Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries

Consolidated financial statements and Independent Accounting Auditors' Review Report

Six Months Ended June 30, 2026 and 2025

(stock ticker: 6951)

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Notice to Readers:
For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries

Six Months Ended 2026 and 2025 Consolidated Financial Statements and Accounting Auditors' Review Report

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Independent Auditors' Review Report

(2026)Cai-Shen-Bao-Zi No. 26001242

Chin Hsin Environmental Engineering Co., Ltd., to all:

Introduction

The consolidated balance sheets of CHIN HSIN ENVIRON ENGINEERING CO., LTD. and its subsidiaries (hereinafter referred to as "Chin Hsin Environmental Group") as of June 30, 2026 and 2025, and the consolidated statements of comprehensive income for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, consolidated statements of changes in equity, consolidated statements of cash flows for the periods from January 1 to June 30, 2026 and 2025, as well as the notes to the consolidated financial statements (including a summary of significant accounting policies), have been reviewed by this accountant. It is the responsibility of management to prepare consolidated financial statements that fairly present in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission. The accountant's responsibility is to express a conclusion on the consolidated financial statements based on the review results.

Scope of Review

The accountant conducted the review in accordance with Statement of Auditing Standards No. 2410 of the Republic of China, "Review of Financial Information Performed by the Independent Auditor of the Entity." The procedures performed when reviewing the consolidated financial statements include inquiries (mainly inquiring personnel responsible for financial and accounting tasks), analytical procedures and other review procedures. The scope of review is obviously smaller than that of an audit. Therefore, the accountant may not be able to detect all the major matters that can be identified through audit, so it is impossible to express an audit opinion.

Opinion

Based on the accountant's review, no issues were found that would indicate the consolidated financial statements have not been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission, which would prevent the fair presentation of the consolidated financial position of Chin Hsin Environmental Group as of June 30, 2026 and 2025, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to June 30, 2026 and 2025.

PwC Taiwan

Huang Chin-Lien

CPA

Li Hsiu-Ling

Approved by FSC under Letter No.:

Jin-Guan-Zheng-Shen-Zi No. 1100348083
Approved by former FSC, Securities and Futures Bureau under Letter No.: Jin-Guan-Zheng-Liu-Zi No. 0960038033

August 07, 2026

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated balance sheet
June 30, 2026 and December 31 and June 30,2025

Unit: NTD thousands

	Assets	Notes	June 30, 2026 Amount	%	December 31, 2025 Amount	%	June 30, 2025 Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 150,915	9	$ 291,461	18	$ 319,274	19
1110	Financial assets measured at fair value – current	6(2)	204,211	12	167,804	10	166,531	10
1136	Financial assets measured at amortized cost - current	6(1)(3) and 8	10,244	1	13,730	1	13,972	1
1140	Contract assets - current	6(20)	16,260	1	26,647	2	16,237	1
1150	Net notes receivable	6(4)	3,297	-	5,194	-	7,641	1
1170	Net accounts receivable	6(4)	58,925	3	55,084	3	48,824	3
1180	Accounts receivable - related parties	6(4) and 7	-	-	-	-	1,193	-
1200	Other receivables	6(5)	119,021	7	107,554	7	112,134	7
130X	Inventory	6(6)	4,867	-	11,754	1	19,679	1
1410	Pre-paid items		16,549	1	15,338	1	17,413	1
1479	Other current assets - others		36	-	44	-	-	-
11XX	**Total current assets**		584,325	34	694,610	43	722,898	44
	Non-current assets							
1535	Financial assets measured at amortized cost - non-current	6(1)(3) and 8	13,267	1	15,236	1	14,906	1
1600	Property, plant and equipment	6(7)(10), 7 and 8	980,306	57	773,184	47	756,561	46
1755	Right-of-use assets	6(8) and 7	9,518	1	15,317	1	17,400	1
1780	Intangible assets	6(9)	61,358	4	64,429	4	67,650	4
1840	Deferred tax assets		13,128	1	12,920	1	1,595	-
1920	Refundable deposits		38,752	2	39,612	2	36,813	2
1990	Other non-current assets - others	6(7)(11)	9,213	-	9,982	1	36,003	2
15XX	**Total non-current assets**		1,125,542	66	930,680	57	930,928	56
1XXX	**Total assets**		$ 1,709,867	100	$ 1,625,290	100	$ 1,653,826	100

(continued)

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated balance sheet
June 30, 2026 and December 31 and June 30,2025

Unit: NTD thousands

	Liabilities and equity	Notes	June 30, 2026 Amount	%	December 31, 2025 Amount	%	June 30, 2025 Amount	%
	Current liabilities							
2100	Short-term borrowings	6(12) and 8	$ 32,000	2	$ 39,000	2	$ 32,000	2
2110	Short-term notes payable	6(13)	-	-	-	-	29,964	2
2130	Contract liabilities - current	6(20)	67,282	4	66,777	4	63,957	4
2150	Notes payable		7,738	1	6,536	-	8,108	-
2170	Accounts payable		12,205	1	14,549	1	10,082	-
2180	Accounts payable - related parties	7	-	-	13	-	28	-
2200	Other payables	6(14)	276,453	16	137,167	8	257,156	15
2220	Other payables - related parties	7	105,725	6	105,174	7	143,173	9
2230	Income tax liabilities in the current period		37,070	2	47,600	3	28,114	2
2280	Lease liabilities - current	6(8) and 7	1,689	-	4,157	-	4,121	-
2320	Long-term liabilities due within one year or one operating cycle	6(16)	9,216	1	14,463	1	14,344	1
2399	Other current liabilities - others	6(4)	22,772	1	11,626	1	10,063	1
21XX	**Total current liabilities**		572,150	34	447,062	27	601,110	36
	Non-current liabilities							
2527	Contract liabilities - non-current	6(20)	2,029	-	1,724	-	3,043	-
2580	Lease liabilities - non-current	6(8) and 7	8,134	-	11,499	1	13,587	1
2600	Other non-current liabilities	6(4)(16) and 7	14,533	1	15,255	1	23,531	2
25XX	**Total non-current liabilities**		24,696	1	28,478	2	40,161	3
2XXX	**Total liabilities**		596,846	35	475,540	29	641,271	39
	Equity							
	Equity attributable to owners of the parent company							
	Share capital	6(17)						
3110	Common stock capital		460,000	27	460,000	28	460,000	28
3150	Stock Dividends Distributable		60,000	3	-	-	-	-
	Capital reserve	6(18)						
3200	Capital reserve		356,695	21	356,695	22	356,695	21
	Retained earnings	6(19)						
3310	Legal reserve		80,606	5	55,832	4	55,832	3
3350	Undistributed earnings		155,720	9	277,223	17	140,028	9
31XX	**Total equity attributable to owners of the parent company**		1,113,021	65	1,149,750	71	1,012,555	61
3XXX	**Total equity**		1,113,021	65	1,149,750	71	1,012,555	61
	Significant contingent liabilities and unrecognized contractual commitments	9						
	Major events after the reporting period	11						
3X2X	**Total liabilities and equity**		$ 1,709,867	100	$ 1,625,290	100	$ 1,653,826	100

The notes to the consolidated financial statements are an integral part of this consolidated financial report. Please refer to them accordingly.

Chairman:Chang Fang-Cheng Manager:Chang Tsai-Jung Accounting Manager:Chang Chi

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated statement of comprehensive income
January 1 to June 30, 2026 and 2025

Unit: NTD thousands
(Unless the earnings per share is in NTD)

			Three Months Ended June 30				Six Months Ended June 30			
			2026		2025		2026		2025	
	Items	Notes	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6(20) and 7	$ 231,735	100	$ 188,000	100	$ 441,516	100	$ 360,693	100
5000	Operating cost	6(6)(9)(15)(25)(26) and 7	(94,676)	(41)	(78,749)	(42)	(176,713)	(40)	(151,137)	(42)
5900	Operating gross profit		137,059	59	109,251	58	264,803	60	209,556	58
	Operating expenses	6(9)(15)(25)(26) and 7								
6100	Marketing expenses		(14,620)	(7)	(14,983)	(8)	(29,451)	(7)	(30,266)	(9)
6200	Administrative expenses		(26,164)	(11)	(21,780)	(12)	(54,524)	(12)	(43,027)	(12)
6300	R&D expenses		(136)	-	(887)	-	(136)	-	(887)	-
6450	Expected credit impairment gain (loss)	12(2)	22	-	123	-	39	-	(42)	-
6000	Total operating expenses		(40,898)	(18)	(37,527)	(20)	(84,072)	(19)	(74,222)	(21)
6900	Operating profit		96,161	41	71,724	38	180,731	41	135,334	37
	Non-operating income and expenses									
7100	Interest revenue	6(3)(21)	901	-	706	-	1,674	-	988	-
7010	Other income	6(22)	168	-	118	-	172	-	217	-
7020	Other gains and losses	6(2)(8)(23) and 7	997	1	933	1	1,618	-	1,942	1
7050	Financial cost	6(8)(24) and 7	(179)	-	(340)	-	(491)	-	(762)	-
7000	Total non-operating income and expenses		1,887	1	1,417	1	2,973	-	2,385	1
7900	**Net income before tax**		98,048	42	73,141	39	183,704	41	137,719	38
7950	Income tax expense	6(27)	(19,215)	(8)	(14,165)	(8)	(36,433)	(8)	(27,175)	(7)
8200	**Net income of the current period**		$ 78,833	34	$ 58,976	31	$ 147,271	33	$ 110,544	31
8500	**Total comprehensive income of the current period**		$ 78,833	34	$ 58,976	31	$ 147,271	33	$ 110,544	31
	Net income (loss) attributable to:									
8610	Owners of the parent company		$ 78,833	34	$ 58,976	31	$ 147,271	33	$ 110,544	31
	Total comprehensive income (loss) attributable to:									
8710	Owners of the parent company		$ 78,833	34	$ 58,976	31	$ 147,271	33	$ 110,544	31
	Earnings per share	6(28)								
9750	Basic earnings per share		$ 1.52		$ 1.13		$ 2.83		$ 2.13	
9850	Diluted earnings per share		$ 1.51		$ 1.13		$ 2.82		$ 2.12	

The notes to the consolidated financial statements are an integral part of this consolidated financial report. Please refer to them accordingly.

Chairman:Chang Fang-Cheng Manager:Chang Tsai-Jung Acounting Manager:Chang Chi

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated statement of changes in equity
January 1 to June 30, 2026 and 2025

Unit: NTD thousands

	Notes	Equity attributable to owners of the parent company							
		Share capital		Capital reserve			Retained earnings		
		Common stock capital	Stock Dividends Distributable	Premium from issuance	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Others	Legal reserve	Undistributed earnings	Total
January 1 to June 30,2025									
Balance January 1, 2025		$ 460,000	$ -	$ 352,273	$ 3,011	$ 1,411	$ 35,131	$ 224,985	$ 1,076,811
Net income (net loss) of the current period		-	-	-	-	-	-	110,544	110,544
Total comprehensive income of the current period		-	-	-	-	-	-	110,544	110,544
Earnings allocation and distribution of 2024:	6(19)								
Appropriated for legal reserves		-	-	-	-	-	20,701	(20,701)	-
Cash dividends		-	-	-	-	-	-	(174,800)	(174,800)
Balance June 30, 2025		$ 460,000	$ -	$ 352,273	$ 3,011	$ 1,411	$ 55,832	$ 140,028	$ 1,012,555
January 1 to June 30,2026									
Balance January 1, 2026		$ 460,000	$ -	$ 352,273	$ 3,011	$ 1,411	$ 55,832	$ 277,223	$ 1,149,750
Net income (net loss) of the current period		-	-	-	-	-	-	147,271	147,271
Total comprehensive income of the current period		-	-	-	-	-	-	147,271	147,271
Earnings allocation and distribution of 2025:	6(19)								
Appropriated for legal reserves		-	-	-	-	-	24,774	(24,774)	-
Cash dividends		-	-	-	-	-	-	(184,000)	(184,000)
Stock dividends		-	60,000	-	-	-	-	(60,000)	-
Balance June 30, 2026		$ 460,000	$ 60,000	$ 352,273	$ 3,011	$ 1,411	$ 80,606	$ 155,720	$ 1,113,021

The notes to the consolidated financial statements are an integral part of this consolidated financial report. Please refer to them accordingly.

