guarantees.”	The Company has established the “Procedures for Endorsements/Guarantees,” and all endorsements/guarantees have been subject to the relevant regulations.
Transactions of derivatives	As of the date of publication of the annual report, the Company has not engaged in any transaction of derivatives.	The Company has established the “Procedures for Acquisition or Disposal of Assets,” and all transactions of derivatives have been conducted in accordance with the relevant regulations. Any transaction of derivatives conducted by the Company in the future will be based on the principles of conservativeness and steadiness.

- (III) Future R&D plan and the R&D expense expected to be invested

1. Future R&D plan

In the future, the Company will continue its development as a comprehensive environmental engineering company. In accordance with current domestic laws and regulations on environmental protection, government policies, and market trends, the Company’s

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development direction will focus on: (1) seawater desalination and treatment; (2) reclaimed water resources; (3) sludge treatment, recycling, and reuse; and (4) recycling and reuse of organic industrial waste. These areas will be the Company's R&D focus in order to meet the high demand from various customers and applications in foreign markets for future market development.

2. The R&D expense expected to be invested

The amount of R&D expense expected to be invested is gradually allocated according to the progress in the development of new products and new technologies. Depending on market changes and the progress of the R&D of new product, the Company will continue to invest in R&D and adjust its expense to support future R&D plans and increase market competitiveness. In addition, the Company will engage in industry-academia collaborations domestically, and cooperate and conduct model factory testing with foreign manufacturers possessing successfully developed technologies applied in practical cases.

(IV) The effects of major changes in domestic or foreign policies and laws on the finance and business of the Company, and the measures in response

The Company carries out its daily operations in accordance with relevant domestic and foreign laws and regulations, and constantly pays attention to the trends in the development of policies and the changes in laws and regulations at home and abroad. The Company collects relevant information as reference for decision-making by its management to adjust the relevant operating strategies of the Company and its subsidiaries. As of the date of publication of the annual report, the finance and business of the Company have not been affected by any major change in domestic or foreign policies and laws.

(V) The effects of changes in technology (including the risk of information and communication security) and the industry on the finance and business of the Company, and the measures in response

The Company keeps constant track of technological developments in the industry where it operates, as well as the latest industrial developments. The Company also continues to improve its R&D capabilities and actively expands its future market applications to ensure its competitive edge in the market. Therefore, there has been no significant effect on the finance and business of the Company from any major change in technology and the industry.

(VI) The effects of changes in corporate image on the crisis management

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of the Company, and the measures in response

Since its establishment, the Company has focused on its primary business, complied with relevant laws and regulations, actively strengthened its internal management, and improved its management quality and performance in order to maintain a good corporate image and increase customers' trust in it. In 2023 and as of the date of publication of the annual report, there was no crisis in the Company's operations resulting from any change in its corporate image. However, the occurrence of any corporate crisis may cause considerable damage to the Company. Thus, the Company will continue to implement corporate governance requirements to reduce the occurrence of corporate risks and their effects on the Company.

(VII) Expected benefits and possible risks of merger, and the measures in response

None.

(VIII) Expected benefits and possible risks of the expansion of plants, and the measures in response

None.

(IX) The risks associated with the concentration of purchases or sales, and the measures in response

1. Purchases

The Company is specialized in environmental protection and construction projects and does not have its own equipment or plants. Its purchases mainly consist of contracts for sewage treatment plants, pipeline networks, machinery, instrumentation and control equipment, and other construction projects. Such construction projects are contracted to domestic construction and electromechanical companies, and the machinery and instrumentation and control equipment for sewage treatment are imported from foreign manufacturers on a case-by-case basis. In 2023 and 2024, the Company continued to invest in the "Phase-1 Turnkey Project for Investment in the Reconstruction of Agriculturally Circular Pig Farm" of Taiwan Sugar Corporation, the "Erlin Science Park Water Resource Center Phase 2 Stage 1 Project" of the Central Taiwan Science Park Bureau, the "Construction, Operation and Maintenance of a 900-Metric-Ton Seawater Desalination Plant on Daisho Island" of Taiwan Water Corporation, and the "Phase 2 of the Expansion of Hsinchu Science Park (Land in Baoshan) – Sewage Treatment Plant". In 2024, the Company's amount

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of purchases was NTD 1,297,251 thousand, of which NTD 243,838 thousand was from Chen Wei Development Co., Ltd., NTD 161,340 thousand was from EigenGreen International Inc., and NTD 26,974 thousand was from Kao Hui Construction Co., Ltd., accounting for 18.80%, 12.44% and 2.08% of the purchases for that year, respectively. There was no concentration of purchases.

2. Sales

In 2024, the Company's amount of sales was NTD 3,386,878 thousand, of which NTD 391,275 thousand was from the Livestock Business Division of Taiwan Sugar Corporation, NTD 642,573 thousand was from Kaohsiung City Government, NTD 609,549 thousand was from Yilan County Government, and NTD 587,678 thousand was from Central Taiwan Science Park Bureau, National Science and Technology Council, accounting for 11.55%, 18.97%, 18.00% and 17.35% of the revenue for that year, respectively. The sales customers were mainly government agencies. The Company provides services for the construction of sewage plants and the operation of sewage plant systems to government agencies. With increasing market demand for contracting using annual government budgets, the Company will continue to actively develop new projects and new customers in order to reduce the risk of concentration of sales.

- (X) The effects and risks of substantial transfers or changes of shares held by directors, supervisors or shareholders with a shareholding of more than 10% to the Company, and the measures in response:

None.

- (XI) The effects and risks of changes in management to the Company, and the measures in response

None.

