

Stock code : 8473



# **FOREST WATER ENVIRONMENTAL ENGINEERING CO., LTD.**

## **Handbook for the 2025 Annual General Shareholders' Meeting**

Meeting type : Physical shareholders' meeting

Date : June 26, 2025

Place : B1., No. 162, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)

Notice to readers : For the convenience of reads, “The Handbook for the 2025 Annual General Shareholders' Meeting” has been translated into English from the original Chinese version. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

# Table of Contents

## I. Meeting Procedure

## II. Meeting Agenda

1. Items to Report.....	3
2. Items for Adoption.....	7
3. Items for Discussion.....	9
4. Extemporary Motions .....	11

## III. Attachments

1. 2024 business report.....	12
2. 2024 audit committees' report .....	15
3. 2024 audit report and financial statements .....	16
4. 2024 earnings distribution plan.....	39
5. Comparison tablefor the “Articles of Incorporation” .....	40
6. The lifting list of non-competition restrictions for directors .....	41

## IV. Appendices

1. The articles of incorporation Original provisions.....	42
2. The regulations for shareholders' meetings.....	49
3. Shares held by the members of the board of directors.....	55

# **Meeting Procedure**

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. Items to Report
- IV. Items for Adoption
- V. Items for Discussion
- VI. Extemporaneous Motions
- VII. Adjournment

# Agenda

I. Time : 9:00 AM, June 26, 2025

II. Place : B1.,No.162,Songjiang Rd.,Zhongshan Dist.,Taipei City,Taiwan(R.O.C.)

## III. Meeting procedure

1. Call the Meeting to Order
2. Chairperson Remarks
3. Items to Report
  - (1) 2024 business report
  - (2) 2024 audit committee report
  - (3) Report on the distribution of employee and director remuneration for 2024.
  - (4) Report on the distribution of Cash Dividends for 2024.
4. Items for Adoption
  - (1) 2024 business report and financial statements
  - (2) 2024 earnings distribution plan
5. Items for Discussion
  - (1) Amendment to the Company's Articles of Incorporation
  - (2) Discussion to approve the lifting of non-competition restrictions for directors
6. Extemporaneous motions
7. Adjournment

# Items for Report

Proposal 1
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 2024 business report.

Descriptions
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Please refer to Attachment 1 (page 12-14) for the 2024 business report.

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# Items for Report

Proposal 2
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 2024 audit committee report.

Descriptions
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Please refer to Attachment 2 (page 15) for the 2024 audit committees' report.

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# Items for Report

**Proposal 3** Report on the distribution of employee and director remuneration for 2024.

## **Descriptions**

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1. According to Articles of Incorporation, if the Company has a profit before tax for each fiscal year, the Company shall set aside no less than 2% of the remaining profit for distribution to the employees and no more than 2% of the remaining profit for distribution to directors as remuneration. However, when the Company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee compensation and director compensation in proportion to the preceding paragraph.
  2. 2024 employee's and director's remuneration distribution as follows:  
Employee's remuneration distribution NTD\$3,673,764.  
Director's remuneration distribution NTD\$3,673,763.  
The aforementioned 2024 employee's and director's remuneration shall be fully issued in cash.
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# Items for Report

**Proposal 4** Report on the distribution of Cash Dividends for 2024.

## **Descriptions**

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1. It is proposed to withdraw a cash dividend of NTD\$ 113,118,003 from the distributable retained earning for distribution. Based on the number of shareholders' shares listed in the shareholder register, the cash dividend is NTD\$ 0.72500000 per share for distribution.
2. After the resolution of the shareholders' meeting is passed, the board of directors is authorized to set the baseline date for dividend distribution.
3. In the future, if changes in the Company's share capital affect the number of outstanding shares and therefore the dividend rate changes, it is proposed the shareholders' meeting fully authorize the board of directors to deal with it.
4. Cash dividends have not yet been paid

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## **Resolution**



# Items for Adoption

**Proposal 1** 2024 business report and financial statements.

## **Descriptions**

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1. The individual financial statements and consolidated financial statements for the year 2024 have been verified by the CPA Chang, Shu-Ying and CPA Pan, Chun-Ming of KPMG. The Audit Committee has reviewed the business report together with the verification report completely then issued a written review report as attached.
2. Business report: Please refer to Attachment 1 (page 12-14) for the handbook.  
Audit Report and Financial Statement: Please refer to Attachment 3 (page 16-38) for the handbook.
3. Please pass a Resolution.

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## **Resolution**

# Items for Adoption

**Proposal 2** 2024 earnings distribution plan.

## **Descriptions**

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1. According to the Company Act and Articles of Incorporation, the earnings distribution plan of 2024 shall be shown, please refer to the Attachment 4 (Page 39) of the handbook.
2. Please pass a Resolution.

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## **Resolution**

# Items for Discussion

**Proposal 1** Amendment to the Company's Articles of Incorporation.  
Proposed by the Board of Directors.

## **Descriptions**

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1. In response to the Company's operational development needs. Please refer to attachment 5 (page 40) of the revised clause comparison table.
2. Please pass a Resolution.

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## **Resolution**

## Items for Discussion

**Proposal 2** Discussion to approve the lifting of non-competition restrictions for directors.  
Proposed by the Board of Directors.

### **Descriptions**

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1. According to Article 209 of the "Company Act", directors who conduct anything on behalf of themselves or others that is within the scope of the Company's business, shall explain to the shareholders' meeting the essential contents of such an act and acquire the approval.
2. In accordance with the "Company Act", for individuals who must engage in competition without damaging the Company's interests, we request the approval of the shareholders for releasing the non-competition restrictions on the directors and their representatives. Please refer to attachment 6 (page 41) for details regarding releasing the non-competition restrictions on the Directors.
3. Please pass a Resolution.

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### **Resolution**

## **Extemporary motions**

### **Adjournment**

## 2024 Business Report

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.

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.
- 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!



## **2024 audit committees' report**

The individual financial statements and consolidated financial statements of the Company for the year 2024 submitted by the Board of Directors, and the audits completed by CPA Chang, Shu-Ying and CPA Pan, Jun-Ming from KPMG. After the Audit Committee has completed the review and found that there is no discrepancy, it shall be submitted for inspection in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act. We hereby submit the report.

Hereto

2025 Annual General Shareholders' Meeting

Forest Water Environmental Engineering Co., Ltd.

Convener of the Audit Committee: Liu,Rong-Hui

Date: March 13, 2025

## Attachments 3

### CPA's Audit Report

To the Board of Directors of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.:

#### **Audit Opinions**

We have audited the consolidated balance sheets of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. and its subsidiaries (the "Group") as of December 31, 2024 and 2023, their consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the periods from January 1 to December 31, 2024 and 2023, and the notes to its parent-only financial statements (including the summary of significant accounting policies).

In our opinion, with respect to all material aspects, the foregoing consolidated financial statements was prepared in accordance with the Regulations Governing the Preparation of Financial statements by Securities Issuers and the International Financial statementsing Standards, International Accounting Standards, interpretations and pronouncements of interpretation approved and published by the Financial Supervisory Commission, and thus provided a fair presentation of the consolidated financial positions of the Group as of December 31, 2024 and 2023 and its consolidated financial performance and cash flows for the periods from January 1 to December 31, 2024 and 2023.

#### **Basis of Audit Opinions**

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and relevant auditing standards. Our responsibilities under such standards are further described in the section of "Responsibilities of CPAs for the Audit of Consolidated Financial statements". Our CPAs who are subject to independence requirements have, in accordance with the Standards of Professional Ethics for Certified Public Accountants, remained independent from the Group and have fulfilled all other responsibilities under the standards. We believe that we have acquired sufficient and appropriate audit evidence as the basis of our audit opinions.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the Group for 2024. Such matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinions thereon, we have not provided any separate opinion on these matters. In our judgment, the following key audit matters shall be communicated in the audit report:

### **I. Recognition of profits/losses on engineering contracts and losses on onerous contracts**

For the accounting policies regarding the recognition of revenues from engineering projects, see “Recognition of revenues” under Note 4(15) to the consolidated financial statements. For uncertainties of the assumptions and estimates involved in the recognition of revenues from engineering contracts, see Note 5(1). For disclosures related to contract revenues, see Note 6(16).

Description of key audit matters:

The primary business of the Group consists of engineering contracts with customers, with a significant portion of the operating revenues generated from such contracts. The recognition of revenues from such contracts involves significant estimates and judgments, such as the total cost of engineering contracts, the degree of completion, the consideration of cost-related increases or decreases in the revenues from engineering projects, and the recognition of losses on onerous contracts. Subjective judgment of the management may result in certain changes in estimates, which in turn are likely to affect the profits/losses and revenues recognized in the financial statements of the Group. Therefore, the recognition of profits/losses on engineering contracts and losses on onerous contracts is an important matter for assessment in the audit of the consolidated financial statements of the Group conducted by us.