Chairman:Chang Fang-Cheng Manager:Chang Tsai-Jung Accounting Manager:Chang Chi

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated statement of cash flows
January 1 to June 30, 2026 and 2025

Unit: NTD thousands

	Notes	Six Months Ended June 30 2026	2025
Cash flow from operating activities			
Net income before tax of the current period		$ 183,704	$ 137,719
Adjustment items			
Income and expenses			
Depreciation expense	6 (25)	28,062	28,038
Amortization expenses	6 (25)	3,327	3,381
Expected credit impairment (gain) loss	12(2)	(39)	42
Interest revenue	6(21)	(1,674)	(988)
Interest expense	6(24)	491	762
Gain on lease modifications	6(23)	(232)	(162)
Loss(Gain) on disposal of property, plant and equipment	6(23)	1	103
Net gain on financial assets measured at fair value	6 (23)	(1,407)	(2,178)
Transfer of other non-current assets to expenses		82	-
Changes in operating activities related assets/liabilities			
Net changes in assets related to operating activities			
Financial assets measured at fair value – current		(35,000)	116,087
Contract assets - current		10,387	(780)
Notes receivable		1,897	(2,085)
Accounts receivable		(3,802)	2,865
Accounts receivable - related parties		-	(154)
Other receivables		(11,474)	7,967
Inventory		6,852	(1,636)
Pre-paid items		(1,185)	(5,485)
Other current assets - others		7	48
Net changes in liabilities related to operating activities			
Contract liabilities (including current and non-current)		810	4,858
Notes payable		1,202	1,566
Accounts payable		(2,344)	(533)
Accounts payable - related parties		(13)	12
Other payables		(25,373)	(14,390)
Other payables - related parties		1,969	10,024
Other current liabilities		703	1,067
Long-term payables - related parties (presented as "Other Non-current Liabilities" in the table)		2,217	2,355
Cash inflow from operations		159,168	288,503
Interest received		1,682	1,033
Interest paid		(497)	(765)
Income tax paid		(47,171)	(38,673)
Net cash inflow from operating activities		113,182	250,098

(continued)

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated statement of cash flows
January 1 to June 30, 2026 and 2025

Unit: NTD thousands

	Notes	Six Months Ended June 30 2026	2025
Cash flow from investing activities			
Acquisition of financial assets measured at amortized cost		($ 31)	($ 2,995)
Disposal of financial assets measured at amortized cost		5,486	3,400
Acquisition of property, plant and equipment	6(29)	(244,082)	(226,895)
Proceeds from disposal of property, plant and equipment		-	19
Acquisition of intangible assets	6(29)	(7,507)	(7,386)
Increase in refundable deposits		(2,109)	(16,120)
Decrease in refundable deposits		2,969	8,477
Increase in other non-current assets		(9,213)	(35,953)
Net cash outflow from investing activities		(254,487)	(277,453)
Cash flow from financing activities			
Net decrease in short-term borrowings	6(30)	(7,000)	(11,000)
Increase in short-term notes payable	6(30)	-	30,000
Increase in deposits received (presented as "Other Current Liabilities" and "Other Non-current Liabilities" in the table)	6(30)	10,602	1,393
Decrease in deposits received (presented as "Other Current Liabilities" and "Other Non-Current Liabilities" in the table)	6(30)	(1,143)	(1,101)
Lease liability principal repayment	6(30)	(1,700)	(927)
Net cash outflow from financing activities		759	18,365
Decrease in cash and cash equivalents in the current period		(140,546)	(8,990)
Balance of cash and cash equivalents at the beginning of the period		291,461	328,264
Balance of cash and cash equivalents at the end of the period		$ 150,915	$ 319,274

The notes to the consolidated financial statements are an integral part of this consolidated financial report. Please refer to them accordingly.

Chairman:Chang Fang-Cheng Manager:Chang Tsai-Jung Acounting Manager:Chang Chi

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries

Notes to Consolidated Financial Statements

For The Six Months Ended June 30, 2026 And 2025

(Reviewed, Not Audited)

Unit: NTD thousands

(Unless otherwise specified)

I. Company history

1. Chin Hsin Environmental Engineering Co., Ltd. (hereinafter referred to as "the Company") was established in Taiwan on July 2, 1999. The parent company, Sunny Friend Environmental Technology Co., Ltd. (hereinafter referred to as "Sunny Friend") undertook organizational restructuring within the group in July 2021 to enhance operational synergy and efficiency. The Company issued new shares to acquire 100% ownership of Cheng Shin Environmental Engineering Co., Ltd. (hereinafter referred to as "Cheng Shin") and Liang Wei Environmental Engineering Co., Ltd. (hereinafter referred to as "Liang Wei").
2. After the capital increase, as of March 31, 2025, the Company's paid-in capital is NTD 460,000, with Sunny Friend holding 57.42% of the Company's shares, making it the parent company.
3. Our company and its subsidiaries (hereinafter referred to as "the Group") primarily engage in waste removal and treatment, manufacturing and sales of plastic building materials, and management consulting services.
4. The Company's stock began trading on the Emerging Stock Market on May 24, 2023, and was subsequently listed on the Innovation Board on June 18, 2024.

II. Date and procedure for approval of financial statements

This consolidated financial statement was published after being approved by the Board of Directors on August 7, 2026.

III. Application of new and amended standards and interpretations

(I) The impact of the newly issued and amended International Financial Reporting Standards (IFRS), approved and enacted by the Financial Supervisory Commission (FSC), has been adopted

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of the International Financial Reporting Standards (IFRS) endorsed and issued into effect by the FSC for application in 2026:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Partial Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Natural Electricity"	January 1, 2026
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 - Insurance contracts	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	January 1, 2023
Annual Improvements to IFRS Standards—Volume 11	January 1, 2026

The Group has evaluated the above standards and interpretations and determined that they have no

significant impact on its financial position and financial performance.

(II) The impact of the new and amended IFRS approved by the FSC that have not yet been adopted has not been assessed

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2026:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027 (Note1)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Amendments to IAS 21: Lack of Exchangeability	January 1, 2027
Amendments to IAS 28 "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"	January 1, 2027 (Note2)

Note1: Entities shall apply IFRS 18, issued by the International Accounting Standards Board, for annual reporting periods beginning on or after January 1, 2028, with early application permitted.
Note2: Entities shall apply this standard concurrently with IFRS 18.

Except for the following, the Corporate Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 "Presentation and Disclosures in Financial Statements" replaces IAS 1 and updates the structure of the statement of comprehensive income, adds disclosures on management performance measurement, and strengthens the summary and segment principles applied to the main financial statements and notes.

(III) The impact of the IFRS issued by the IASB but not yet approved by the FSC has not been assessed

The table below lists the new, amended, and revised IFRS issued by the IASB but not yet approved by the FSC:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by the IASB
IFRS 20 Leases "Regulatory Assets and Regulatory Liabilities"	January 1, 2029

The Group has evaluated the above standards and interpretations and determined that they have no significant impact on its financial position and financial performance.

IV. Summary of significant accounting policies

Significant accounting policies, except for the statement of compliance, basis of preparation, basis of consolidation, and additional explanations as follows, are the same as those in Note 4 to the consolidated financial statements for 2025. Unless otherwise stated, these policies have been consistently applied during all reporting periods.

(I) Statement of compliance

1. These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission.

2. These consolidated financial statements should be read in conjunction with the consolidated financial statements for 2025.

(II) Basis of preparation

1. Except for financial assets at fair value through profit or loss that are measured at fair value, these consolidated financial statements are prepared based on historical cost.
2. The preparation of financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretative bulletins endorsed and issued into effect by the Financial Supervisory Commission (collectively referred to as "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Items involving a higher degree of judgment or complexity, or items where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

(III) Basis of consolidation

1. The principle for preparation of consolidated financial statements

   The preparation principles of these consolidated financial statements are the same as those for the consolidated financial statements for 2025.

2. Subsidiaries included in the consolidated financial statements:

Name of the investment company	Name of subsidiary	Business nature	Percentage of ownership (%)			Description
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	Liang Wei	Cleaning of medical waste	100.00	100.00	100.00	
"	Cheng Shin	Cleaning of medical waste	100.00	100.00	100.00	

3. Subsidiaries not included in the consolidated financial statements: No such situation.
4. Different adjustment and management methods during the accounting period of the subsidiaries: No such situation.
5. Major limitation: No such situation.
6. Subsidiaries with significant non-controlling interests in the Group: No such situation.

(IV) Dividend distribution

Dividends to the Company’s shareholders are recognized as liabilities in the financial statements when the Company’s board of directors resolves to distribute cash dividends, while stock dividends are recognized as stock dividends pending distribution when the Company’s shareholders’ meeting resolves to distribute them and are reclassified as ordinary shares on the record date for the issuance of new shares.

(V) Income tax

Income tax expense for the interim period is calculated by applying the estimated annual effective tax rate to the pre-tax income of the interim period, and the relevant information is disclosed in accordance with the policies in the consolidated financial statements for 2025.

V. Key sources of uncertainty over significant accounting judgments, assumptions, and estimation

There were no significant changes in this period. Please refer to Note 5 to the consolidated financial statements for 2025.

VI. Description of important accounting items

(I) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	$ 228	$ 230	$ 220
Demand deposits and checking deposits	108,787	249,331	256,854
Time deposits	41,900	41,900	62,200
	$ 150,915	$ 291,461	$ 319,274

1. The credit quality of the financial institutions with which the Group interacts is sound, and the Group interacts with several financial institutions to diversify credit risks. The probability of default is expected to be very low.
2. As of June 30, 2026, December 31, 2025 and June 30, 2025, the Group's pledged cash and cash equivalents are classified based on liquidity as NT$3,765, NT$2,644 and NT$8,972 under "Financial assets at amortized cost - current," and NT $13,267, NT$15,236 and NT$14,906 under "Financial assets at amortized cost - non-current," respectively. Please refer to Notes VI(III) and VIII for details.
3. The Group held time deposits with maturities over three months as of June 30, 2026, December 31, 2025 and June 30, 2025. These deposits, amounting to NTD 6,479, NTD 11,086 and NTD 5,000 respectively, are classified under "Financial Assets Measured at Amortized Cost - current" based on their liquidity. Please refer to Note 6(3) for further details.

(II) Financial assets at fair value through profit and loss - Current

Items	June 30, 2026	December 31, 2025	June 30, 2025
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	$ 200,000	$ 165,000	$ 165,000
Valuation adjustment	4,211	2,804	1,531
	$ 204,211	$ 167,804	$ 166,531

1. Financial assets at fair value through profit or loss is detailed as follows:

	For the three-month periods ended June 30	
	2026	2025
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 771	$ 1,092

	For the six-month periods ended June 30	
	2026	2025
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 1,407	$ 2,178

2. For information regarding credit risk of financial assets at fair value through profit or loss, please refer to Note XII(II).

