

Chin Hsin Environmental Engineering Co., Ltd.,  
and its subsidiaries  
Consolidated financial statements and  
Independent Accounting Auditors' Review Report  
Six Months Ended June 30, 2025 and 2024  
(stock ticker: 6951)

Address: No. 58-1, Yanping Rd., Citong Township, Yunlin County

Tel: (05)552-9255

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 2025 and 2024 Consolidated Financial Statements and Accounting  
Auditors' Review Report  
Table of Contents

<u>Item</u>	<u>Page</u>
I. Cover	1
II. Table of Contents	2- 3
III. Independent Auditors' Review Report	4- 5
IV. Consolidated Balance Sheet	6- 7
V. Consolidated Statement of Comprehensive Income	8
VI. Consolidated Statement of Changes in Equity	9- 10
VII. Consolidated Statement of Cash Flows	11- 12
VIII. Notes to the Consolidated Financial Statements	13- 53
(I) Company history	13
(II) Date and procedure for the approval of the financial statements	13
(III) Application of new and amended standards and interpretations	13
(IV) Summary of significant accounting policies	14
(V) Major sources of significant accounting judgments, estimates, and assumptions	16
(VI) Description of important accounting items	16- 40
(VII) Related party transactions	40- 44
(VIII) Pledged assets	45

<u>Item</u>	<u>Page</u>
(IX) Significant contingent liabilities and unrecognized contractual commitments	45
(X) Major disaster losses	45
(XI) Major events after the reporting period	45
(XII) Others	45- 51
(XIII) Notes to the disclosure	51- 52
(XIV) Information on operating segments	52- 53

## Independent Auditors' Review Report

(2025)Cai-Shen-Bao-Zi No. 25001300

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 March 31, 2025 and 2024, and the consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, consolidated statements of changes in equity, consolidated statements of cash flows for the periods from January 1 to June 30, 2025 and 2024, 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, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to June 30, 2025 and 2024.

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, 2025

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries  
Consolidated balance sheet  
June 30, 2025 and December 31 and June 30, 2024

Unit: NTD thousands

Assets		Notes	June 30, 2025		December 31, 2024		June 30, 2024				
			Amount	%	Amount	%	Amount	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	319,274	19	\$	328,264	21	\$	575,900	40
1110	Financial assets measured at fair value – current	6(2)		166,531	10		280,440	18		-	-
1136	Financial assets measured at amortized cost - current	6(1)(3) and 8		13,972	1		8,195	1		5,895	1
1140	Contract assets - current	6(21)		16,237	1		15,457	1		-	-
1150	Net notes receivable	6(4)		7,641	1		5,559	-		8,470	1
1170	Net accounts receivable	6(4)		48,824	3		51,728	3		59,368	4
1180	Accounts receivable - related parties	6(4) and 7		1,193	-		1,039	-		11	-
1200	Other receivables	6(5)		112,134	7		120,146	8		122,844	9
130X	Inventory	6(6)		19,679	1		18,043	1		19,128	1
1410	Pre-paid items			17,413	1		11,928	1		16,732	1
1479	Other current assets - others			-	-		48	-		48	-
11XX	Total current assets			722,898	44		840,847	54		808,396	57
Non-current assets											
1535	Financial assets measured at amortized cost - non-current	6(1)(3) and 8		14,906	1		21,088	1		14,366	1
1600	Property, plant and equipment	6(7), 7 and 8		756,561	46		459,620	30		463,118	32
1755	Right-of-use assets	6(8) and 7		17,400	1		31,556	2		33,464	2
1780	Intangible assets	6(9)		67,650	4		70,712	5		74,001	5
1840	Deferred tax assets			1,595	-		1,167	-		1,072	-
1920	Refundable deposits			36,813	2		29,170	2		26,027	2
1990	Other non-current assets - others	6(7)(10) and 7		36,003	2		89,247	6		7,706	1
15XX	Total non-current assets			930,928	56		702,560	46		619,754	43
1XXX	Total assets		\$	1,653,826	100	\$	1,543,407	100	\$	1,428,150	100

(continued)

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries  
Consolidated balance sheet  
June 30, 2025 and December 31 and June 30, 2024