The corresponding audit procedures:

Our main procedures for the above-mentioned key audit matters included testing the effectiveness of internal control over the timing and accuracy of revenue and cost recognition for engineering contracts, reviewing significant contract samples, and interviewing management to understand the specific terms and risks of each contract. We also tested the management’s reasonableness in estimating total contract costs, the degree of contract completion, and contract profit margins. We tested the procedures for estimating engineering project prices and reconciled and adjusted them according to the general ledger to assess whether the revenues and costs of engineering contracts were recognized in accordance with relevant accounting standards. Additionally, we obtained supporting documents from management to assess onerous contracts and checked whether accounting records reflected expected contract losses.

## II. Assessment of impairment of assets

For the accounting policies regarding recognition, see “Impairment of non-financial assets” under Note 4(13) to the consolidated financial statements. For uncertainties of the accounting estimates and assumptions for assessment of impairment of property, plant and equipment and intangible assets, see Note 5(2). For details of the assessment of impairment of property, plant and equipment and intangible assets, see “Property, plant and equipment” under Note 6(6) and “Intangible assets” under Note 6(7) to the consolidated financial statements.

### Description of key audit matters:

The carrying amount of property, plant and equipment and intangible assets of the Group accounted for approximately 17% of the total assets as of December 31, 2023. The key composition of the amount consisted of the primary operating assets of the Group and concessions arising from its contracts with governmental agencies on privately managed public services. Because the operations of some subsidiaries were affected by the industrial environment, falling short of the expected benefits at the time of the original investments, there was doubt as to whether the carrying amount of the operating assets and concessions of the Group exceeded its recoverable amount. The management of the Group was required to estimate the recoverable amount of the aforementioned assets in accordance with IAS 36 “Impairment of Assets”. Since the estimation of the recoverable amount involved the management’s subjective judgment and was highly uncertain, which might result in the risk of overestimation of the carrying amount of property, plant and equipment and concessions, we included the assessment of impairment of the aforementioned assets as one of the significant key audit matters in our audit of the consolidated financial statements.

### The corresponding audit procedures:

We acquired the module and related assumptions for assessment of asset impairment by the management of the Group to evaluate whether the management had fully identified the individual cash generating units likely to be impaired, and we considered whether all assets subject to impairment testing had been fully included in the assessment process. We also reviewed the individual financial assumptions used by the management and the supporting documents for the recoverable amount, and verified the reasonableness of the management’s assumptions and the accuracy of calculations based on the relevant information available. In addition, we reviewed the appropriateness of disclosures related to impairment of the aforementioned assets of the Group.

## Other Matters

FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. has prepared the parent-only financial statements for 2024 and 2023, with an unqualified audit report issued by us for reference.

## **Responsibilities of the Management and Governing Bodies for Consolidated Financial statements**

The management is responsible for preparing the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial statements by Securities Issuers and the International Financial Accounting Standards, International Accounting Standards, interpretations and pronouncements of interpretation approved and published by the Financial Supervisory Commission, and maintaining the necessary internal control related to preparation of the consolidated financial statements to ensure that the consolidated financial statements is free of material misstatements due to fraud or error.

During preparation of the consolidated financial statements, the management is also responsible for evaluating the Group's going concern ability, disclosure of relevant matters and application of the going concern basis of accounting, unless the management intends to liquidate or cease the operation of the Group, or there are no other actual feasible solutions other than liquidation or cessation of operation.

The governing bodies (including the Audit Committee) of the Group are responsible for supervising the process of financial statements.

## **Responsibilities of CPAs for the Audit of Consolidated Financial statements**

The purpose of our audit of the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements is free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance means a high degree of assurance. However, there is no guarantee that any material misstatement contained in the consolidated financial statements will be discovered during an audit conducted in accordance with relevant auditing standards. A misstatement may be due to fraud or error. A misstatement is deemed material if the individual or aggregate amount misstated is reasonably expected to affect economic decisions made by users of the consolidated financial statements.

We rely on our professional judgment and professional skepticism during an audit conducted in accordance with relevant auditing standards. We also perform the following tasks:

1. We identify and assess the risk of misstatement in the consolidated financial statements due to fraud or error, design and implement appropriate measures in response to the assessed risk, and acquire sufficient and appropriate audit evidence as the basis of our audit opinions. Since fraud may involve collusion, forgery, intentional omission, fraudulent statement or violation of internal control, the risk of misstatement due to fraud is higher than that due to error.
2. We acquire necessary understanding of the internal control related to an audit to design audit procedures appropriate for the current circumstances, provided that the purpose of the foregoing is not to express opinions regarding the effectiveness of the internal control of the Group.
3. We assess the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and relevant disclosures made by the management.

4. We draw a conclusion about the appropriateness of the application of the going concern basis of accounting by the management and whether there is material uncertainty in an event or circumstances which may cast significant doubt about the ability of the Group to remain a going concern. If any material uncertainty is deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the consolidated financial statements to pay attention to the relevant disclosures therein, or revise our audit opinions when any such disclosure is inappropriate. Our conclusion is based on the audit evidence obtained as of the date of this audit report. However, future events or circumstances could result in a situation where the Group is no longer able to remain a going concern.
5. We assess the overall presentation, structure and contents of the consolidated financial statements (including relevant notes) and whether the consolidated financial statements provides a fair presentation of the relevant transactions and events.
6. We acquire sufficient and appropriate audit evidence of the financial information of the entities forming the Group to provide opinions regarding the consolidated financial statements. We are responsible for guidance, supervision and implementation in relation to audit cases and for formation of audit opinions for the Group.

The matters for which we communicate with the governing bodies include the planned scope and time of audit, and our material audit findings (including the significant deficiencies of internal control identified during the audit).

We also provide a declaration to the governing bodies stating that our CPAs who are subject to independence requirements have complied with the independence requirements in the Standards of Professional Ethics for Certified Public Accountants, and we communicate with the governing bodies regarding all relationships and other matters (including relevant safeguard measures) which are deemed likely to affect the independence of CPAs.

The key audit matters in the audit of the consolidated financial statements of the Group for 2024 have been determined by us from the matters regarding which we have communicated with the governing bodies. We have specified such matters in the audit report, except where public disclosure of certain matters is prohibited by applicable laws or regulations, or where, under very exceptional circumstances, we have decided not to cover communicate certain matters in the audit report due to the reasonable expectation that any negative effect arising from such communication would be greater than the public interest enhanced.

KPMG Taiwan

CPAs:

Document No. of Approval and	Jin-Guan-Zheng-Liu-Zi No.
Certification by the Competent	: 0940100754
Authority for Securities	Jin-Guan-Zheng-Shen-Zi No.
	1110333933
March 13, 2025	

**FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. and Subsidiaries**

**Consolidated Balance Sheet**

**December 31, 2024 and 2023**

**Unit: NTD thousand**

<b>Assets</b>		<b>2024.12.31</b>		<b>2023.12.31</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>					
1100	Cash and cash equivalents (Note 6(1))	\$ 2,750,908	18	1,790,514	12
1110	Financial assets measured at fair value through profit/loss – current (Note 6(2))	129,950	1	276,297	2
1141	Contract assets – current (Notes 6(7) and 6(16))	1,068,065	7	693,347	5
1170	Accounts receivables, net (Notes 6(4), 6(8), 6(16), 8 and 9)	1,232,096	8	1,579,650	10
1220	Income tax assets for the period	12,528	-	13,308	-
1410	Prepayments (Notes 6(7) and 7)	182,832	1	152,915	1
1476	Other financial assets – current (Notes 6(7) and 8)	500,679	3	682,648	4
1479	Other current assets	69,024	-	57,976	-
1482	Cost of contract performance – current	1,457	-	3,378	-
		<u>5,947,539</u>	<u>38</u>	<u>5,250,033</u>	<u>34</u>
<b>Non-current assets:</b>					
1510	Financial assets at fair value through profit or loss – non-current (Notes 6(2) and 6(12))	12,331	-	-	-
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 6(3))	150,349	1	172,789	1
1551	Investments accounted for using the equity method (Note 13)	121,371	1	111,343	1
1600	Property, plant and equipment (Notes 6(6) and 8)	680,346	4	671,958	4
1755	Right-of-use assets	7,148	-	18,755	-
1780	Intangible assets (Notes 6(7) and 8)	2,039,563	13	2,198,636	14
1840	Deferred income tax assets (Note 6(13))	92,376	1	102,514	1
1932	Long-term receivables (Notes 6(8) and 8)	6,512,790	42	6,746,205	44
1960	Prepayments – non-current (Note 6(7))	63,660	-	-	-
1980	Other financial assets – non-current (Notes 8 and 9)	51,174	-	163,682	1
		<u>9,731,108</u>	<u>62</u>	<u>10,185,882</u>	<u>66</u>
<b>Total assets</b>		<b><u>\$ 15,678,647</u></b>	<b><u>100</u></b>	<b><u>15,435,915</u></b>	<b><u>100</u></b>



**FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. and Subsidiaries**

**Consolidated Balance Sheet (continued)**

**December 31, 2024 and 2023**

**Unit: NTD thousand**

		<b>2024.12.31</b>		<b>2023.12.31</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Liabilities and equity</b>					
<b>Current liabilities:</b>					
2100	Short-term loans (Note 6(10))	\$ 1,105,000	7	1,791,168	12
2111	Short-term notes payable (Note 6(9))	790,000	5	906,000	6
2120	Financial liabilities measured at fair value through profit/loss – current (Notes 6(2) and 6(12))	-	-	4,590	-
2130	Contract liabilities – current (Note 6(16))	246,190	2	131,976	1
2150	Notes payable (Note 7)	104,118	1	239,654	2
2170	Accounts payable (Note 7)	984,657	6	854,368	6
2200	Other payables (Notes 6(6), 6(17) and 7)	198,120	1	342,910	2
2230	Income tax liabilities for the period (Note 6(13))	56,932	-	69,315	-
2250	Liability provision – current	58,514	-	211,904	1
2280	Lease liabilities – current (Note 7)	3,428	-	3,047	-
2322	Long-term loans maturing within one year or operating cycle (Note 6(11))	337,276	2	173,326	1
2321	Corporate bonds maturing or puttable within one year or operating cycle (Note 6(12))	-	-	866,052	6
2399	Other current liabilities	3,101	-	6,926	-
		<u>3,887,336</u>	<u>24</u>	<u>5,601,236</u>	<u>37</u>
<b>Non-current liabilities:</b>					
2530	Corporate bonds payable (Note 6(12))	249,617	2	-	-
2540	Long-term loans (Note 6(11))	3,055,677	20	1,626,787	11
2550	Liability provision – non-current	70,682	-	72,658	-
2573	Deferred income tax liabilities (Note 6(13))	521,480	3	525,862	3
2580	Lease liabilities – non-current (Note 7)	3,394	-	16,954	-
2612	Long-term payables	45,242	-	53,392	-
2645	Deposits received	12,295	-	80,491	1
		<u>3,958,387</u>	<u>25</u>	<u>2,376,144</u>	<u>15</u>
<b>Total liabilities</b>		<u><b>7,845,723</b></u>	<u><b>49</b></u>	<u><b>7,977,380</b></u>	<u><b>49</b></u>
<b>Equity attributable to owners of the parent company (Notes 6(12) and 6(14)):</b>					
3110	Common share capital	1,808,524	12	1,573,490	10
3200	Capital reserves	4,532,939	30	4,084,257	27
3310	Legal reserves	72,589	-	68,613	-
3320	Special reserves	38,729	-	59,185	-
3350	Undistributed earnings	167,331	1	39,751	-
3400	Other equity	(58,165)	-	(38,729)	-
Subtotal of equity attributable to owners of the parent company		6,561,947	43	5,786,567	37
36xx	<b>Non-controlling interests (Note 6(5))</b>	<u>1,270,977</u>	<u>8</u>	<u>1,671,968</u>	<u>11</u>
<b>Total equity</b>		<u><b>7,832,924</b></u>	<u><b>51</b></u>	<u><b>7,458,535</b></u>	<u><b>48</b></u>
<b>Total liabilities and equity</b>		<u><b>\$15,678,647</b></u>	<u><b>100</b></u>	<u><b>15,435,915</b></u>	<u><b>100</b></u>

# FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. and Subsidiaries

## Consolidated Statement of Comprehensive Income

January 1 to December 31, 2024 and 2023

Unit: NTD thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(16), 7 and 9)	\$ 3,386,878	100	3,679,679	100
5000	Operating cost (Notes 6(4), 6(7) and 7)	2,635,185	78	3,060,580	83
	Gross operating profit	751,693	22	619,099	17
6100	Operating expenses (Notes 6(7), 6(17) and 7):				
6200	Administrative expense	243,441	7	212,147	6
6450	Expected credit loss	27	-	-	-
	Total operating expenses	243,468	7	212,147	6
	Net operating profit	508,225	15	406,952	11
	Non-operating revenues and expenses (Notes 6(6), 6(7), 6(8), 6(12), 6(18) and 7):				
7100	Interest income	21,756	1	10,980	-
7010	Other income	686	-	882	-
7020	Other profits and losses	48,157	1	28,217	1
7050	Financial cost	(152,177)	(4)	(168,769)	(5)
7370	Share of profits of associates accounted for using the equity method	6,770	-	5,533	-
	Total non-operating revenues and expenses	(74,808)	(2)	(123,157)	(4)
	Pre-tax net profit of continuing operations	433,417	13	283,795	7
7950	Less: Income tax expense (Note 6(13))	122,972	4	121,386	3
	Net profit for the period	310,445	9	162,409	4
8300	Other comprehensive income:				
8310	Items not reclassified to profit or loss				
8316	Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income	(22,440)	(1)	49,961	1
8349	Less: income taxes associated with items not reclassified to profit or loss	-	-	-	-
	Total items not reclassified to profit or loss	(22,440)	(1)	49,961	1
8360	Items likely to be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations	3,258	-	352	-
8370	Share of other comprehensive income of associates accounted for using the equity method – items likely to be reclassified as profit/loss	-	-	(1,525)	-
8399	Less: income taxes associated with items likely to be subsequently reclassified to profit or loss	-	-	-	-
	Total items likely to be subsequently reclassified to profit or loss	3,258	-	(1,173)	-
8300	Other comprehensive income for the period	(19,182)	(1)	48,788	1
	Total comprehensive income for the period	\$ 291,263	8	\$ 211,197	5
	Net profit for the period attributable to:				
8610	Owners of the parent company	\$ 167,187	5	39,751	1
8620	Non-controlling interests (Note 6(5))	143,258	4	122,658	3
	Total comprehensive income attributable to:	\$ 310,445	9	\$ 162,409	4
8710	Owners of the parent company	147,751	4	89,475	2
8720	Non-controlling interests (Note 6(5))	143,512	4	121,722	3
	Earnings per share (Note 6(15))				
9750	Basic earnings per share (NTD)	\$ 0.97		\$ 0.26	
9850	Diluted earnings per share (NTD)	\$ 0.90		\$ 0.23	

**FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. and Subsidiaries**

**Consolidated Statement of Changes in Equity**

**January 1 to December 31, 2024 and 2023**

**Unit: NTD thousand**

	Equity attributable to owners of the parent company										
	Retained earnings					Other equity		Total equity attributable to owners of the parent company	Non-controlling interests	Total equity	
						Exchange differences on translation of financial statements of foreign operations	Unrealized profit (loss) on financial assets measured at fair value through other comprehensive income				
											Share capital
Balance as of January 1, 2023	\$	1,442,492	3,819,082	278,699	59,185	(210,086)	(1,264)	(87,189)	5,300,919	1,642,101	6,943,020
Net profit for the period	-	-	-	-	39,751	-	-	-	39,751	122,658	162,409
Other comprehensive income for the period	-	-	-	-	-	(1,283)	51,007	49,724	(936)	48,788	
Total comprehensive income for the period	-	-	-	-	39,751	(1,283)	51,007	89,475	121,722	211,197	
Allocation and distribution of earnings:											
Accumulated deficit covered by legal reserve	-	-	(210,086)	-	210,086	-	-	-	-	-	-
Cash capital increase	103,450	196,555	-	-	-	-	-	300,005	-	300,005	
Conversion of convertible bonds	27,548	68,620	-	-	-	-	-	96,168	-	96,168	
Increase/Decrease in non-controlling interests	-	-	-	-	-	-	-	-	29,400	29,400	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(121,255)	(121,255)	
Balance as of December 31, 2023	1,573,490	4,084,257	68,613	59,185	39,751	(2,547)	(36,182)	5,786,567	1,671,968	7,458,535	
Net profit for the period	-	-	-	-	167,187	-	-	167,187	143,258	310,445	
Other comprehensive income for the period	-	-	-	-	-	3,258	(22,694)	(19,436)	254	(19,182)	
Total comprehensive income for the period	-	-	-	-	167,187	3,258	(22,694)	147,751	143,512	291,263	
Allocation and distribution of earnings:											
Legal reserve	-	-	3,976	-	(3,976)	-	-	-	-	-	
Cash dividends of ordinary shares	56,087	-	-	-	(56,087)	-	-	-	-	-	
Reversal of special reserve	-	-	-	(20,456)	20,456	-	-	-	-	-	
Conversion of convertible bonds	178,947	448,682	-	-	-	-	-	627,629	-	627,629	
Increase/Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(283,176)	(283,176)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(261,327)	(261,327)	
Balance as of December 31, 2024	\$	1,808,524	4,532,939	72,589	38,729	167,331	711	(58,876)	6,561,947	1,270,977	7,832,924

**FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. and Subsidiaries**

**Consolidated Statement of Cash Flows**

**January 1 to December 31, 2024 and 2023**

**Unit: NTD thousand**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Pre-tax net profit for the period	\$ 433,417	283,795
<b>Adjustments:</b>		
Profits, expenses and losses		
Depreciation expense	36,779	39,987
Amortization expense	142,073	147,441
Expected credit losses	27	-
Net gains on financial assets and liabilities measured at fair value through profit/loss	(35,847)	(11,913)
Interest expense	135,888	147,418
Interest income	(21,756)	(10,980)
Dividend income	(282)	-
Share of profit of associates accounted for using the equity method	(6,770)	(5,533)
Gain (loss) on disposal and obsolescence of property, plant and equipment	(715)	435
Loss (gain) on disposal of intangible assets	(11,942)	5
Gain on reversal of impairment of non-financial assets	-	(8,190)
Gain on lease modification	(1,236)	(454)
Replacement expenses	6,920	8,803
Reversal of provisions	(149,860)	(60,211)
Total profits, expenses and losses	<u>93,279</u>	<u>246,808</u>
Changes in assets/liabilities related to operating activities:		
Financial assets measured at fair value through profit/loss on a mandatory basis	164,369	37,431
Contract assets	(415,889)	289,390
Notes receivable	-	4,888
Accounts receivable	362,590	(81,594)
Prepayments	(26,317)	15,121
Other current assets	(11,048)	18,390
Other financial assets	195,883	(151,724)
Cost of contract performance	1,921	(1,072)
Long-term receivables	194,688	179,593
Prepayments – non-current	3,600	-
Contract liabilities	114,214	11,099
Notes payable	(135,536)	(87,922)
Accounts payable	130,289	(26,193)
Other payables	20,354	19,307
Liability provision	(13,430)	(9,059)
Other current liabilities	(3,825)	(7,919)
Long-term payables	(8,150)	(7,828)
Total adjustments	<u>666,992</u>	<u>448,716</u>
Cash inflow from operations	1,100,409	732,511
Interest received	45,332	34,736
Dividends received	282	9,440
Interest paid	(129,334)	(131,302)
Income tax paid	(128,819)	(78,704)
<b>Net cash inflow from operating activities</b>	<u>887,870</u>	<u>566,681</u>

**FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. and Subsidiaries**

**Consolidated Statement of Cash Flows(continued)**

**January 1 to December 31, 2024 and 2023**

**Unit: NTD thousand**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	\$ (433,987)	(80,481)
Disposal of property, plant and equipment	334,966	90
Acquisition of intangible assets	(11,079)	(2,114)
Disposal of intangible assets	(1,414)	-
Decrease (increase) in other financial assets	110,832	(7,179)
Increase in other non-current assets	-	19,374
<b>Net cash outflow from investing activities</b>	<u>(682)</u>	<u>(70,310)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans	(686,168)	181,168
Decrease in short-term notes payable	(116,000)	(240,000)
Borrowing of long-term loans	1,770,000	-
Repayment of long-term loans	(177,160)	(309,829)
Decrease in deposits received	(68,196)	(516)
Increase (decrease) in other receivables – related parties	(100,000)	100,000
Repayment of principal of lease	(4,767)	(7,780)
Distribution of cash dividends	(261,327)	(121,255)
Cash capital increase	-	300,005
Change in non-controlling interests	(283,176)	29,400
<b>Net cash inflow (outflow) from financing activities</b>	<u>73,206</u>	<u>(68,807)</u>
Effect of changes in exchange rate on cash and cash equivalents	-	352
Increase in cash and cash equivalents for the period	960,394	427,916
Beginning balance of cash and cash equivalents	<u>1,790,514</u>	<u>1,362,598</u>
Ending balance of cash and cash equivalents	<u><b>\$ 2,750,908</b></u>	<u><b>1,790,514</b></u>

## **CPA's Audit Report**

To the Board of Directors of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.:

### **Audit Opinions**

We have audited the balance sheets of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. as of December 31, 2024 and 2023, its statements of comprehensive income, statements of changes in equity and statements of cash flows for the periods from January 1 to December 31, 2024 and 2023, and the notes to its parent-only financial statements (including the summary of significant accounting policies). In our opinion, with respect to all material aspects, the foregoing parent-only financial statements was prepared in accordance with the Regulations Governing the Preparation of Financial statements by Securities Issuers, and thus provided a fair presentation of the parent-only financial positions of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. as of December 31, 2024 and 2023, as well as its financial performance and cash flows for the periods from January 1 to December 31, 2024 and 2023.

### **Basis of Audit Opinions**

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and relevant auditing standards. Our responsibilities under such standards are further described in the section of "Responsibilities of CPAs for the Audit of Parent-only Financial statements." Our CPAs who are subject to independence requirements have, in accordance with the Standards of Professional Ethics for Certified Public Accountants, remained independent from FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. and have fulfilled all other responsibilities under the standards. We believe that we have acquired sufficient and appropriate audit evidence as the basis of our audit opinions.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the parent-only financial statements of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. for 2024. Such matters were addressed in the context of our audit of the parent-only financial statements as a whole and, in forming our opinions thereon, we have not provided any separate opinion on these matters. In our judgment, the following key audit matters shall be communicated in the audit report:

I. Recognition of profits/losses on engineering contracts and losses on onerous contracts

For the accounting policies regarding the recognition of revenues from engineering contracts, see “Revenues from customer contracts” under Note 4(14) to the parent-only financial statements. For uncertainties of the assumptions and estimates involved in the recognition of revenues from engineering contracts, see Note 5(1). For disclosures related to contract revenues, see Note 6(12).

Description of key audit matters:

The primary business of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. consists of engineering contracts with customers, with a significant portion of the operating revenues generated from such contracts. The recognition of revenues from such contracts involves significant estimates and judgments, such as the total cost of engineering contracts, the degree of completion, the consideration of cost-related increases or decreases in the revenues from engineering projects, and the recognition of losses on onerous contracts. Subjective judgment of the management may result in certain changes in estimates, which in turn are likely to affect the profits/losses and revenues recognized in the financial statements of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. Therefore, the recognition of profits/losses on engineering contracts and losses on onerous contracts is an important matter for assessment in the audit of the parent-only financial statements of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. conducted by us.

The corresponding audit procedures:

Our main procedures for the above-mentioned key audit matters included testing the effectiveness of internal control over the timing and accuracy of revenue and cost recognition for engineering contracts, reviewing significant contract samples, and interviewing management to understand the specific terms and risks of each contract. We also tested the management’s reasonableness in estimating total contract costs, the degree of contract completion, and contract profit margins. We tested the procedures for estimating engineering project prices and reconciled and adjusted them according to the general ledger to assess whether the revenues and costs of engineering contracts were recognized in accordance with relevant accounting standards. Additionally, we obtained supporting documents from management to assess onerous contracts and checked whether accounting records reflected expected contract losses.

### **Responsibilities of the Management and Governing Bodies for Parent-only Financial statements**

The management is responsible for preparing the parent-only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial statements by Securities Issuers and maintaining the necessary internal control related to preparation of the parent-only financial statements to ensure that the parent-only financial statements is free of material misstatements due to fraud or error.

During preparation of the parent-only financial statements, the management is also responsible for evaluating FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.'s going concern ability, disclosure of relevant matters and application of the going concern basis of accounting, unless the management intends to liquidate or cease the operation of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD., or there are no other actual feasible solutions other than liquidation or cessation of operation.

The governing bodies (including the Audit Committee) of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. are responsible for supervising the process of financial statements.

### **Responsibilities of CPAs for the Audit of Parent-only Financial statements**

The purpose of our audit of the parent-only financial statements is to obtain reasonable assurance about whether the parent-only financial statements is free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance means a high degree of assurance. However, there is no guarantee that any material misstatement contained in the parent-only financial statements will be discovered during an audit conducted in accordance with relevant auditing standards. A misstatement may be due to fraud or error. A misstatement is deemed material if the individual or aggregate amount misstated is reasonably expected to affect economic decisions made by users of the parent-only financial statements.

We rely on our professional judgment and professional skepticism during an audit conducted in accordance with relevant auditing standards. We also perform the following tasks:

1. We identify and assess the risk of misstatement in the parent-only financial statements due to fraud or error, design and implement appropriate measures in response to the assessed risk, and acquire sufficient and appropriate audit evidence as the basis of our audit opinions. Since fraud may involve collusion, forgery, intentional omission, fraudulent statement or violation of internal control, the risk of misstatement due to fraud is higher than that due to error.
2. We acquire necessary understanding of the internal control related to an audit to design audit procedures appropriate for the current circumstances, provided that the purpose of the foregoing is not to express opinions regarding the effectiveness of the internal control of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.
3. We assess the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and relevant disclosures made by the management.



4. We draw a conclusion about the appropriateness of the application of the going concern basis of accounting by the management and whether there is material uncertainty in an event or circumstances which may cast significant doubt about the ability of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. to remain a going concern. If any material uncertainty is deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the parent-only financial statements to pay attention to the relevant disclosures therein, or revise our audit opinions when any such disclosure is inappropriate. Our conclusion is based on the audit evidence obtained as of the date of this audit report. However, future events or circumstances could result in a situation where FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. is no longer able to remain a going concern.
5. We assess the overall presentation, structure and contents of the parent-only financial statements (including relevant notes) and whether the parent-only financial statements provides a fair presentation of the relevant transactions and events.
6. We acquire sufficient and appropriate audit evidence of the financial information of investee companies accounted for using the equity method to provide opinions regarding the parent-only financial statements. We are responsible for guidance, supervision and implementation in relation to audit cases and for formation of audit opinions for FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.