3. The Group has no financial assets at fair value through profit or loss pledged to others.

(III) Financial assets measured at amortized cost

Items	June 30, 2026	December 31, 2025	June 30, 2025
Current items:			
Time deposits with a maturity of more than three months	$ 6,479	$ 11,086	$ 5,000
Pledge of time deposits	3,765	2,644	8,972
	$ 10,244	$ 13,730	$ 13,972
Non-current items:			
Pledge of time deposits	$ 13,267	$ 15,236	$ 14,906

1. The details of the financial assets measured at amortized cost recognized in profit or loss are as follows:

	For the three-month periods ended June 30	
	2026	2025
Interest revenue	$ 66	$ 80

	For the six-month periods ended June 30	
	2026	2025
Interest revenue	$ 138	$ 158

2. Without considering collateral or other credit enhancements, the maximum exposure to credit risk for the Group's financial assets measured at amortized cost as of June 30, 2026, December 31, 2025 and June 30, 2025, amounted to NTD 23,511, NTD 28,966 and NTD 28,878, respectively.
3. For the credit risk information of financial assets measured at amortized cost, please refer to Note 12(2). The counterparties of the Group's investments in time deposits are financial institutions with sound credit quality, and the probability of default is expected to be very low.
4. For the financial assets measured at amortized cost pledged by the Group as collateral, please refer to Note 8.

(IV) Notes and accounts receivable

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	$ 3,299	$ 5,196	$ 7,646
Less: Allowance to reduce loss	(2)	(2)	(5)
	$ 3,297	$ 5,194	$ 7,641
Accounts receivable	$ 58,935	$ 55,133	$ 48,905
Less: Allowance to reduce loss	(10)	(49)	(81)
Subtotal	58,925	55,084	48,824
Accounts receivable - related parties	-	-	1,193
Total	$ 58,925	$ 55,084	$ 50,017

1. As of June 30, 2026, December 31, 2025 and June 30, 2025, the Group held guarantee deposits of NTD 20,691, NTD 11,232 and NTD 7,532, respectively, as collateral for accounts receivable, recorded under other current liabilities and other non-current liabilities.
2. The aging analysis of notes and accounts receivable is as follows:

	June 30, 2026		December 31, 2025	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 3,299	$ 58,935	$ 5,196	$ 55,021
Within 30 days	-	-	-	112
	$ 3,299	$ 58,935	$ 5,196	$ 55,133

	June 30, 2025	
	Notes receivable	Accounts receivable
Not past due	$ 7,646	$ 49,713
Within 30 days	-	385
	$ 7,646	$ 50,098

The above aging analysis is based on the number of overdue days.

3. As of June 30, 2026, December 31, 2025 and June 30, 2025, the Group's balances of notes receivable and accounts receivable arose from customer contracts. Additionally, as of January 1, 2025, the balances of notes receivable and accounts receivable from customer contracts were NTD 5,559 and NTD 52,767, respectively.
4. Without considering any collateral or other credit enhancements held, the maximum exposure to credit risk for the Group's notes receivable as of June 30, 2026, December 31, 2025 and June 30, 2025, was NTD 3,297, NTD 5,194 and NTD 7,641, respectively. The maximum exposure to credit risk for the Group's accounts receivable as of June 30, 2026, December 31, 2025 and June 30, 2025, was NTD 58,925, NTD 55,084 and NTD 50,017, respectively.
5. For credit risk information, please refer to Note 12(2).

(V) Other receivables

	June 30, 2026	December 31, 2025	June 30, 2025
Treatment fees collected on behalf	$ 118,984	$ 107,501	$ 112,046
Others	37	53	88
	$ 119,021	$ 107,554	$ 112,134

1. The Group has signed waste disposal contracts with certain customers, where the contract specifies that the Company providing the disposal service will collect the handling fees on behalf of the customer and then pay the treatment company. The Group's portion of the receivables from customers is recognized as "other receivables" in accordance with its nature.

2. For credit risk information, please refer to Note 12(2).

(VI) Inventory

	June 30, 2026		
	Cost	Allowance to reduce inventory to market	Carrying amount
Raw materials	$ 2,765	($ 1,468)	$ 1,297
Semi-finished products	122	-	122
Finished products	15,430	(11,982)	3,448
Total	$ 18,317	($ 13,450)	$ 4,867

	December 31, 2025		
	Cost	Allowance to reduce inventory to market	Carrying amount
Raw materials	$ 3,708	($ 773)	$ 2,935
Semi-finished products	4,227	-	4,227
Finished products	16,038	(11,446)	4,592
Total	$ 23,973	($ 12,219)	$ 11,754

	June 30, 2025		
	Cost	Allowance to reduce inventory to market	Carrying amount
Raw materials	$ 3,901	($ 283)	$ 3,618
Semi-finished products	2,420	-	2,420
Finished products	17,588	(3,947)	13,641
Total	$ 23,909	($ 4,230)	$ 19,679

The cost of inventory recognized as expenses by the Group for the current period:

	For the three-month periods ended June 30	
	2026	2025
Cost of inventory sold	$ 3,696	$ 3,707
Inventory valuation loss (Gain from Recovery)	97	(29)
Unappropriated manufacturing expenses	3,405	4,294
	$ 7,198	$ 7,972

	For the six-month periods ended June 30	
	2026	2025
Cost of inventory sold	$ 9,746	$ 6,796
Inventory valuation loss	1,231	285
Unappropriated manufacturing expenses	6,865	8,810
	$ 17,842	$ 15,891

For the three months ended June 30, 2025, the Group recognized a decrease in cost of goods sold due to the reversal of previously recognized inventory write-downs for inventory that was sold during the period.

(VII) Property, plant and equipment

	2026							
	Land	Houses and buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be inspected	Total
January 1								
Cost	$ 367,548	$ 196,535	$ 104,582	$ 344,935	$ 12,540	$ 31,294	$ 48,464	$ 1,105,898
Accumulated depreciation& impairment	-	(50,073)	(79,881)	(179,687)	(9,096)	(13,977)	-	(332,714)
	$ 367,548	$ 146,462	$ 24,701	$ 165,248	$ 3,444	$ 17,317	$ 48,464	$ 773,184
January 1	$ 367,548	$ 146,462	$ 24,701	$ 165,248	$ 3,444	$ 17,317	$ 48,464	$ 773,184
Add	171,429	27,773	642	6,914	162	672	15,786	223,378
Cost of disposal	-	-	-	(591)	(12)	(575)	-	(1,178)
Accumulated depreciation disposed	-	-	-	591	11	575	-	1,177
Transfers in the current period (Note)	8,621	11,867	48,529	2,130	283	2,259	(63,780)	9,909
Depreciation expense	-	(4,919)	(2,710)	(15,953)	(709)	(1,873)	-	(26,164)
June 30	$ 547,598	$ 181,183	$ 71,162	$ 158,339	$ 3,179	$ 18,375	$ 470	$ 980,306
June 30								
Cost	$ 547,598	$ 236,175	$ 153,753	$ 353,388	$ 12,973	$ 33,650	$ 470	$ 1,338,007
Accumulated depreciation& impairment	-	(54,992)	(82,591)	(195,049)	(9,794)	(15,275)	-	(357,701)
	$ 547,598	$ 181,183	$ 71,162	$ 158,339	$ 3,179	$ 18,375	$ 470	$ 980,306

	2025							
	Land	Houses and buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be inspected	Total
January 1								
Cost	$ 163,587	$ 104,988	$ 102,138	$ 285,395	$ 11,408	$ 25,249	$ 665	$ 693,430
Accumulated depreciation	-	(41,000)	(22,945)	(152,004)	(7,250)	(10,611)	-	(233,810)
	$ 163,587	$ 63,988	$ 79,193	$ 133,391	$ 4,158	$ 14,638	$ 665	$ 459,620
January 1	$ 163,587	$ 63,988	$ 79,193	$ 133,391	$ 4,158	$ 14,638	$ 665	$ 459,620
Add	142,773	64,050	2,071	16,096	727	501	7,784	234,002
Cost of disposal	-	-	-	-	-	(166)	-	(166)
Accumulated depreciation disposed	-	-	-	-	-	44	-	44
Transfers in the current period (Note)	61,188	27,408	373	-	228	4,331	(4,331)	89,197
Depreciation expense	-	(4,517)	(4,811)	(14,173)	(1,021)	(1,614)	-	(26,136)
June 30	$ 367,548	$ 150,929	$ 76,826	$ 135,314	$ 4,092	$ 17,734	$ 4,118	$ 756,561
June 30								
Cost	$ 367,548	$ 196,446	$ 104,582	$ 301,491	$ 12,363	$ 29,915	$ 4,118	$ 1,016,463
Accumulated depreciation	-	(45,517)	(27,756)	(166,177)	(8,271)	(12,181)	-	(259,902)
	$ 367,548	$ 150,929	$ 76,826	$ 135,314	$ 4,092	$ 17,734	$ 4,118	$ 756,561

Note: Please refer to Note VI (IXXX) for the number of transfers from January 1 to June 30 in 2026 and 2025.

1. For the six-month periods ended June 30, 2026 and 2025, the Group's property, plant and equipment were all for self-use, without any leasing.

2. For the information on collateral with property, plant and equipment of the Group, please refer to the descriptions in Note 8.

3. To meet operational development planning needs, the Company's Board of Directors passed a resolution on November 7, 2024, to purchase land and buildings on Wenxian Road in Tainan City from its parent company, Sunny Friend Environmental Technology Co., Ltd. The Company commissioned Zhonghua Real Estate Appraisers Joint Firm to conduct the valuation. The total contract price is NT$296,080 (excluding tax), a contract was signed on November 30, 2024. The transfer of ownership and handover was completed in January 2025, and the remaining balance was paid on February 10 of the same year. These land and buildings were originally leased by the parent company Sunny Friend Environmental Technology to the subsidiary Zhengxin. In January 2025, Sunny Friend Environmental Technology transferred these properties to the Company. After negotiation, the Company agreed to fulfill the rights and obligations of the aforementioned lease contract until the end of the lease period specified in the contract.

4. To meet operational development planning requirements, the Company's Board of Directors resolved on December 27, 2024, to sign land and building lease and purchase contracts with a non-related party for property located on Dougong Third Road, Douliu City, Yunlin County. The contracts were completed on March 3, 2025.

   The lease term runs from March 2025 to February 2028. Both parties have agreed that the real estate purchase agreement may be terminated during the lease term based on an evaluation of business development conditions, subject to the payment of liquidated damages. Following an assessment of its business development, the Company executed a purchase and sale agreement in May 2026, resulting in the early termination of the aforementioned lease contract in the same month. For details regarding the lease modification, please refer to Note 6(8)8.

   The total price of the purchase and sale contract amounted to $208,571 (net of tax). As of December 31, 2025, and June 30, 2025, prepayments for property of $9,932 (presented under “Other non-current assets-Others”) had been made in accordance with the contract. The remaining balance was fully paid in May 2026, and the title transfer and handover procedures were completed in June of the same year.