- (XII) Litigious or non-litigious events

1. Where the result of any material litigious, non-litigious or administrative dispute event involving the Company that has been finalized or is pending as of the date of publication of the annual report is likely to cause a significant effect on shareholders' equity or securities price, the facts in dispute, the amount claimed, the date of commencement of proceedings, the main parties to the dispute and the status of the dispute must be disclosed:

- (1) On 19 January 2019, our company signed a contract with the

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Construction and Planning Agency of the Ministry of the Interior for the "Tainan Yongkang Water Resources Recycling Center and Recycled Water Plant New Construction Project Turnkey Project" (hereinafter referred to as "Water Resources") and the "Tainan Yongkang Recycled Water High-end Treatment Facility Plant, Water Distribution Tank and Water Distribution Pipeline New Construction Project Turnkey Project" (hereinafter referred to as "Water Distribution Project"), and on 31 December 2014, due to the overdue construction progress, the owner deducted a total of NT\$515,000,000 (listed as accounts receivable). However, the construction of the above-mentioned project was affected by neighboring projects, the COVID-19 pandemic, the GIS data provided by South Science Park Management was inconsistent with reality, which made the review process cumbersome, and weather and administrative factors, resulting in delays in the construction period. Therefore, our company has actively sought with the owner to extend the construction period for reasons that are not attributable to our company.

Our company submitted a request for mediation on January 5, 2013, and later received a mediation proposal from the Procurement Appeal Review Committee on October 9, 2014, suggesting a deduction of NT\$120,968,000 for the Water Resources Center. Our company has issued a written document agreeing to the mediation proposal and estimated a fine of NT\$120,968,000 (NT\$41,812,000 and NT\$79,156,000 were recorded as deductions from operating income in fiscal years 2014 and 2012, respectively). The Ministry of the Interior's Land Management Administration accepted the mediation proposal on December 31, 2014, but has not yet received the certificate of mediation establishment.

Regarding the water distribution project, the company, based on the mediation suggestions of the Water Resources Center and the evaluation of lawyers, considered the aforementioned reasons that are not attributable to the company and believed that the extension

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of the construction period requested is reasonable and not without basis. Therefore, it estimated a fine of NT\$31,074,000 in fiscal year 2014 (reduced from operating income). The company will submit another application for loan adjustment after the relief results of the Water Resources Center are determined.

(2) Our company was contracted by the Taipei City Government to "Dihua Wastewater Treatment Plant Entrusted Operation and Maintenance Project Phase 6". Because the equipment and water quality did not meet the standards of the Water Pollution Prevention and Control Act, the owner fined us NT\$23,750,000 in violation of the contract. However, the penalty standards for some of the fines are still controversial. Based on the mediation results of the previous similar penalties, the relevant penalty amount for this period is estimated to be NT\$11,875,000 (recorded as a deduction from operating income in 2011). We will submit a mediation application later, but the final decision will still depend on the subsequent relief results.

2. Any material litigious, non-litigious or administrative dispute event involving the directors, supervisors, president, de facto owner, major shareholders with a shareholding of more than 10% and affiliates of the Company that has been finalized or is pending as of the date of publication of the annual report, whose result is likely to cause a significant effect on shareholders' equity or securities price:

(1) In September 2012, the company's legal person and director, Li Qi Construction Co., Ltd., filed a lawsuit against the counterparty because the progress of the volume transfer of No. 28 and 30 Dihua Street has been delayed for a long time. The total contract price of the case is 11,437,000 yuan, 11,350,000 yuan has been paid, and the prepaid land payment is listed in the account. The estimated amount of compensation to be sought is the price paid plus liquidated damages, totaling 17,069,000 yuan. According to the lawyer's evaluation, Li Qi Construction has already held sufficient guarantees, so there should be no doubt that the amount will be reduced. The defendant has filed an appeal in this case on 12/12/12, 2013, and the decision of the second-instance court is pending.

(2) In 2012, the company's legal person and director, Liqi Construction Co., Ltd., purchased land in the water source section of Xizhi District from a natural person named Xie for the company's Xizhi Chongde section construction project. Later, because the land had

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been listed as a protected area by the New Taipei City Government, the volume transfer could not be made. Therefore, on 2014/01/03, the paid land purchase price of NT\$23,183,000 was returned. The case was filed on 2014/09/04. The lawyer of this case stated that the New Taipei City Government had announced that the land in the water source section of Xizhi District had been changed to a protected area before the two parties signed the contract. However, the natural person named Xie did not inform and violated the contract guarantee agreement, which was very clear. Liqi Construction then appealed to the High Court in September 2014, requesting the return of the land purchase payment of 23,183,000 yuan, and the case is currently awaiting a court hearing.

- (3) In January 2013, the company's legal person and director, Liqi Construction Co., Ltd., filed a lawsuit against the counterparty for the return of unjust enrichment due to the subject matter of No. 302 Dihua Street, and then issued a debt certificate of 2,862,000 yuan on June 25, 2014. However, Liqi Construction had already collected the accumulation fund of 450,000 yuan in December 2020, so it recognized a loss of 2,412,000 yuan in 2014 (recorded as management expenses).

(XIII) Other significant risks, and the measures in response

None.

VII. Other important information

None.

Six. Special Information

I. Information of affiliates

Please visit the Company's website and the MOPS.

URL: https://mopsov.twse.com.tw/mops/web/t57sb01_q10

II. Private placement of securities

II. Private placement of securities during the most recent year and as of the date of publication of the annual report

III. Shares by subsidiaries

III. Other additional information required

None.

IV. Occurrence of events with a significant effect on shareholders' equity or securities price, as defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, during the most recent year and as of the date of publication of the annual report

None.

FOREST WATER
ENVIRONMENTAL ENG'G
CO., LTD.

Chairman Yu-Chi Kuo