The matters for which we communicate with the governing bodies include the planned scope and time of audit, and our material audit findings (including the significant deficiencies of internal control identified during the audit).

We also provide a declaration to the governing bodies stating that our CPAs who are subject to independence requirements have complied with the independence requirements in the Standards of Professional Ethics for Certified Public Accountants, and we communicate with the governing bodies regarding all relationships and other matters (including relevant safeguard measures) which are deemed likely to affect the independence of CPAs.

The key audit matters in the audit of the parent-only financial statements of FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. for 2024 have been determined by us from the matters regarding which we have communicated with the governing bodies. We have specified such matters in the audit report, except where public disclosure of certain matters is prohibited by applicable laws or regulations, or where, under very exceptional circumstances, we have decided not to cover communicate certain matters in the audit report due to the reasonable expectation that any negative effect arising from such communication would be greater than the public interest enhanced.

KPMG Taiwan

CPAs:

Document No. of Approval and	Jin-Guan-Zheng-Liu-Zi No.
Certification by the Competent	: 0940100754
Authority for Securities	Jin-Guan-Zheng-Shen-Zi No.
	1110333933
March 13, 2025	

# FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.

## Balance Sheet

December 31, 2024 and 2023

Unit: NTD thousand

Assets		2024.12.31		2023.12.31	
		Amount	%	Amount	%
<b>Current assets:</b>					
1100	Cash and cash equivalents (Note 6(1))	\$ 1,458,539	15	1,003,141	9
1140	Contract assets – current (Notes 6(12) and 7)	821,099	8	498,336	5
1150	Net notes receivable (Notes 6(2), 6(12) and 7)	77,136	1	9,096	-
1170	Accounts receivable, net (Notes 6(2), 6(12), 7 and 9)	616,413	6	1,013,183	10
1220	Income tax assets for the period	1,711	-	692	-
1421	Prepayments (Note 7)	174,420	2	143,248	1
1476	Other financial assets – current (Notes 7 and 8)	357,497	4	511,912	5
1479	Other current assets	20,208	-	12,328	-
		<u>3,527,023</u>	<u>36</u>	<u>3,191,936</u>	<u>30</u>
<b>Non-current assets:</b>					
1510	Financial assets measured at fair value through profit or loss – non-current (Notes 6(15) and 13)	12,331	-	-	-
1517	Financial assets measured at fair value through other comprehensive income – non-current (Notes 6(15) and 13)	64,808	1	60,660	-
1551	Investments accounted for using the equity method (Note 6(3))	5,990,228	62	6,942,606	65
1600	Property, plant and equipment (Notes 6(4) and 8)	41,057	-	373,503	4
1755	Right-of-use assets (Note 7)	5,548	-	1,329	-
1840	Deferred income tax assets (Note 6(9))	73,117	1	82,214	1
1980	Other financial assets – non-current	11,541	-	10,820	-
		<u>6,198,630</u>	<u>64</u>	<u>7,471,132</u>	<u>70</u>
<b>Total assets</b>		<u><b>\$ 9,725,653</b></u>	<u><b>100</b></u>	<u><b>10,663,068</b></u>	<u><b>100</b></u>

# FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.

## Balance Sheet (continued) December 31, 2024 and 2023

Unit: NTD thousand

Liabilities and equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%
<b>Current liabilities:</b>					
2100	Short-term loans (Note 6(6))	\$ 1,025,000	11	1,711,168	16
2111	Short-term notes payable (Note 6(5))	730,000	8	846,000	8
2120	Financial liabilities measured at fair value through profit/loss – current (Note 6(15))	-	-	4,590	-
2130	Contract liabilities – current (Notes 6(12) and 7)	49,113	1	44,856	-
2151	Notes payable (Note 7)	86,670	1	215,136	2
2170	Accounts payable (Note 7)	811,819	8	709,089	7
2219	Other payables (Notes 6(4), 6(13), 6(15) and 7)	138,273	1	188,438	2
2250	Liability provision – current	57,683	1	210,099	2
2280	Lease liabilities – current (Note 7)	2,920	-	457	-
2321	Corporate bonds maturing or puttable within one year or operating cycle (Note 6(7))	-	-	866,052	8
2399	Other current liabilities	2,634	-	6,493	-
		<u>2,904,112</u>	<u>31</u>	<u>4,802,378</u>	<u>45</u>
<b>Non-current liabilities:</b>					
2530	Corporate bonds payable (Note 6(7))	249,617	3	-	-
2580	Lease liabilities – non-current (Note 7)	2,682	-	820	-
2645	Deposits received	7,295	-	73,303	1
		<u>259,594</u>	<u>3</u>	<u>74,123</u>	<u>1</u>
	<b>Total liabilities</b>	<b><u>3,163,706</u></b>	<b><u>34</u></b>	<b><u>4,876,501</u></b>	<b><u>46</u></b>
<b>Equity (Notes 6(7) and 6(10)):</b>					
3110	Common share capital	1,808,524	18	1,573,490	15
3200	Capital reserves	4,532,939	46	4,084,257	38
3310	Legal reserves	72,589	1	68,613	1
3320	Special reserves	38,729	-	59,185	-
3350	Undistributed earnings	167,331	2	39,751	-
3400	Other equity	(58,165)	(1)	(38,729)	-
	<b>Total equity</b>	<b><u>6,561,947</u></b>	<b><u>66</u></b>	<b><u>5,786,567</u></b>	<b><u>54</u></b>
	<b>Total liabilities and equity</b>	<b><u>\$ 9,725,653</u></b>	<b><u>100</u></b>	<b><u>10,663,068</u></b>	<b><u>100</u></b>

# FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.

## Statement of Comprehensive Income

January 1 to December 31, 2024 and 2023

Unit: NTD thousand

		2024		2023	
		Amount	%	Amount	%
4000	<b>Operating revenue (Notes 6(12) and 7)</b>	\$ 1,867,429	100	2,284,438	100
5000	<b>Operating cost (Notes 6(8) and 7)</b>	1,860,101	100	2,404,338	105
	<b>Gross operating profit (loss)</b>	7,328	-	(119,900)	(5)
6000	<b>Operating expenses (Notes 6(8), 6(13) and 7)</b>	152,023	8	130,311	6
	<b>Net operating loss</b>	(144,695)	(8)	(250,211)	(11)
	<b>Non-operating revenues and expenses:</b>				
7100	Interest income (Note 6(14))	11,588	1	6,150	-
7010	Other income (Note 6(14))	260	-	651	-
7020	Other profits and losses (Notes 6(7) and 6(14))	5,290	-	18,824	1
7050	Financial cost (Notes 6(7), 6(14) and 7)	(71,214)	(4)	(82,543)	(4)
7370	Share of profits of subsidiaries accounted for using the equity method (Note 13)	375,111	20	344,546	15
	<b>Total non-operating revenues and expenses</b>	321,035	17	287,628	12
	<b>Net profit before tax from continuous operations</b>	176,340	9	37,417	1
7950	<b>Less: Income tax expenses (benefits) (Note 6(9))</b>	9,153	-	(2,334)	-
	<b>Net profit for the period</b>	167,187	9	39,751	1
8300	<b>Other comprehensive income:</b>				
8310	<b>Items not reclassified to profit or loss</b>				
8316	Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income	4,148	-	37,297	2
8330	Share of other comprehensive income of subsidiaries accounted for using the equity method	(26,842)	(1)	13,710	1
8349	Less: Income tax related to items not reclassified	-	-	-	-
	<b>Total items not reclassified to profit or loss</b>	(22,694)	(1)	51,007	3
8360	<b>Items likely to be subsequently reclassified to profit or loss</b>				
8380	Share of other comprehensive income of subsidiaries accounted for using the equity method	3,258	-	(1,283)	-
8399	Less: Income tax related to items likely to be reclassified	-	-	-	-
	<b>Total items likely to be subsequently reclassified to profit to loss</b>	3,258	-	(1,283)	-
8300	<b>Other comprehensive income for the period</b>	(19,436)	(1)	49,724	3
	<b>Total comprehensive income for the period</b>	<u>\$ 147,751</u>	<u>8</u>	<u>89,475</u>	<u>4</u>
	<b>Earnings per share (Note 6(11))</b>				
9750	<b>Basic earnings per share (NTD)</b>	<u>\$ 0.97</u>		<u>0.26</u>	
9850	<b>Diluted earnings per share (NTD)</b>	<u>\$ 0.90</u>		<u>0.23</u>	

**FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.**

**Statement of Changes in Equity**

**January 1 to December 31, 2024 and 2023**

**Unit: NTD thousand**

	Share capital		Retained earnings			Other equity		Total equity
	Common share capital	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized profit/loss on financial assets measured at fair value through other comprehensive income	
<b>Balance as of January 1, 2023</b>	<u>\$ 1,442,492</u>	<u>3,819,082</u>	<u>278,699</u>	<u>59,185</u>	<u>(210,086)</u>	<u>(1,264)</u>	<u>(87,189)</u>	<u>5,300,919</u>
Net profit for the period	-	-	-	-	39,751	-	-	39,751
Other comprehensive income for the period	-	-	-	-	-	(1,283)	51,007	49,724
Total comprehensive income for the period	-	-	-	-	39,751	(1,283)	51,007	89,475
Allocation and distribution of earnings:								
Accumulated deficit covered by legal reserve	-	-	(210,086)	-	210,086	-	-	-
Cash capital increase	103,450	196,555	-	-	-	-	-	300,005
Conversion of convertible bonds	27,548	68,620	-	-	-	-	-	96,168
Balance as of December 31, 2023	<u>1,573,490</u>	<u>4,084,257</u>	<u>68,613</u>	<u>59,185</u>	<u>39,751</u>	<u>(2,547)</u>	<u>(36,182)</u>	<u>5,786,567</u>
Net profit for the period	-	-	-	-	167,187	-	-	167,187
Other comprehensive income for the period	-	-	-	-	-	3,258	(22,694)	(19,436)
Total comprehensive income for the period	-	-	-	-	167,187	3,258	(22,694)	147,751
Allocation and distribution of earnings:								
Losses covered with legal reserves	-	-	3,976	-	(3,976)	-	-	-
Cash dividends of ordinary shares	56,087	-	-	-	(56,087)	-	-	-
Reversal of special reserve	-	-	-	(20,456)	20,456	-	-	-
Conversion of convertible bonds	178,947	448,682	-	-	-	-	-	627,629
<b>Balance as of December 31, 2024</b>	<u><u>\$ 1,808,524</u></u>	<u><u>4,532,939</u></u>	<u><u>72,589</u></u>	<u><u>38,729</u></u>	<u><u>167,331</u></u>	<u><u>711</u></u>	<u><u>(58,876)</u></u>	<u><u>6,561,947</u></u>

# FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.

## Statement of Cash Flows

January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	2024	2023
<b>Cash flows from operating activities:</b>		
Pre-tax net profit for the period	\$ 176,340	37,417
<b>Adjustments:</b>		
Profits, expenses and losses		
Depreciation expense	12,350	17,085
Net gain on financial assets and liabilities measured at fair value through profit/loss	(8,325)	(10,910)
Interest expense	65,164	75,545
Interest income	(11,588)	(6,150)
Share of profits of subsidiaries accounted for using the equity method	(375,111)	(344,546)
Loss on disposal and obsolescence of property, plant and equipment	5,241	323
Loss (gain) on lease modification	57	(450)
Reversal of provisions	(148,886)	(62,016)
Total profits, expenses and losses	(461,098)	(331,119)
Changes in assets/liabilities related to operating activities:		
Financial assets mandatorily measured at fair value through profit or loss	(9,500)	-
Contract assets	(322,763)	421,883
Notes receivable	(68,040)	4,855
Accounts receivable	396,770	(95,832)
Prepayments	(31,172)	18,420
Other current assets	(7,880)	17,774
Other financial assets	93,350	(53,328)
Contract liabilities	4,257	(76,616)
Notes payable	(128,466)	(76,394)
Accounts payable	102,730	(59,272)
Other payables	17,192	10,076
Liability provision	(3,530)	(5,513)
Other current liabilities	(3,859)	(7,931)
Total adjustments	(422,009)	(232,997)
Cash outflow from operations	(245,669)	(195,580)
Interest received	11,587	6,124
Interest paid	(61,423)	(60,302)
Income tax paid	(1,075)	(527)
<b>Net cash outflow from operating activities</b>	(296,580)	(250,285)

**FOREST WATER ENVIRONMENTAL ENG'G CO., LTD.**

**Statement of Cash Flows(continued)**

**January 1 to December 31, 2024 and 2023**

**Unit: NTD thousand**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(67,193)	(6,301)
Disposal of property, plant and equipment	326,368	10
Dividends received	708,160	255,950
Other financial assets	60,345	(538)
<b>Net cash inflow from investing activities</b>	<u>1,027,680</u>	<u>249,121</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans	(686,168)	181,168
Decrease in short-term notes payable	(116,000)	(290,000)
Repayment of long-term loans	-	(39,990)
Increase (decrease) in guaranteed deposits received	(66,008)	6,313
Repayment of principal of lease	(3,271)	(5,207)
Cash capital increase	-	300,005
Acquisition of equity of subsidiaries	(68,500)	(89,500)
Refund of payment for shares for capital reduction by subsidiaries	664,245	-
<b>Net cash inflow (outflow) from financing activities</b>	<u>(275,702)</u>	<u>62,789</u>
Increase in cash and cash equivalents for the period	455,398	61,625
Beginning balance of cash and cash equivalents	1,003,141	941,516
Ending balance of cash and cash equivalents	<u><u>\$ 1,458,539</u></u>	<u><u>1,003,141</u></u>



## 2024 earnings distribution plan

Unit : NT\$

Item	Amount		Note
	Subtotal	Total	
Unappropriated Earnings, beginning		144,501	
Add: Net profit after tax for the year	167,187,358		
Distributable retained earning		167,331,859	
Less: Legal Reserve	(16,718,736)		Note2
Less: Special Reserve	(19,436,371)		Note2
Distribution item:			
Dividend, Cash (NTD\$0.72500000per share)	(131,118,003)		
Unappropriated Earnings, ending		58,749	

Note1 : According to the Company Act and Articles of Incorporation, withdraw 10% from the current year's after-tax earnings.

Note2 : Exchange differences on translation of foreign financial statements NTD\$-3,257,698 and Losses on financial assets at fair value through loss NTD\$ 22,694,069.

Note3 : The calculation is based on the 180,852,418 shares outstanding on March 13, 2025.

## Attachment 5

# comparison of the original and amended provisions of the “Articles of Incorporation”

Amended provisions	Original provisions	Explanation
<p>Article 20:  <u>Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 2% of the remaining profit for distribution to the employees of parents or subsidiaries of the Company as remuneration, of which the portion distributed to grassroots workers shall not be less than 50% of the aforementioned employee remuneration amount and no more than 2% of the remaining profit for distribution to directors as remuneration.</u></p>	<p>Article 20:  Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 2% of the remaining profit for distribution to the employees of parents or subsidiaries of the Company as remuneration and no more than 2% of the remaining profit for distribution to directors as remuneration.</p>	<p>In response to the company’s operational development needs.</p>
<p>Article23:  These Articles of Incorporation were enacted on June 1, 2004.  ...  The 18th amendment was made on June 13,2019  The 19th amendment was made on December 6,2023  The 20th amendment was made on January 6, 2025.  <u>The 21th amendment was made on June 26,2025.</u></p>	<p>Article23:  These Articles of Incorporation were enacted on June 1, 2004.  ...  The 18th amendment was made on June 13,2019  The 19th amendment was made on December 6,2023  The 20th amendment was made on January 6, 2025.</p>	<p>Amendment date and number thereof added.</p>

Attachment 6

## The lifting list of non-competition restrictions for directors

Name	Company name and hold office
LI, JING- CHI	Honyi International Company Limited General Manager

# **Articles of Incorporation**

## **(Original provisions)**

### **Chapter One General Provisions**

#### **Article 1**

This company is organized and established under the provisions of Company Limited by Shares of the R.O.C Company Act, and is named is 山林水環境工程股份有限公司, with the English business name of “FOREST WATER ENVIRONMENTAL ENG'G CO., LTD. ”.

#### **Article 2**

The Company's scope of business is as follows:

- 1.E103101 Environmental protection works Specialized Construction Enterprises
- 2.E502010 Fuel Catheter Installation Engineering
- 3.E599010 Piping Engineering
- 4.F107080 Wholesale of Environmental Agents
- 5.F107170 Wholesale of Industrial Catalyst
- 6.F113010 Wholesale of Machinery
- 7.F113020 Wholesale of Household Appliance
- 8.F113030 Wholesale of Precision Instruments
- 9.F113100 Wholesale of Pollution Controlling Equipment's
- 10.F401010 International Trade
- 11.J101030 Waste Disposing
- 12.J101040 Waste Treatment
- 13.J101050 Environmental Testing Services
- 14.J101060 Wastewater (Sewage) Treatment
- 15.C802170 Toxic and Concerned Chemical Substances Manufacturing
- 16.CB01010 Mechanical Equipment Manufacturing
- 17.CB01030 Pollution Controlling Equipment Manufacturing
- 18.E103071 Underground Pipeline Works Specialized Construction Enterprises
- 19.E501011 Tap Water Pipelines Contractors
- 20.E503011 Sewerage User Drainage Equipment Contractors
- 21.E601010 Electric Appliance Construction
- 22.E601020 Electric Appliance Installation
- 23.E603050 Automatic Control Equipment Engineering
- 24.E603080 Traffic Signs Installation Engineering
- 25.E603090 Illumination Equipment's Construction
- 26.E604010 Machinery Installation Construction

27.E605010 Computer Equipment Installation  
28.EZ05010 Instrument and Meters Installation Engineering  
29.EZ06010 Traffic Marking Engineering  
30.F118010 Wholesale of Computer Software  
31.F213040 Retail Sale of Precision Instruments  
32.F218010 Retail Sale of Computer Software  
33.J101990 Other Environmental Sanitation and Pollution Prevention Service  
34.E701010 Telecommunications Engineering  
35.D601011 Reclaimed Water Operators  
36.IG02010 Research and Development Service  
37.I101061 Professional Engineering Consulting  
38.ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

#### **Article 2-1**

The Company may provide endorsements and guarantees with the approval of the Board of Directors.