5. For the impairment of property, plant and equipment for the year 2025, please refer to Note 6(10).

(VIII) Lease transaction - Lessee

1. The assets leased by the Group include land, dormitories and offices, with lease terms ranging from 5 to 15 years. The lease agreements are individually negotiated and contain various terms and conditions. Other than prohibiting subleasing, lending, transferring, or any other means of unauthorized or illegal use of the leased assets, no additional restrictions are imposed.

2. The lease terms for buildings leased by the Group do not exceed 12 months. Additionally, the Company leases low-value assets, specifically pallet trucks.

3. The carrying amount of the right-of-use assets and the recognized depreciation expenses are as follows:

	2026		
	Land	Houses and buildings	Total
January 1			
Cost	$ 11,496	$ 12,559	$ 24,055
Accumulated depreciation	(3,129)	(5,609)	(8,738)
	$ 8,367	$ 6,950	$ 15,317
January 1	$ 8,367	$ 6,950	$ 15,317
Lease modify-Cost	-	(6,686)	(6,686)
Lease modify-Accumulated depreciation	-	2,785	2,785
Depreciation expense	(384)	(1,514)	(1,898)
June 30	$ 7,983	$ 1,535	$ 9,518
June 30			
Cost	$ 11,496	$ 5,873	$ 17,369
Accumulated depreciation	(3,513)	(4,338)	(7,851)
	$ 7,983	$ 1,535	$ 9,518

	2025		
	Land	Houses and buildings	Total
January 1			
Cost	$ 11,496	$ 28,831	$ 40,327
Accumulated depreciation	(2,363)	(6,408)	(8,771)
	$ 9,133	$ 22,423	$ 31,556
January 1	$ 9,133	$ 22,423	$ 31,556
Add - New lease	-	6,686	6,686
Lease modify-Cost	-	(22,958)	(22,958)
Lease modify-Accumulated depreciation	-	4,018	4,018
Depreciation expense	(383)	(1,519)	(1,902)
June 30	$ 8,750	$ 8,650	$ 17,400
June 30			
Cost	$ 11,496	$ 12,559	$ 24,055
Accumulated depreciation	(2,746)	(3,909)	(6,655)
	$ 8,750	$ 8,650	$ 17,400

4. Lease liabilities related to lease contracts are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Total lease liabilities	$ 9,823	$ 15,656	$ 17,708
Less: Those due within one year (presented as "Lease liabilities - current" in the table)	(1,689)	(4,157)	(4,121)
	$ 8,134	$ 11,499	$ 13,587

5. The information on profit and loss items related to lease contracts is as follows:

	For the three-month periods ended June 30	
	2026	2025
Items affecting the current profit or loss		
Interest expense of lease liabilities	$ 38	$ 69
Expenses of short-term lease contracts	297	112
Gains on lease modifications	(232)	-

	For the six-month periods ended June 30	
	2026	2025
Items affecting the current profit or loss		
Interest expense of lease liabilities	$ 90	$ 134
Expenses of short-term lease contracts	617	235
Gains on lease modifications	(232)	(162)

6. For the six-month periods ended June 30, 2026 and 2025, the total cash outflow from the leases of the Group were NTD 2,407 and NTD 1,296, respectively.
7. For details of the lease modification agreements with related parties for the year 2025, please refer to Note 7(2)5.
8. In 2026, the Group leased the Douliu plant in Yunlin County from a non-related party for a lease term from March 1, 2025 to February 28, 2028. In May 2026, the non-related party sold the underlying asset to the Group, resulting in the early termination of the lease agreement. Consequently, the Group derecognized the associated right-of-use asset of $3,901 and lease liability of $4,133, and recognized a gain on lease modification of $232.

(IX) Intangible assets

	2026		
	Customer relations	Computer software	Total
January 1			
Cost	$ 85,856	$ 3,539	$ 89,395
Accumulated amortization	(22,895)	(2,071)	(24,966)
	$ 62,961	$ 1,468	$ 64,429
January 1	$ 62,961	$ 1,468	$ 64,429
Add - From separate acquisitions	-	256	256
Derecognized - cost	-	(322)	(322)
Derecognized - accumulated amortization	-	322	322
Amortization expenses	(2,862)	(465)	(3,327)
June 30	$ 60,099	$ 1,259	$ 61,358
June 30			
Cost	$ 85,856	$ 3,473	$ 89,329
Accumulated amortization	(25,757)	(2,214)	(27,971)
	$ 60,099	$ 1,259	$ 61,358

	2025		
	Customer relations	Computer software	Total
January 1			
Cost	$ 85,856	$ 3,706	$ 89,562
Accumulated amortization	(17,171)	(1,679)	(18,850)
	$ 68,685	$ 2,027	$ 70,712
January 1	$ 68,685	$ 2,027	$ 70,712
Add - From separate acquisitions	-	319	319
Derecognized - cost	-	(296)	(296)
Derecognized - accumulated amortization	-	296	296
Amortization expenses	(2,862)	(519)	(3,381)
June 30	$ 65,823	$ 1,827	$ 67,650
June 30			
Cost	$ 85,856	$ 3,729	$ 89,585
Accumulated amortization	(20,033)	(1,902)	(21,935)
	$ 65,823	$ 1,827	$ 67,650

1. The amortization of intangible assets is as follows:

	For the three-month periods ended June 30	
	2026	2025
Operating cost	$ 1,580	$ 1,558
Administrative expenses	77	133
	$ 1,657	$ 1,691

	For the six-month periods ended June 30	
	2026	2025
Operating cost	$ 3,120	$ 3,109
Administrative expenses	207	272
	$ 3,327	$ 3,381

2. To expand its operations, the Group entered into contracts with two waste disposal companies in January 2022 to acquire their customer lists. The total contract price was NTD 90,257, with the Group making monthly payments over 5 to 9 years. The present value of the total contract price, discounted at the effective interest rate, was recorded at NTD 85,856. The customer relationship is amortized over 15 years using the straight-line method, based on the remaining economic benefit period.

(X) Impairment of non-financial assets

As the operations of the Group's wood-plastic division did not perform as expected in 2025, the Group assessed the relevant machinery and equipment of the aforesaid wood-plastic division and adjusted their carrying amount to the recoverable amount, and recognized an impairment loss of $47,359. The recoverable amount was based on fair value less costs of disposal, and such fair value is classified as Level 3.

(XI) Other non-current assets - others

	June 30, 2026	December 31, 2025	June 30, 2025
Prepayment for equipment purchase	$ 9,213	$ -	$ 26,071
Prepayment for land and building purchase	-	9,932	9,932
Others	-	50	-
	$ 9,213	$ 9,982	$ 36,003

For explanations of the aforementioned prepaid property payments, please refer to Notes 6(7).

(XII) Short-term borrowings

Nature of the loan	June 30, 2026	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 32,000	1.90%	Land and property, plant and equipment

Nature of the loan	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 39,000	1.90%	Land and property, plant and equipment

Nature of the loan	June 30, 2025	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 32,000	1.90%	Land and property, plant and equipment

The Group has provided collateral for short-term borrowings. Please refer to Note 8 for further details.

(XIII) Short-term notes payable

Nature of the loan	June 30, 2025	Interest rate range	Collateral
Face value of commercial paper	$ 30,000	1.998%	None
Less: Unamortized premium discount	(36)		
	$ 29,964		

The balances of short-term bills payable as of June 30, 2026, and December 31, 2025, were both $0.

(XIV) Other payables

	June 30, 2026	December 31, 2025	June 30, 2025
Dividends Payable	$ 184,000	$ -	$ 174,800
Bonuses and salaries payable	29,022	41,416	26,371
Directors and employees remuneration payable	18,569	25,890	14,139
Treatment fees	16,651	16,756	16,343
Payables for equipment	9,295	28,581	9,517
Others	18,916	24,524	15,986
	$ 276,453	$ 137,167	$ 257,156

(XV) Pension

1. Since July 1, 2005, the Group has established a defined contribution pension plan in accordance with the "Labor Pension Act", applicable to its domestic employees. For employees who choose to adopt the labor pension system under the "Labor Pension Act", the Group contributes 6% of the monthly salary to their individual pension accounts at the Bureau of Labor Insurance. The payment of the employee pension is based on the employee's individual pension account and the accumulated return, which are paid monthly or in lump sum.
2. For the three months ended June 30, 2026 and 2025, and for the six months ended June30, 2026 and 2025, the Group recognized pension costs of NTD 2,717, NTD 2,593, NTD 5,366, and NTD 5,088, respectively, in accordance with the above-mentioned pension measures.

(XVI) Other non-current liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Long-term payables:			
Long-term payables	$ 18,832	$ 26,223	$ 33,615
Long-term payables due within one year (Listed as "Long-term liabilities due within one year or one operating cycle")	(9,216)	(14,463)	(14,344)
Unrealized interest expense	(482)	(671)	(921)
Subtotal	9,134	11,089	18,350
Long-term payables - related parties	4,199	1,982	4,747
Deposits received - non-current	1,200	2,184	434
Total	$ 14,533	$ 15,255	$ 23,531

Long-term payables

In order to expand the scale of operation, the Group signed a contract with two waste disposal companies in January 2022 to acquire intangible assets, agreeing to pay monthly for 5 to 9 years in accordance with the contract. Please refer to Note 6(9) for details.

(XVII) Share capital

1. As of June 30, 2026, the Company's authorized capital was NTD 800,000, divided into 80,000 thousand shares, with a paid-in capital of NTD 460,000, all of which were common shares, with a par value of NTD 10 per share. The payment for the issued shares of the Company has been collected.
2. The adjustment of the number of outstanding common shares from January 1 to June 30, 2026 and 2025(in thousands of shares) is as follows:

	2026	2025
January 1/ June 30	46,000	46,000

3. To adjust its capital structure, the Company resolved at the shareholders' meeting on May 22, 2026, to issue new shares through a capital increase of $60,000 from undistributed earnings. The filing for this issuance became effective upon reporting to the competent authority on June 17, 2026. The ex-rights record date was July 19, 2026, and the relevant amendment procedures are currently in progress.

(XVIII) Capital reserve

According to the Company Act, the premium received from the issuance of shares above their par value and the capital reserve from received donations, unless used to offset losses, shall, when the Company has no accumulated losses, be distributed to shareholders in proportion to their existing shareholding in the form of new shares or cash. In accordance with the relevant provisions of the Securities and Exchange Act, the above-mentioned capital reserve is limited to 10% of the paid-in capital annually. If the Company is unable to cover capital losses with retained earnings and there is still a shortfall, capital reserve cannot be used to supplement the deficiency.

(XIX) Retained earnings

1. According to the Company's Articles of Incorporation, if there is an earnings in the annual financial statements, after paying all taxes and duties as required by law, the earnings should first be used to cover any prior year losses. Then, 10% should be allocated as legal retained earnings, but this requirement does not apply once the legal reserve reaches the total paid-in capital. The remainder shall be allocated or reversed as special reserve in accordance with laws or regulations set by the competent authorities. Any remaining earnings, together with accumulated undistributed earnings, may be distributed as dividends to shareholders. The Board of Directors shall prepare a proposal for the distribution of earnings, which shall be submitted to the shareholders' meeting for approval.

2. Pursuant to Article 240 of The Company Act, the Company may authorize the board of directors to distribute dividends, profit-sharing, legal reserve and capital reserve (subject to compliance with Article 241 of The Company Act) wholly or partially in cash. Such decisions must be approved in a board meeting with at least two-thirds of directors present and supported by more than half of attending directors, and reported during a shareholder meeting afterwards.