#### **Article 3**

The Company is headquartered in Taipei, Taiwan and when necessary, may establish branches or subsidiaries at home and abroad according to resolutions by the Board of Directors.

#### **Article 4**

The Company's announcement method is handled in accordance with the Company Act and other relevant laws and regulations.

### **Chapter Two Shares**

#### **Article 5**

The authorized capital of the Company shall be NT\$3,000,000,000 to be divided into 300,000,000 shares at a par value of NT\$10 per share. The Board of Directors is authorized to issue shares in installments as needed. Among them, 20 million shares are reserved for stock warrants and the Board of Directors is authorized to issue them in installments.

The Company may issue RSAs in accordance with Article 267 of the Company Act.

#### **Article 6**

The shares of the Company repurchased by the Company in accordance with the Securities and Exchange Act or the Company Act may be transferred to: those issued with the Company's stock option certificates, employees who purchase the Company's shares when issuing, and those issued with the Company's RSAs. These employees must be employees of parents or subsidiaries of the Company,

meeting certain criteria.

The Board of Directors is authorized to determine the "certain criteria" referred to in the preceding paragraph.

If the Company transfers shares to employees at a price lower than the actual average price of the shares repurchased, or issues employee warrants at a price lower than the closing price of the shares on the issue date, the transfer shall be approved by a large majority of two-thirds of the voting powers of the shareholders present at a shareholders' meeting who present a majority of the total number of issued shares.

#### **Article 7**

The shares of this company are registered shares, signed or stamped by the directors representing the Company, and issued by the issuing and certification institution approved by the competent authority. Shares issued by the Company are exempt from the printing of stock certificates, as are other negotiable securities, but should be registered with a centralized securities depository in accordance with the regulations of that institution. Issuers of other securities such as equities shall also be subject to the same regulations.

#### **Article 7-1**

If there is any plan to withdraw the public offering of the Company's shares after the public offering, it shall be approved by a special resolution of the shareholders' meeting before it can be done, and this article shall not be changed during the listing period and the listing period.

#### **Article 8**

Changes to the record in the shareholder register shall followed by the Company Act 165.

#### **Article 8-1**

After the Company's public offering, the share transfer shall be handled according to the "Regulations on the Handling of Shares Transfer of Publicly Offered Companies" issued by the competent authorities.

### **Chapter Three Shareholders' Meeting**

#### **Article 9**

Shareholders' meetings of the Company are of two kinds: regular shareholders' meetings and extraordinary shareholders' meetings. The regular shareholders' meeting is called once per year within six months of the close of the fiscal year. Extraordinary shareholders' meetings may be called in accordance with applicable laws and regulations whenever necessary.

#### **Article 10**

If the shareholder is unable to attend the shareholders' meeting, the shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy. Shareholders attend shareholders' meeting by proxy in accordance with Article 177 of the Company Act and The Regulations Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies.

#### **Article 11**

Each shareholder of the Company is entitled to one vote per share. However, the persons who are restricted or those who do not have the voting rights as listed in Article 179 of the Company Law are excluded from this limitation.

#### **Article 12**

Unless otherwise provided by applicable law or regulation, a resolution of the shareholders' meeting shall be adopted by the consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, by shareholders who represent a majority of the total issued shares.

#### **Article 13**

When the shareholders' meeting is held after the listing (board) of this company, electronic means should be listed as one of the channels for exercising voting rights.

Shareholders who exercise voting rights electronically in this shareholders' meeting shall be considered as they attending the meeting in person. However, regarding the extemporary motions and amendment of the original motion in this shareholders' meeting, they shall be considered as waivers.

Shareholders who have exercised their voting rights in the form of electronic means and have not revoked their intention to express before the two days before the shareholders' meeting can still attend the shareholders' meeting to participate in proposals and voting on the temporary motion, but they cannot revise the original motion and cannot exercise their voting rights again.

### **Chapter Four Directors & Audit Committees**

#### **Article 14**

The Company shall have seven to nine directors, with three-year office term. Directors are elected and appointed by the shareholders' meeting from those people with capacity, and followed the candidate nomination system of Article 192-1 of the Company Act. Candidates may continue in office if re-elected.

The Company shall have three independent directors, and the candidate nomination system is adopted by the shareholders' meeting from the list of director candidates.

For the election of directors, independent directors and non-independent directors

shall be elected together, and the number of elected candidates shall be calculated separately.

The Company shall purchase liability insurance for the directors in accordance with the law for the scope of their business scope during their tenure of office.

The Board of Directors is authorized to handle all matters related to insurance.

#### **Article 14-1**

In compliance with Articles 14-4 of the Securities and Exchange Act, the Corporation shall establish an Audit Committee. The Audit Committee or the members of the Audit Committee shall be responsible for the implementation of the Company Act, the Securities Exchange Act, and other laws stipulate the powers of the supervisor.

#### **Article 14-2**

The convening of the Board of Directors shall specify the reasons and notify the directors seven days before. But when there is an emergency, directors can call it at any time. The notice of the convocation of the Board of Directors can be notified in writing, fax or e-mail.

When a director takes a leave, the proxy shall hold on proxy letter and list the authorized scope of the reason for the convening.

The agent shall be entrusted by only one person.

When the Board of Directors meets, if a video conference is used, the directors who participate in the meeting by video shall be deemed to have attended the meeting in person.

#### **Article 15**

The Board of Directors consist of directors. Two-thirds or more of the directors present and more than half of the directors agree to elect one of them as chairman and one of them as vice chairman. For all company affairs, the chairman of the board represents the Company externally.

#### **Article 16**

When the chairman of the board takes a leave or is unable to exercise his powers for some reason, his proxy shall be handled in accordance with Article 208 of the Company Act.

#### **Article 17**

The remuneration of all directors shall be authorized by the Board of Directors to determine based participation in the Company's operations and the value of their contribution to the usual standards of the industry.

### **Chapter Five Manager**

#### **Article 18**



The Company may appoint a manager, and the appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

## **Chapter Six Accounting**

### **Article 19**

After the close of each fiscal year, the following reports shall be prepared by the board of directors and submitted to Audit Committees' at least thirty days before the shareholders' meeting.

1. Business Report.
2. Financial Statements.
3. Proposal Concerning Appropriation of Net Profits or Recovering of Losses.

### **Article 20**

Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 2% of the remaining profit for distribution to the employees of parents or subsidiaries of the Company as remuneration and no more than 2% of the remaining profit for distribution to directors as remuneration.

### **Article 20-1**

If the Company has a profit in the annual final accounting, the payable profit-seeking enterprise income tax shall be set aside in accordance with the law to make up for the losses of the prior years. 10% of the remaining earnings shall be set aside as a legal reserve, unless the legal reserve has reached the Company's total paid-in capital. Next, a special reserve shall be set aside according to laws or regulations or as required by the competent authority. Based on the balance plus the accumulated undistributed earnings of the prior years, the Board of Directors shall prepare a distribution proposal for the accumulated distributable earnings to be submitted to the shareholders' meeting for resolution. If all or part of the dividends and bonuses are to be distributed in cash, authorization may be passed by a Board of Directors meeting attended by two-thirds of the directors and by a majority of the directors present, and report to the shareholders' meeting.

The Company will consider the environment and growth stage in which the Company is located, and respond to the future capital requirements, financial structure, earnings situation, and balanced and stable dividend policy. The capital requirement and dilution of earnings per share will be appropriately allocated in the form of stock dividends or cash dividends, of which the cash dividend shall not be less than 10% of the total amount of dividends issued, but may be adjusted by the resolution of the shareholders' meeting, as necessary.

## **Chapter Seven Miscellaneous**

### **Article 21**

If the Company's outward investment exceeds 40% of its paid-up capital, the

Board of Directors shall be authorized to execute it

## **Article 22**

In regard to any matters not provided in this Articles of Incorporation, they shall be in pursuance of Company Act, Securities and Exchange Act and other related laws or regulations.

## **Article 23**

These Articles of Incorporation were enacted on June 1, 2004.

The 1st amendment was made on December 3, 2004

The 2nd amendment was made on December 25,2006.

The 3rd amendment was made on June 18,2008.

The 4th amendment was made on September 12,2008.

The 5th amendment was made on October 25,2010.

The 6th amendment was made on December 12,2010.

The 7th amendment was made on May 25,2011.

The 8th amendment was made on February 25,2013.

The 9th amendment was made on October 29, 2013

The 10th amendment was made on July 15,2014.

The 11th amendment was made on October 29,2014.

The 12th amendment was made on June 22,2015.