3. According to the Company's dividend policy, based on operational budget planning for future years, assessment of capital requirements, and shareholder interests, the Company shall distribute no less than 50% of the distributable earnings mentioned in the preceding paragraph as dividends to shareholders. Unless the Board of Directors resolves not to distribute cash dividends and such resolution is approved by the shareholders' meeting, to achieve a balanced and stable dividend policy, cash dividends shall not be less than 30% of total dividends when the Company distributes dividends.

4. The legal reserve shall not be used except to offset a deficit, issue new shares or issue cash in proportion to the original shares of a shareholder, but if the legal reserve exceeds 25% of the paid-in capital, the excess may be used for issuing new shares or issuing cash.

5. The Company’s shareholders' meetings on May 22, 2026, and May 22, 2025, respectively approved the following earnings distribution proposals for the years 2025 and 2024:

	2025		2024	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Legal reserve	$ 24,774	$ -	$ 20,701	$ -
Stock dividends	60,000	1.3043	-	-
Cash dividends	184,000	4.00	174,800	3.80
	$ 268,774		$ 195,501	

(XX) Operating revenue

	For the three-month periods ended June 30	
	2026	2025
Revenue from customer contracts	$ 231,735	$ 188,000
	For the six-month periods ended June 30	
	2026	2025
Revenue from customer contracts	$ 441,516	$ 360,693

1. Segmenting revenue from customer contracts

The Group's revenue sources are from the provision of goods and services that are both gradually transferred over time and transferred in full at a certain point in time. The revenue can be divided into the following major product lines:

For the three-month periods ended June 30, 2026	Disposal Department		Treatment		Plastic-wood Department	Environmental Safety Department	
	Medical waste	Industrial waste	Effluent treatment	Reuse	Sales of plastic-wood materials	Sales of services	Total
Revenue from department transactions	$ 101,048	$ 111,323	$ 2,068	$ 10,483	$ 2,780	$ 6,422	$ 234,124
Revenue from inter-department transactions	(2,116)	(201)	-	-	(72)	-	(2,389)
Revenue from customer contracts	$ 98,932	$ 111,122	$ 2,068	$ 10,483	$ 2,708	$ 6,422	$ 231,735
Time of revenue recognition							
Revenue recognized at a specific point in time	$ -	$ -	$ -	$ 1,223	$ 2,708	$ -	$ 3,931
Revenue recognized over time	98,932	111,122	2,068	9,260	-	6,422	227,804
	$ 98,932	$ 111,122	$ 2,068	$ 10,483	$ 2,708	$ 6,422	$ 231,735

For the three-month periods ended June 30, 2025	Disposal Department		Treatment		Plastic-wood Department	Environmental Safety Department	
	Medical waste	Industrial waste	Effluent treatment	Reuse	Sales of plastic-wood materials	Sales of services	Total
Revenue from department transactions	$ 96,195	$ 72,380	$ 2,106	$ 4,067	$ 3,248	$ 12,269	$ 190,265
Revenue from inter-department transactions	(1,800)	(411)	-	-	(54)	-	(2,265)
Revenue from customer contracts	$ 94,395	$ 71,969	$ 2,106	$ 4,067	$ 3,194	$ 12,269	$ 188,000
Time of revenue recognition							
Revenue recognized at a specific point in time	$ -	$ -	$ -	$ 1,124	$ 3,194	$ -	$ 4,318
Revenue recognized over time	94,395	71,969	2,106	2,943	-	12,269	183,682
	$ 94,395	$ 71,969	$ 2,106	$ 4,067	$ 3,194	$ 12,269	$ 188,000

For the six-month periods ended June 30, 2026	Disposal Department		Treatment		Plastic-wood Department	Environmental Safety Department	
	Medical waste	Industrial waste	Effluent treatment	Reuse	Sales of plastic-wood materials	Sales of services	Total
Revenue from department transactions	$ 198,170	$ 211,185	$ 4,167	$ 16,425	$ 8,818	$ 7,568	$ 446,333
Revenue from inter-department transactions	(4,231)	(514)	-	-	(72)	-	(4,817)
Revenue from customer contracts	$ 193,939	$ 210,671	$ 4,167	$ 16,425	$ 8,746	$ 7,568	$ 441,516
Time of revenue recognition							
Revenue recognized at a specific point in time	$ -	$ -	$ -	$ 2,022	$ 8,746	$ -	$ 10,768
Revenue recognized over time	193,939	210,671	4,167	14,403	-	7,568	430,748
	$ 193,939	$ 210,671	$ 4,167	$ 16,425	$ 8,746	$ 7,568	$ 441,516

For the six-month periods ended June 30, 2025	Disposal Department		Treatment		Plastic-wood Department	Environmental Safety Department	
	Medical waste	Industrial waste	Effluent treatment	Reuse	Sales of plastic-wood materials	Sales of services	Total
Revenue from department transactions	$ 188,760	$ 145,285	$ 3,992	$ 7,810	$ 6,185	$ 14,015	$ 366,047
Revenue from inter-department transactions	(3,600)	(949)	-	-	(805)	-	(5,354)
Revenue from customer contracts	$ 185,160	$ 144,336	$ 3,992	$ 7,810	$ 5,380	$ 14,015	$ 360,693
Time of revenue recognition							
Revenue recognized at a specific point in time	$ -	$ -	$ -	$ 2,063	$ 5,380	$ -	$ 7,443
Revenue recognized over time	185,160	144,336	3,992	5,747	-	14,015	353,250
	$ 185,160	$ 144,336	$ 3,992	$ 7,810	$ 5,380	$ 14,015	$ 360,693

2. Contract assets and contract liabilities

(1) As of June 30, 2026, December 31, 2025, June 30, 2025, and January 1, 2025 the contract assets and contract liabilities related to customer contract revenue recognized by the Group are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Contract assets - current	$ 16,260	$ 26,647	$ 16,237	$ 15,457
Contract liabilities - current	$ 67,282	$ 66,777	$ 63,957	$ 59,858
Contract liabilities - non-current	2,029	1,724	3,043	2,284
	$ 69,311	$ 68,501	$ 67,000	$ 62,142

(2) Revenue recognized from contract liabilities at the beginning of the period

	For the three-month periods ended June 30	
	2026	2025
Revenue recognized in the current period from the beginning balance of contract liabilities	$ 25,313	$ 16,923

	For the six-month periods ended June 30	
	2026	2025
Revenue recognized in the current period from the beginning balance of contract liabilities	$ 55,746	$ 40,020

3. The Group establishes billing upon the quantity of waste disposed of by each entrusted entity multiplied by the contract unit price, and recognizes the billing amount as revenue. Due to this practice, it is not necessary to disclose the transaction price allocated from the remaining performance obligation of such type of contract.

4. The Company's Environmental Safety Department has undertaken asbestos building material waste removal and disposal service projects. As of June 30, 2026 and 2025, the allocated transaction price for portions not yet fully performed was $5,252 and $8,074. Management expects that the transaction price allocated to unsatisfied performance obligations as of June 30, will be recognized as revenue from July 1 to December 31, 2026 and 2025. The aforementioned amount does not include restricted variable consideration.

5. For information on credit risk related to contract assets, please refer to Note 12(2).

(XXI) Interest revenue

	For the three-month periods ended June 30	
	2026	2025
Bank deposit interest	$ 835	$ 621
Interest income from financial assets measured at amortized cost	66	80
Other interest	-	5
	$ 901	$ 706

	For the six-month periods ended June 30	
	2026	2025
Bank deposit interest	$ 1,536	$ 825
Interest income from financial assets measured at amortized cost	138	158
Other interest	-	5
	$ 1,674	$ 988

(XXII) Other income

	For the three-month periods ended June 30	
	2026	2025
Revenue from sale of waste materials	$ -	$ 113
Other income - others	168	5
	$ 168	$ 118

	For the six-month periods ended June 30	
	2026	2025
Revenue from sale of waste materials	$ -	$ 113
Other income - others	172	104
	$ 172	$ 217

(XXIII) Other gains and losses

	For the three-month periods ended June 30	
	2026	2025
(Loss) Gain on disposal of property, plant and equipment	$ -	($ 103)
Gains on lease modifications	232	-
Gains on Financial Assets at Fair Value through Profit or Loss	771	1,092
Other losses	(6)	(56)
	$ 997	$ 933

	For the six-month periods ended June 30	
	2026	2025
(Loss) Gain on disposal of property, plant and equipment	($ 1)	($ 103)
Gains on lease modifications	232	162
Gains on Financial Assets at Fair Value through Profit or Loss	1,407	2,178
Other losses	(20)	(295)
	$ 1,618	$ 1,942

(XXIV) Financial cost

	For the three-month periods ended June 30	
	2026	2025
Interest expense:		
Bank borrowings	$ 54	$ 125
Interest expense of lease liabilities	38	69
Interest expense of long-term payables	87	146
Financial cost	$ 179	$ 340

	For the six-month periods ended June 30	
	2026	2025
Interest expense:		
Bank borrowings	$ 212	$ 321
Interest expense of lease liabilities	90	134
Interest expense of long-term payables	189	307
Financial cost	$ 491	$ 762

(XXV) Additional information on the nature of expenses

	For the three-month periods ended June 30	
	2026	2025
Employee benefit expenses	$ 75,939	$ 67,270
Raw materials and supplies consumed	38	891
Changes in inventory of finished products and work-in-progress products	1,390	(1,294)
Transportation expense	11,120	9,126
Depreciation expense on property, plant and equipment	14,154	13,143
Repair and maintenance fee	5,631	5,336
Consumables	3,106	3,126
Service expense	5,617	2,883
Amortization expenses	1,657	1,691
Depreciation expense on right-of-use assets	856	1,041
Other expenses	16,066	13,063
Operating costs and operating expenses	$ 135,574	$ 116,276

	For the six-month periods ended June 30	
	2026	2025
Employee benefit expenses	$ 149,058	$ 131,567
Raw materials and supplies consumed	644	1,719
Changes in inventory of finished products and work-in-progress products	5,011	(1,760)
Transportation expense	19,382	17,549
Depreciation expense on property, plant and equipment	26,164	26,136
Repair and maintenance fee	9,990	10,341
Consumables	6,454	5,981
Service expense	10,740	5,958
Amortization expenses	3,327	3,381
Depreciation expense on right-of-use assets	1,898	1,902
Other expenses	28,117	22,585
Operating costs and operating expenses	$ 260,785	$ 225,359

(XXVI) Employee benefit expenses

	For the three-month periods ended June 30	
	2026	2025
Salary expense	$ 62,017	$ 53,899
Labor and health insurance expense	5,100	4,905
Pension expense	2,717	2,593
Remuneration to directors	2,322	1,764
Other personnel expenses	3,783	4,109
	$ 75,939	$ 67,270

	For the six-month periods ended June 30	
	2026	2025
Salary expense	$ 120,767	$ 106,597
Labor and health insurance expense	10,087	9,616
Pension expense	5,366	5,088
Remuneration to directors	4,290	3,338
Other personnel expenses	8,548	6,928
	$ 149,058	$ 131,567

1. The Company's Articles of Incorporation stipulate that after offsetting accumulated losses from the current year's profits, if there is a remainder, 7% shall be allocated as employee compensation, and up to 1% (inclusive) may be allocated as directors' compensation. Of the actual amount appropriated for employee compensation, at least 28% shall be allocated as compensation to entry-level employees. The aforementioned employee compensation may be distributed in the form of stock or cash, and the recipients may include employees of controlling or subsidiary companies meeting certain conditions.