The 13th amendment was made on January 27,2016.

The 14th amendment was made on June 13,2016.

The 15th amendment was made on December 13,2016.

The 16th amendment was made on June 13,2017.

The 17th amendment was made on June 11,2018

The 18th amendment was made on June 13,2019

The 19th amendment was made on December 6,2023

The 20th amendment was made on January 6, 2025.

## Appendices 2

# The regulations for shareholders' meetings

### Article 1

The Company's shareholders' meeting shall be governed by these Regulations. When the Company goes public, it should follow the relevant laws and regulations of the competent authority.

### Article 2

The shareholder referred to in this rule refers to the shareholder himself/herself and the proxy and solicitation agent prescribed in the "Rules for the Appointment of Proxy for Attending Shareholders' Meetings of Listed Companies".

### Article 3

Shareholders should bring the original of their identification documents or other documents recognized by the Company to the shareholders' meeting, and present the attendance card or other attendance documents to complete the procedures of the shareholders' meeting. Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically and the number of shares registered on the video conferencing platform.

If the shareholders' meeting is held by video conference, shareholders who wish to attend via video conference should register at the venue or website designated by the company two days before the shareholders' meeting.

### Article 4

The venue for a shareholders' meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

When the Company convenes a video conference of shareholders, it is not subject to the restrictions on the venue mentioned in the preceding paragraph.

Registration areas should be clearly marked, and there should be sufficient staff to handle shareholder attendance procedures. The time for accepting shareholder attendance procedures should be at least 30 minutes before the start of the meeting, unless there is a sudden and uncontrollable event, in which case this requirement does not apply, and other contingency measures should be taken to facilitate shareholder attendance procedures as soon as possible.

Registration for the video meeting of shareholders should be accepted on the video conference platform 30 minutes before the start of the meeting. Shareholders who complete the registration will be deemed to have attended the meeting in person. The relevant personnel who need to participate in and assist in convening the shareholders' meeting, if they have shareholder status, may not be subject to the time limit announced for handling the attendance procedures.

### Article 5

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

#### **Article 6**

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

#### **Article 7**

Regarding the process of the shareholders' meeting, the company shall record the entire meeting in audio and video, and keep it for at least one year. However, if a lawsuit is filed by a shareholder pursuant to Article 189 of the Company Act, the recording shall be kept until the conclusion of the lawsuit.

#### **Article 8**

When the meeting time has arrived and shareholders representing more than half of the issued share capital are present, the chairman declares the meeting open.

When the number of shareholders attending the shareholders' meeting is less than half of the total issued shares after two postponements and more than one-third of the total issued shares are represented, the resolution may be passed in accordance with Article 175 of the Company Law with the consent of more than half of the voting rights of the attending shareholders.

When a quorum is present at a shareholder's meeting, but a resolution is made under false pretenses, and the total number of shares represented by the attending shareholders is sufficient to represent more than half of the total number of issued shares, the chairman may resubmit the decision to the shareholders' meeting for voting in accordance with Article 174 of the Company Law.

#### **Article 9**

The agenda of shareholders' meeting convened by the Board of Directors is set by the Board of Directors. The meeting shall be conducted in accordance with the scheduled agenda and may not be changed without resolution. The shareholders' meeting convened by other conveners with calling rights may use the above provisions. Before the agenda of the first two sub-paragraphs are finalized (including the provisional motion), the chairman would not be allowed to announce the adjournment without a resolution.

If a shareholders' meeting is convened by a person other than the Board of Directors, the provisions of the preceding paragraph shall apply. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

## **Article 10**

When this Corporation holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice.

A shareholder who exercises his/her voting power at a Shareholders' Meeting in writing or by way of electronic transmission shall be deemed to have attended the said Shareholders' Meeting in person. However, in respect of the extempore and motions and amendments to the original proposals of that Meeting, the shareholder shall be deemed to have waived his/her rights.

Shareholders who exercise their voting rights electronically and have not revoked their intention before the second day of the shareholders' meeting can still attend the shareholders' meeting to participate in the proposal and voting of the ad hoc motion, but they cannot revise the original motion and cannot exercise their voting rights again.

If the shareholders' meeting is held via video conference, the votes should be counted in one go and the voting and election results should be announced after the chairman announces the end of the voting.

If a shareholders' meeting is convened by video conference, the chairman shall, when announcing the opening of the meeting, separately announce that except for the circumstances that do not require the postponement or continuation of the meeting as stipulated in Article 44-20 of the Standards for Handling Stock Affairs of Companies with Public Issuance of Stocks, before the chairman announces the adjournment of the meeting, If an obstacle occurs to the video conferencing platform or participation in the video conference due to force majeure, which lasts for more than 30 minutes and the obstacle cannot be eliminated, the meeting shall be postponed or continued within five days. Article 182 of the Company Law shall not apply.

When the shareholders' meeting is postponed or resumed in accordance with the provisions of the preceding paragraph, there is no need to re-discuss and resolve the resolutions for which the voting and counting have been completed and the voting results or the list of elected directors have been announced.

If the company postpones or renews the meeting in accordance with the provisions of Paragraph 5, it shall handle relevant matters in accordance with the provisions of Paragraph 24 of Article 44 of the Guidelines for Handling Stock Affairs of Companies with Public Issuance of Stocks, and in accordance with the date of the original shareholders' meeting and the provisions of the respective articles. Preliminary operations are carried out, and shareholders listed in the shareholder register closed for transfer at the original shareholders' meeting are entitled to attend the shareholders' meeting.

The company convenes a video-assisted shareholders' meeting, and if the video meeting cannot be continued due to the occurrence of Paragraph 5 of Paragraph 5, if the total number of shares present after deducting the number of shares attending the shareholders' meeting via video conference still reaches the legal quota for shareholders' meeting resolutions, the shareholders' meeting shall continue. There is no need to postpone or continue the assembly in accordance with the provisions of Paragraph 5.

When the company convenes a video conference of shareholders, it shall provide appropriate alternative measures for shareholders who would have difficulty attending the meeting via video conference.

### **Article 11**

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

### **Article 12**

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

If the shareholders' meeting is held by video conference, shareholders participating in the video conference may ask questions in text on the video conference platform of the shareholders' meeting after the chairman announces the opening of the meeting and before announcing the adjournment of the meeting. The number of questions for each proposal shall not exceed two times. Limit to 200 words.

### **Article 13**

When a legal person is entrusted to attend a shareholders' meeting, the legal person may only appoint one person to attend as agent. When a legal person shareholder appoints more than two representatives to attend the shareholders' meeting, only one person may speak for the same motion.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

### **Article 14**

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

### **Article 15**

In the discussion of the motion, when the chairman thinks that the degree of voting has been reached, he may announce that he will stop the discussion and put it to

the vote.

#### **Article 16**

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting, and a record made.

#### **Article 17**

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

#### **Article 18**

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

#### **Article 19**

When a shareholder is a stakeholder in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

#### **Article 20**

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

**Article 21**

When there are amendments or alternatives to the same motion, the chairman sets the voting order in conjunction with the original case. If one of the cases has been passed, other motions will be considered vetoed and no further voting will be required.

**Article 22**

The chairman may command pickets (or security personnel) to help maintain order at the venue.

**Article 23**

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting. The recording and distribution of the minutes thereof can be done in public.

The date, place of the meeting, name of Chairman, ways of resolution, discussion, and the abstract of motions and resolution (including the numbers of votes) shall be recorded properly in the minutes. When the motions involve the election of a director, the Company shall disclose the votes of each candidate. As the Company exist, the minutes shall be kept eternally.

**Article 24**

For matters not covered in this Rule, they are to be mandated by the Company Act, Articles of Incorporation, and other related regulations.

**Article 25**

These rules will be implemented after approval by the shareholders' meeting, which applies to any amendments thereto.

These Rules were enacted on October 29, 2014.

The 1<sup>st</sup> amendment was made on June 22, 2015.

The 2<sup>nd</sup> amendment was made on June 9, 2020.

The 3<sup>rd</sup> amendment was made on June 13, 2024.



## Appendices 3

### Shares held by the members of the board of directors

1. The Company's paid-in capital is NT\$ 1,808,524,180 and the number of issued shares is 180,852,418 shares.
2. The minimum required combined shareholdings of all directors by law are 10,851,145 shares.

Book closure date: December 08, 2024

Position	Name	Shareholding
Chairman	Rich Development Co., Ltd. Representative: KUO, YOU-CHI	1,831,081
Director	Rich Development Co., Ltd. Representative: KUO, JI-AN	
Director	Rich Development Co., Ltd. Representative: KUO, SHU-CHEN	
Director	Rich Development Co., Ltd. Representative: LI, JING- CHI	
Director	Ho Ching Enterprises Co., Ltd. Representative: LI, HAI-FENG	108,587,854
Director	Ho Ching Enterprises Co., Ltd. Representative: TSAU, YAU-HUNG	
Independent Director	LIOU, RUNG-HUEI	0
Independent Director	BAI, JIE	0
Independent Director	CHANG, CHE-HAO	0
Total		110,418,935