2. For the three months ended June 30, 2026 and 2025, and for the six months ended June 30, 2026 and 2025, the estimated amount of employee remuneration of the Company was NTD 7,080, NTD 5,206, NTD 13,227 and NTD 9,752, respectively. The estimated amount of director remuneration was NTD 1,012, NTD 744, NTD 1,890 and NTD 1,393, respectively. The aforementioned employee remuneration was booked in the

salary expense account.

For the six-month periods ended June 30, 2026, the estimated amounts of employee remuneration and director remuneration were calculated based on the profit for the year, with estimates of 7% and 1%, respectively.

The Board of Directors approved employee compensation of NT$22,055 and directors' compensation of NT$3,151 for 2025 on March 5, 2026, which is consistent with the amount recognized in the financial statements for 2025. It was paid in cash in June and July 2026.

The information on remuneration to employees and directors approved by the Board of Directors of the Company can be found on the MOPS.

(XXVII) Income tax

1. Income tax expense

Components of income tax expenses:

	For the three-month periods ended June 30	
	2026	2025
Income tax for the current period:		
Income tax generated from current income of the current period	$ 19,606	$ 14,946
Overestimated income tax of previous years	(554)	(549)
Total income tax for the current period	19,052	14,397
Deferred income tax:		
Reversal and origin of temporary differences	163	(232)
Income tax expense	$ 19,215	$ 14,165

	For the six-month periods ended June 30	
	2026	2025
Income tax for the current period:		
Income tax generated from current income of the current period	$ 37,195	$ 28,152
Overestimated income tax of previous years	(554)	(549)
Total income tax for the current period	36,641	27,603
Deferred income tax:		
Reversal and origin of temporary differences	(208)	(428)
Income tax expense	$ 36,433	$ 27,175

2. The Company's profit-seeking enterprise income tax has been approved by the tax authorities up to 2024.

(XXVIII) Earnings per share

	For the three-month periods ended June 30, 2026		
	Amount after-tax	Number of outstanding shares at the end of the period (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net income attributable to the common shareholders of the parent company	$ 78,833	52,000	$ 1.52
Diluted earnings per share			
Net income attributable to the common shareholders of the parent company	$ 78,833	52,000	
Impact of potential common shares with dilutive effect			
Employee remuneration	-	171	
Net profit attributable to common shareholders of the parent company for the current period, including the impact of potential common shares	$ 78,833	52,171	$ 1.51

	For the three-month periods ended June 30, 2025		
	Amount after-tax	Number of outstanding shares at the end of the period (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net income attributable to the common shareholders of the parent company	$ 58,976	52,000	$ 1.13
Diluted earnings per share			
Net income attributable to the common shareholders of the parent company	$ 58,976	52,000	
Impact of potential common shares with dilutive effect			
Employee remuneration	-	126	
Net profit attributable to common shareholders of the parent company for the current period, including the impact of potential common shares	$ 58,976	52,126	$ 1.13

	For the six-month periods ended June 30, 2026		
	Amount after-tax	Number of outstanding shares at the end of the period (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net income attributable to the common shareholders of the parent company	$ 147,271	52,000	$ 2.83
Diluted earnings per share			
Net income attributable to the common shareholders of the parent company	$ 147,271	52,000	
Impact of potential common shares with dilutive effect			
Employee remuneration	-	275	
Net profit attributable to common shareholders of the parent company for the current period, including the impact of potential common shares	$ 147,271	52,275	$ 2.82

	For the six-month periods ended June 30, 2025		
	Amount after-tax	Number of outstanding shares at the end of the period (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net income attributable to the common shareholders of the parent company	$ 110,544	52,000	$ 2.13
Diluted earnings per share			
Net income attributable to the common shareholders of the parent company	$ 110,544	52,000	
Impact of potential common shares with dilutive effect			
Employee remuneration	-	210	
Net profit attributable to common shareholders of the parent company for the current period, including the impact of potential common shares	$ 110,544	52,210	$ 2.12

The number of shares outstanding for April 1 to June 30, 2026 and 2025, and for January 1 to June 30, 2026 and 2025, as stated above, has been retrospectively adjusted based on the 2026 earnings capitalization ratio.

(XXIX) Supplementary information on cash flow

1. Investment activities with partial cash payments:

	For the six-month periods ended June 30	
	2026	2025
(1) Purchase of property, plant and equipment	$ 223,378	$ 234,002
Add: Payables for equipment in the beginning of the period	28,581	2,410
Add: Payables for equipment in the beginning of the period-relatied parties	1,418	-
Less: Payables for equipment on the end of the period	(9,295)	(9,517)
Paid in cash in the current period	$ 244,082	$ 226,895

	For the six-month periods ended June 30	
	2026	2025
(2) Purchase of intangible assets	$ 256	$ 319
Add: Long-term payables in the beginning of period - current	14,463	14,227
Add: Long-term payables in the beginning of period - non-current	11,089	25,551
Add: Other payables in the beginning of period	66	-
Less: Long-term payables at the end of the period - current	(9,216)	(14,344)
Less: Long-term payables at the end of the period - non-current	(9,134)	(18,350)
Less: Other payables at the end of the period	(17)	(17)
Paid in cash in the current period	$ 7,507	$ 7,386

2. Operating and investing activities that do not affect cash flow:

	For the six-month periods ended June 30	
	2026	2025
(1) Transfer of inventory to property, plant, and equipment	$ 35	$ -
(2) Transfer of other non-current assets to property, plant, and equipment	$ 9,874	$ 89,197

3. Financing activities with no cash flow effects:

	For the six-month periods ended June 30	
	2026	2025
The declared cash dividends of the period that have not been paid	$ 184,000	$ 174,800
The stock Dividends Distributable of the period	60,000	-
	$ 244,000	$ 174,800

(XXX) Changes in liabilities from financing activities

	2026				
	Short-term borrowings	Short-term notes payable	Lease liabilities - current and non-current	Deposits received - current and non-current	Total liabilities from financing activities
January 1	$ 39,000	$ -	$ 15,656	$ 11,232	$ 65,888
Changes in cash flow from financing activities	(7,000)	-	(1,700)	9,459	759
Lease modifications	-	-	(4,133)	-	(4,133)
June 30	$ 32,000	$ -	$ 9,823	$ 20,691	$ 62,514

	2025				
	Short-term borrowings	Short-term notes payable	Lease liabilities - current and non-current	Deposits received - current and non-current	Total liabilities from financing activities
January 1	$ 43,000	$ -	$ 31,051	$ 7,240	$ 81,291
Changes in cash flow from financing activities	(11,000)	30,000	(927)	292	18,365
Change in discounts on short-term notes payable	-	(36)	-	-	(36)
Lease modifications	-		(19,102)	-	(19,102)
Additions of non-cash payments	-	-	6,686	-	6,686
June 30	$ 32,000	$ 29,964	$ 17,708	$ 7,532	$ 87,204

VII. Related party transactions

(I) Name and relationship with related parties

Name of related party	Relations with the Group
Sunny Friend Environmental Technology	The parent company of the Group
Shung Shing Enterprise Co., Ltd. (Shung Shing Enterprise)	Other affiliates
Lin Lung-Wei	Key management personnel of the parent company of the Group

(II) Major transactions with related parties

1. Operating revenue

	For the three-month periods ended June 30	
	2026	2025
Service revenue:		
Sunny Friend Environmental Technology	$ 89,531	$ 52,219
Sales revenue:		
Sunny Friend Environmental Technology	-	1,522
Total	$ 89,531	$ 53,741

	For the six-month periods ended June 30	
	2026	2025
Service revenue:		
Sunny Friend Environmental Technology	$ 165,887	$ 106,038
Sales revenue:		
Sunny Friend Environmental Technology	5,218	1,557
Total	$ 171,105	$ 107,595

(1) The Group's waste collection revenue is calculated by weight with reference to market prices, with payment terms of 30-70 days after monthly settlement.

(2) The transaction price for the Group's product sales is determined through mutual negotiation, with payment terms finalized 40 days after the close of each month’s billing period.

2. Operating cost - handling expense

	For the three-month periods ended June 30	
	2026	2025
Sunny Friend Environmental Technology	$ 1,395	$ 564

	For the six-month periods ended June 30	
	2026	2025
Sunny Friend Environmental Technology	$ 2,719	$ 1,149

The price of labor service is determined through mutual negotiation between the buyer and the seller. The payment terms are not significantly different from those with non-affiliates. The payment terms are monthly settlement within 30 to 70 days after the service is provided.

3. Receivables from Related Parties

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable:			
Sunny Friend Environmental Technology	$ -	$ -	$ 1,193

4. Payables to related parties

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts payable:			
Sunny Friend Environmental Technology	$ -	$ 13	$ 28
Other payables- equipment:			
Sunny Friend Environmental Technology	$ -	$ 1,418	$ -
Other payables- handling expense:			
Sunny Friend Environmental Technology	$ 105,725	$ 103,756	$ 143,173
Long-term payables- handling expense:			
Sunny Friend Environmental Technology	$ 4,199	$ 1,982	$ 4,747

Other payables- handling expense and long-term payables- handling expense to Sunny Friend mainly consist of:

The Group has signed waste disposal contracts with certain customers, where the contract specifies that the Company providing the disposal service will collect the handling fees on behalf of the customer and then pay the treatment company. Sunny Friend is one of the waste disposal companies employed to handle the waste disposed of by the Group. According to the contract, the Group will collect the treatment fees on behalf of the customer and pay them to Sunny Friend. As of June 30, 2026, December 31, 2025 and June 30, 2025, Sunny Friend has completed the waste disposal and issued an invoice. The unpaid portion by the Company amounts to NTD 59,107, NTD 54,264 and NTD $97,946, respectively, which is classified under "Other Payables" based on its liquidity. The portion of the waste disposal and treatment that has not yet been completed, for which the Company has already collected payment in advance, amounts to NTD 50,817, NTD 51,474 and NTD 49,974, respectively, which is classified under "Other Payables" and "Long-Term Payables" (listed as other non-current liabilities) based on its liquidity.

5. Lease transaction - Lessee

(1) The Group leases employee dormitories in Yunlin County from Lin Lung-Wei, a key management personnel of the parent company, with a lease term from January 1, 2022 to December 31, 2026. The aforementioned lease is recognized as a right-of-use asset amounting to NTD 1,460 based on the lease term and discount rate, with accumulated depreciation of NTD 1,314 recognized as of June 30, 2026.

The Group leases offices and business premises from Sunny Friend Environmental Technology, with a lease period from March 1, 2024, to February 28, 2029. In January 2025, SUNNY FRIEND ENVIRONMENTAL TECHNOLOGYCO., LTD. sold this leased property to the Group, resulting in early termination of the lease contract. The Group derecognized the related right-of-use assets of $18,940 and lease liabilities of $19,102, and recognized a gain on lease modification of $162.

(2) Lease liabilities related to the aforementioned lease contracts:

	June 30, 2026	December 31, 2025	June 30, 2025
Total lease liabilities	$ 150	$ 299	$ 447
Less: Those due within one year (presented as "Lease liabilities - current" in the table)	(150)	(299)	(297)
Total	$ -	$ -	$ 150

(3) Interest expense related to the aforementioned lease contract:

	For the three-month periods ended June 30	
	2026	2025
Key management personnel	$ -	$ 2

	For the six-month periods ended June 30	
	2026	2025
Key management personnel	$ 1	$ 3
Sunny Friend Environmental Technology	-	15
	$ 1	$ 18

6. Other non-current assets - others

	June 30, 2026	December 31, 2025	June 30, 2025
Prepayment for equipment purchase:			
Sunny Friend Environmental Technology	$ -	$ -	$ 1,556

7. Acquisition of Property, Plant and Equipment

Acquisition of Property, Plant and Equipment

To meet operational development planning requirements, the Company's Board of Directors resolved on November 7, 2024, to purchase land and buildings on Wenxian Road, Tainan City, from its parent company, SUNNY FRIEND ENVIRONMENTAL TECHNOLOGYCO., LTD.. The Company commissioned Zhonghua Real Estate Appraisers Joint Office to conduct an appraisal, with a total contract price of $296,080 (excluding tax). The contract was signed on November 30, 2024. The transfer of ownership and delivery were completed in January 2025. For related information, please refer to Note 6(7)3.

(III) Information on remuneration to key management personnel

	For the three-month periods ended June 30	
	2026	2025
Short-term employee benefits	$ 6,001	$ 7,214
Post-employment benefits	90	67
Total	$ 6,091	$ 7,281

	For the six-month periods ended June 30	
	2026	2025
Short-term employee benefits	$ 11,110	$ 11,729
Post-employment benefits	157	133
Total	$ 11,267	$ 11,862

(IV)Payment of dividends

The Company's shareholder meetings on May 22, 2026, and May 22, 2025, resolved to distribute cash dividends of NTD 105,661 and NTD 100,378 to Sunny Friend, which were paid in July 2026 and July 2025, respectively.

VIII. Pledge assets

The details of the assets provided as collateral by the Group are as follows:

	Book value			
Asset item	June 30, 2026	December 31, 2025	June 30, 2025	Purpose of guarantee
Property, plant and equipment	$ 185,834	$ 186,760	$ 187,685	Loan guarantee amount
Time deposits (presented as "financial assets measured at amortized cost -current" in the table)	3,765	2,644	8,972	Performance bond
Time deposits (presented as "financial assets measured at amortized cost - non-current" in the table)	13,267	15,236	14,906	Performance bond
	$ 202,866	$ 204,640	$ 211,563	

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Contingent matters

In order to expand its operations, the Group signed a contract with a waste disposal contractor in November 2021 to acquire its customer list, with payments made monthly over a period of 9 years according to the contract. Since the pricing method requires consideration of operational performance and is calculated at a certain ratio, it is classified as variable consideration. The Group has recognized operating costs of NTD 229, NTD 191, NTD 465 and NTD 365 for the three months ended June 30, 2026 and 2025, and for the six months ended June 30, 2026 and 2025, respectively.

(II) Commitments

The Group had no significant commitments as of June 30, 2026. As of December 31, 2025, and June 30, 2025, the Group had signed but not yet completed major contracted projects, equipment purchases, and property contracts with total prices of NTD 257,083 and NTD 257,083, respectively. The Group had paid NTD 40,337 and NTD 24,296 according to the contracts, with the remaining amounts to be paid based on construction progress.

X. Major disaster losses

No such situation.

XI. Major events after the reporting period

Except for Note 6(26) and Note 7(4), there are no other significant subsequent events.

XII. Others

(I) Capital Management

There were no significant changes in this period. Please refer to Note 12 of the consolidated financial statements for 2025.

(II) Financial instruments - financial derivatives

1. Type of financial instrument

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets			
Financial assets at fair value			
Financial assets mandatorily measured at fair value through profit or loss	$ 204,211	$ 167,804	$ 166,531
Financial assets measured at amortized cost			
Cash and cash equivalents	150,915	291,461	319,274
Financial assets measured at amortized cost - current	10,244	13,730	13,972
Notes receivable	3,297	5,194	7,641
Accounts receivable	58,925	55,084	48,824
Accounts receivable - related parties	-	-	1,193
Other receivables	119,021	107,554	112,134
Financial assets measured at amortized cost - non-current	13,267	15,236	14,906
Refundable deposits	38,752	39,612	36,813
	$ 598,632	$ 695,675	$ 721,288

	June 30, 2026	December 31, 2025	June 30, 2025
Financial liabilities			
Financial liabilities measured at amortized cost			
Short-term borrowings	$ 32,000	$ 39,000	$ 32,000
Short-term notes payable	-	-	29,964
Notes payable	7,738	6,536	8,108
Accounts payable	12,205	14,549	10,082
Accounts payable - related parties	-	13	28
Other payables	276,453	137,167	257,156
Other payables - related parties	105,725	105,174	143,173
Long-term payables (including those due within in a year)	18,350	25,552	32,694
Long-term payables - related parties	4,199	1,982	4,747
Deposits received (presented as "Other Current Liabilities" and "Other Non-Current Liabilities" in the table)	20,691	11,232	7,532
	$ 477,361	$ 341,205	$ 525,484
Lease liabilities (current and non-current)	$ 9,823	$ 15,656	$ 17,708

2. Risk management policy

There were no significant changes in this period. Please refer to Note 12 of the consolidated financial statements for 2025.

3. The nature and severity of material financial risks

(1) Market risk

Price risk

A. The Company is exposed to price risk from debt instruments classified as financial assets at fair value through profit or loss. To manage the price risk of debt instrument investments, the Company diversifies its investment portfolio according to limits set by the Company.

B. The Company primarily invests in open-ended funds, and the prices of these debt instruments are affected by uncertainties in the future value of the investment targets. If the prices of these debt instruments were to increase or decrease by 1%, with all other factors remaining constant, the after-tax net income for the three-month periods ended June 30, 2026 and 2025 would increase or decrease by NT$2,042 and NT$1,665, respectively, due to gains or losses from debt instruments at fair value through profit or loss.

Cash flow and interest rate risk at fair value

A. The Company's principal interest-bearing assets comprise cash and cash equivalents and financial assets measured at amortized cost. As the maturities of these assets are within twelve months, the Company considers that they are not exposed to significant cash flow interest rate risk.

B. The Company has not used any financial instruments to hedge its exposure to interest rate risk.

C. For the six-month periods ended June 30, 2026 and 2025, the Company's short-term borrowings were subject to fixed interest rates, and the Company had no long-term borrowings. Accordingly, the Company was not exposed to interest rate risk arising from borrowings.

(2) Credit risk

A. The credit risk of the Group refers to the risk of financial loss due to the inability of customers or counterparties in financial instruments to fulfill their contractual obligations. This risk mainly arises from counterparties' inability to repay contract assets, note receivables, accounts receivable, other receivables, guarantee deposits, financial assets measured at amortized cost according to the payment terms, and contractual cash flows of debt instrument investments measured at fair value through profit or loss.

B. The Group manages credit risk from the perspective of the Group. According to the internal credit policy, each operational unit of the Group must conduct a management and credit risk analysis for every new customer before setting payment terms and delivery conditions. Internal risk control is carried out by evaluating the customer's credit quality based on their financial condition, past experience, and other factors. The individual risk limits are set by the Board of Directors based on internal or external ratings and are regularly monitored for usage of the credit limits.

C. The Group adopts the premise assumption of IFRS 9. When the contract amount is overdue for more than 90 days under the agreed payment terms, it is deemed a breach of contract.

D. The Group adopts the assumptions provided under IFRS 9 as follows, which serve as the basis for determining whether there has been a significant increase in the credit risk of a financial instrument since its initial recognition:

(A) When contract payments are overdue for more than 30 days according to the agreed payment terms, it is considered that the credit risk of the financial asset has significantly increased since its initial recognition.

(B) If a financial asset is rated as investment grade by any external rating agency on the balance sheet date, the financial asset is considered to have low credit risk.

E. The indicators used by the Group to determine whether debt instrument investments have experienced credit impairment are as follows:

(A) The issuer experiences significant financial difficulties, or the likelihood of entering bankruptcy or other financial restructuring increases substantially.

(B) The issuer's financial difficulties result in the disappearance of an active market for the financial asset.

(C) The issuer delays or fails to pay interest or principal.

(D) Adverse national or regional economic changes leading to the issuer's default.

F. The Group adopts a simplified approach to estimate credit losses based on the allowance matrix and the loss rate method.

G. After the collection process, the Group writes off the amounts of financial assets that cannot be reasonably expected to be recovered. However, the Group will continue to pursue legal proceedings to safeguard its rights to the debt. The Group's written-off and still outstanding debts as of June 30, 2026 and 2025 were both NTD 124, respectively.

H. The Group has taken into consideration the future-looking considerations of the National Development Council's economic indicators and lightings, and adjusted the loss rate established based on historical and current information of a specific period to estimate the allowance loss of accounts receivable and notes receivable. The loss rate method on June 30, 2026, December 31, 2025 and June 30, 2025 is as follows:

June 30, 2026	Individual	Group	Total
Expected loss rate	-	0.019%~8.448%	
Total carrying amount	$ -	$ 62,234	$ 62,234
Allowance to reduce losses	$ -	$ 12	$ 12

December 31, 2025	Individual	Group	Total
Expected loss rate	-	0.032%~8.609%	
Total carrying amount	$ -	$ 60,329	$ 60,329
Allowance to reduce losses	$ -	$ 51	$ 51

June 30, 2025	Individual	Group	Total
Expected loss rate	-	0.064%~8.684%	
Total carrying amount	$ -	$ 57,744	$ 57,744
Allowance to reduce losses	$ -	$ 86	$ 86

I. The Group adopts a simplified statement of changes in the allowance to reduce losses of notes and accounts receivable as follows:

	2026		
	Notes receivable	Accounts receivable	Total
January 1	$ 2	$ 49	$ 51
Reversal of impairment loss	-	(39)	(39)
June 30	$ 2	$ 10	$ 12

	2025		
	Notes receivable	Accounts receivable	Total
January 1	$ 2	$ 42	$ 44
Impairment loss recognized	3	39	42
June 30	$ 5	$ 81	$ 86

J. The Group has assessed other receivables based on a 12-month expected credit loss, and no allowance for doubtful accounts has been provided.

K. The financial assets measured at amortized cost of the Group are time deposits with a maturity of more than three months and pledged. As the credit quality of the financial institutions is sound, the probability of default is expected to be very low.

L. The Group has recorded time deposits, mainly performance bonds. Due to the good credit quality of the counterparties, the probability of default is considered very low.

(3) Liquidity risk

A. Cash flow forecasts are executed by each of the Group's operating units and are consolidated by the Group's Finance Department. The Group's Finance Department monitors the forecast of the Group's liquidity requirements to ensure sufficient funds are available to meet operational needs, while maintaining adequate unused borrowing commitments at all times to prevent breaching relevant borrowing limits or terms. These forecasts take into account the Group's debt financing plans, debt covenant compliance, and alignment with internal financial ratio targets in the balance sheet.

B. The Group's unused borrowing capacity are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Floating interest rate			
Due within one year	$ 143,000	$ 136,000	$ 113,000
More than one year	60,000	60,000	-
	$ 203,000	$ 196,000	$ 113,000

C. The following table shows the non-derivative financial liabilities of the Group, grouped by their maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contract cash flow amount disclosed in the following table are not discounted.

Non-derivative financial liabilities:

June 30, 2026	Within 1 year	1 to 3 years	More than 3 years
Short-term borrowings	$ 32,000	$ -	$ -
Notes payable	7,738	-	-
Accounts payable	12,205	-	-
Other payables	276,453	-	-
Other payables - related parties	105,725	-	-
Lease liabilities - current and non -current (Note)	1,798	2,196	6,358
Long-term payables (including those due within a year) (Note)	9,435	5,720	3,677
Long-term payables - related parties	-	4,199	-
Guarantee deposits received (presented under "Other current liabilities" and "Other non-current liabilities")	19,491	1,200	-

Non-derivative financial liabilities:

December 31, 2025	Within 1 year	1 to 3 years	More than 3 years
Short-term borrowings	$ 39,000	$ -	$ -
Notes payable	6,536	-	-
Accounts payable	14,549	-	-
Accounts payable - related parties	13	-	-
Other payables	137,167	-	-
Other payables - related parties	105,174	-	-
Lease liabilities - current and non -current (Note)	4,344	5,083	6,908
Long-term payables (including those due within a year) (Note)	14,783	6,537	4,903
Long-term payables - related parties	-	1,982	-
Guarantee deposits received (presented under "Other current liabilities" and "Other non-current liabilities")	9,048	2,184	-

Non-derivative financial liabilities:

June 30, 2025	Within 1 year	1 to 3 years	More than 3 years
Short-term borrowings	$ 32,000	$ -	$ -
Short-term notes payable	30,000	-	-
Notes payable	8,108	-	-
Accounts payable	10,082	-	-
Accounts payable - related parties	28	-	-
Other payables	257,156	-	-
Other payables - related parties	143,173	-	-
Lease liabilities - current and non -current (Note)	4,343	6,706	7,457
Long-term payables (including those due within a year) (Note)	14,783	12,703	6,129
Long-term payables - related parties	-	4,747	-
Guarantee deposits received (presented under "Other current liabilities" and "Other non-current liabilities")	7,098	434	-

Note: The amount includes the interest expected to be paid in the future.

D. The Group does not anticipate that the timing of cash flows in the maturity date analysis will occur significantly earlier, or that the actual amounts will differ significantly.

(III) Information on fair value

1. The definitions of the various levels of valuation techniques used to measure the fair value of financial and non-financial instruments are as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the beneficiary certificates invested by the Group all belong to this category.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3: Unobservable inputs for the asset or liability.

2. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable (including those from related parties), other receivables, guarantee deposits, Short-term borrowings, Short-term notes payable, notes payable, accounts payable (including those to related parties), other payables (including those to related parties), and guarantee deposits received) are reasonable approximations of their fair values.

3. For financial instruments measured at fair value, the Group classifies them based on the nature, characteristics, and risks of the assets and the fair value hierarchy. The relevant information is as follows:

(1) The Group classifies the assets according to their nature. The relevant information is as follows:

June 30, 2026	Level 1	Level 2	Level 3	Total
Assets				
Recurring Fair Value				
Financial assets at fair value through profit and loss				
Beneficiary certificates	$ 204,211	$ -	$ -	$ 204,211

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring Fair Value				
Financial assets at fair value through profit and loss				
Beneficiary certificates	$ 167,804	$ -	$ -	$ 167,804

June 30, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring Fair Value				
Financial assets at fair value through profit and loss				
Beneficiary certificates	$ 166,531	$ -	$ -	$ 166,531

(2) The methods and assumptions used by the Company to measure fair value are described below:

The Company uses market quotes as fair value inputs (i.e., Level 1) for beneficiary certificates, with market quotes being the net asset value.

XIII. Notes to the disclosure

(I) Information on significant transactions

1. Loaning of funds to others: No such situation.
2. Endorsements/guarantees for others: No such situation.
3. The situation of held securities at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): Please refer to Table 1 for details.
4. Amount of transactions with related parties reaches NTD 100 million or more, or exceeds 20% of the paid-in capital: Please refer to Table 2 for details.
5. Receivables from related parties reaching NTD 100 million or exceeds 20% of the paid-in capital: No such situations.
6. Business relationships and significant transactions between the parent company and its subsidiaries: No such situation.

(II) Information on investee businesses

The name and location of the investee company and other relevant information (excluding investee companies in China): Please refer to Table 3 for details.

(III) Information on investments in China

1. Basic information: No such situation.
2. Significant transactions occurring directly or indirectly through third-party businesses with invested companies in China: No such situation.

XIV. Information on operating segments

(I) General information

The Group's management has identified the reportable departments based on the information used by the chief operating decision maker in making operational decisions. The Group's operating decision maker manages the business and evaluates department performance from the perspective of services and products. The Group currently focuses on waste collection, treatment, plastic building material sales, and management consulting services.

(II) Measurement of department information

1. The accounting policies of the operating department are the same as those described in Note 4.
2. The Group evaluates the operating performance based on the annual financial statements.

(III) Information on profit and loss, assets and liabilities of the department

The information on the departments to be reported to the major operating decision maker is as follows:

	For the six-month periods ended June 30, 2025					
	Disposal	Treatment	Plastic-wood	Environmental Safety	Adjustment and write-off	Total
Revenue from external customers	$ 404,610	$ 20,592	$ 8,746	$ 7,568	$ -	$ 441,516
Inter-department transactions	4,745	-	72	-	(4,817)	-
Disposal Department	$ 409,355	$ 20,592	$ 8,818	$ 7,568	($ 4,817)	$ 441,516
Net profit of the department	$ 195,001	($ 9,252)	($ 7,251)	($ 413)	$ 2,646	$ 180,731
The profit and loss of the department includes:						
Depreciation expenses	$ 21,618	$ 4,611	$ 1,759	$ 74	$ -	$ 28,062
Amortization expenses	$ 3,302	$ -	$ 22	$ 3	$ -	$ 3,327

	For the six-month periods ended June 30, 2025					
	Disposal	Treatment	Plastic-wood	Environmental Safety	Adjustment and write-off	Total
Revenue from external customers	$ 329,496	$ 11,802	$ 5,380	$ 14,015	$ -	$ 360,693
Inter-department transactions	4,549	-	805	-	(5,354)	-
Disposal Department	$ 334,045	$ 11,802	$ 6,185	$ 14,015	($ 5,354)	$ 360,693
Net profit of the department	$ 145,902	($ 5,239)	($ 12,163)	$ 4,869	$ 1,965	$ 135,334
The profit and loss of the department includes:						
Depreciation expenses	$ 20,045	$ 2,902	$ 4,561	$ 530	$ -	$ 28,038
Amortization expenses	$ 3,330	$ -	$ 29	$ 22	$ -	$ 3,381

(IV) Information on adjustments for departmental profit and loss

Since the Group's operating decision maker evaluates performance and determines how to allocate resources based on the revenue from business activities and net operating profits, it is not necessary to

adjust the department's profit and loss.

CHIN HSIN ENVIRON ENGINEERING CO., LTD and Subsidiaries

Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Jointly Controlled Entities)

June 30, 2026

Appendix Table 1

Unit: NT$ thousand

(Unless otherwise specified)

Securities held by	Marketable securities (Note 1)	Relationship with Securities Issuer Relation(Note 2)	General ledger account	End of Period				Remarks (Note 4)
				Number of Units	Carrying Amount (Note 3)	Ownership	Fair value	
CHIN HSIN ENVIRON ENGINEERING CO., LTD.	Uni-President Strong Money Market Fund	-	Financial assets at fair value through profit and loss -	11,475,684.63	$ 204,211	-	$ 204,211	

Note 1: Securities referred to in this table are stocks, bonds, beneficiary certificates, and derivative securities of the aforementioned items within the scope of IFRS 9 "Financial Instruments."

Note 2: This column may be left blank if the securities issuer is not a related party.

Note 3: For items measured at fair value, the carrying amount column should be filled with the balance after fair value adjustment and deduction of accumulated impairment; for items not measured at fair value, the carrying amount column should be filled with the balance of original acquisition cost or amortized cost less accumulated impairment.

Note 4: If the listed securities are restricted from use due to provision of guarantees, pledges for loans, or other agreements, the number of shares provided as guarantee or pledge, the amount of guarantee or pledge, and the restrictions on use should be noted in the remarks column.

CHIN HSIN ENVIRON ENGINEERING CO., LTD and Subsidiaries

Purchases from and sales to related parties amounting to NT$100 million or more, or 20% or more of paid-in capital

January 1 to June 30, 2026

Appendix Table II

Unit: NT$ thousand

(Unless otherwise specified)

			Transaction				terms compared with third party transactions		Receivable (Payable) Notes and Accounts		
Purchaser/seller	Counterparty	Relationship with the endorser/ guarantor	Purchase / Sales	Amount	Percentage of Total Purchases (Sales) (Note 4)	Credit term	Unit Price	Credit term	Balance	Percentage of Total Receivable (Payable) Notes and Accounts (Note 4)	Remarks (Note 1)
CHIN HSIN ENVIRON ENGINEERING CO., LTD.	Sunny Friend Environmental Technology Co., Ltd.	Parent company	Sales	$ 149,378	49.39%	30~ 70 days	Negotiated Pricing	Payments collected according to contractual terms	$ -	0.00%	

Note 1: If the transaction terms of the related party are different from the general terms, please specify the differences and reasons in the unit price and credit term boxes.

Note 2: If there is any advanced payment or pre-payment, please specify the reasons, contract terms, amount and the differences from the general terms in the remarks box.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. In the event the issuer's shares have no par value or a par value other than NT$10, the calculation of transaction amounts of 20% of paid-in capital will be substituted by the 10% of equity attributable to owners of the parent company.

Note 4: Calculated from the perspective of the company making the purchases or sales.

CHIN HSIN ENVIRON ENGINEERING CO., LTD and Subsidiaries

Names, locations and other information of investee companies (not including investees in China)

January 1 to June 30, 2026

Appendix Table III

Unit: NT$ thousand

(Unless otherwise specified)

Name of Investor	Investee (Note 1 and 2)	Location	Main business	Initial investment amount		Shares held as of the end of period			of the investee (Note 2 (2))	income(loss) (Note 2 (3))	Remarks
				Balance at the	End of the	Number of shares	Ownership	Book value			
CHIN HSIN ENVIRON ENGINEERING CO., LTD.	Liang Wei Environmental Engineering Co., Ltd.	Taoyuan City	Disposal of medical waste	$ 64,041	$ 64,041	5,500	100.00	$ 140,066	$ 32,184	$ 32,184	Subsidiary
〃	Cheng Shin Environmental Engineering Co., Ltd.	Tainan City	Disposal of medical waste	34,357	34,357	2,000	100.00	66,930	7,010	7,010	〃

Note 1: If a public company has established an overseas holding company and is required by local regulations to use consolidated financial statements as its primary financial reports, the disclosure of information about overseas investee companies may be limited to the relevant information of that holding company.

Note 2: For situations not described in Note 1, fill in according to the following regulations:

(1) The columns for "Investee Company Name," "Location," "Main Business Activities," "Original Investment Amount," and "Shareholding at the End of Period" should be filled in sequence according to the investment situation of this (public) company and the reinvestment situation of each directly or indirectly controlled investee company. The relationship between each investee company and this (public) company (such as whether it is a subsidiary or sub-subsidiary) should be noted in the remarks column.

(2) The "Current Period Profit/Loss of Investee Company" column should be filled with the current period profit/loss amount of each investee company.

(3) The "Investment Profit/Loss Recognized in the Current Period" column only needs to be filled with the profit/loss amounts recognized by this (public) company from its direct investments in various subsidiaries and investee companies accounted for using the equity method; the rest may be omitted. When filling in "the current period profit/loss amount of directly invested subsidiaries," it should be confirmed that the current period profit/loss amount of each subsidiary already includes the investment profit/loss that should be recognized from its reinvestments according to regulations.