Unit: NTD thousands

Liabilities and equity			Notes	June 30, 2025		December 31, 2024		June 30, 2024			
				Amount	%	Amount	%	Amount	%		
Current liabilities											
2100	Short-term borrowings	6(11) and 8	\$	32,000	2	\$	43,000	3	\$	67,000	5
2110	Short-term notes payable	6(12)		29,964	2		-	-		-	-
2130	Contract liabilities - current	6(21)		63,957	4		59,858	4		57,681	4
2150	Notes payable			8,108	-		6,542	-		4,476	-
2170	Accounts payable			10,082	-		10,615	1		12,843	1
2180	Accounts payable - related parties	7		28	-		16	-		-	-
2200	Other payables	6(13)		257,156	15		89,589	6		71,898	5
2220	Other payables - related parties	7		143,173	9		133,149	9		149,891	11
2230	Income tax liabilities in the current period			28,114	2		39,184	2		18,292	1
2280	Lease liabilities - current	6(8) and 7		4,121	-		6,262	-		6,098	-
2320	Long-term liabilities due within one year or one operating cycle	6(14)(16) and 8		14,344	1		14,227	1		15,633	1
2399	Other current liabilities - others	6(4)		10,063	1		7,624	-		9,128	1
21XX	Total current liabilities			601,110	36		410,066	26		412,940	29
Non-current liabilities											
2527	Contract liabilities - non-current	6(21)		3,043	-		2,284	-		3,426	-
2540	Long-term borrowings	6(14) and 8		-	-		-	-		6,346	-
2580	Lease liabilities - non-current	6(8) and 7		13,587	1		24,789	2		26,883	2
2600	Other non-current liabilities	6(4)(16) and 7		23,531	2		29,457	2		36,865	3
25XX	Total non-current liabilities			40,161	3		56,530	4		73,520	5
2XXX	Total liabilities			641,271	39		466,596	30		486,460	34
Equity											
Equity attributable to owners of the parent company											
	Share capital	6(18)									
3110	Common stock capital			460,000	28		460,000	30		460,000	32
	Capital reserve	6(19)									
3200	Capital reserve			356,695	21		356,695	23		353,684	25
	Retained earnings	6(20)									
3310	Legal reserve			55,832	3		35,131	2		35,131	2
3350	Undistributed earnings			140,028	9		224,985	15		84,499	6
31XX	Total equity attributable to owners of the parent company			1,012,555	61		1,076,811	70		933,314	65
36XX	Non-controlling interests			-	-		-	-		8,376	1
3XXX	Total equity			1,012,555	61		1,076,811	70		941,690	66
	Significant contingent liabilities and unrecognized contractual commitments	9									
3X2X	Total liabilities and equity		\$	1,653,826	100	\$	1,543,407	100	\$	1,428,150	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, 2025 and 2024

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

	Items	Notes	Three Months Ended June 30				Six Months Ended June 30			
			2025		2024		2025		2024	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6(21) and 7	\$ 188,000	100	\$ 157,748	100	\$ 360,693	100	\$ 288,532	100
5000	Operating cost	6(6)(9) (15)(26) (27) and 7	( 78,749)	( 42)	( 70,451)	( 45)	( 151,137)	( 42)	( 134,217)	( 47)
5900	Operating gross profit		<u>109,251</u>	<u>58</u>	<u>87,297</u>	<u>55</u>	<u>209,556</u>	<u>58</u>	<u>154,315</u>	<u>53</u>
	Operating expenses	6(9)(15) (26) (27) and 7								
6100	Marketing expenses		( 14,983)	( 8)	( 15,517)	( 10)	( 30,266)	( 9)	( 30,021)	( 10)
6200	Administrative expenses		( 21,780)	( 12)	( 20,745)	( 13)	( 43,027)	( 12)	( 36,446)	( 13)
6300	R&D expenses		( 887)	-	( 651)	-	( 887)	-	( 730)	-
6450	Expected credit impairment gain (loss)	12(2)	<u>123</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>( 42)</u>	<u>-</u>	<u>( 8)</u>	<u>-</u>
6000	Total operating expenses		<u>( 37,527)</u>	<u>( 20)</u>	<u>( 36,887)</u>	<u>( 23)</u>	<u>( 74,222)</u>	<u>( 21)</u>	<u>( 67,205)</u>	<u>( 23)</u>
6900	Operating profit		<u>71,724</u>	<u>38</u>	<u>50,410</u>	<u>32</u>	<u>135,334</u>	<u>37</u>	<u>87,110</u>	<u>30</u>
	Non-operating income and expenses									
7100	Interest revenue	6(3)(22)	706	-	1,195	1	988	-	1,959	1
7010	Other income	6(23)	118	-	11	-	217	-	21	-
7020	Other gains and losses	6(24)	933	1	449	-	1,942	1	449	-
7050	Financial cost	6(8)(25) and 7	<u>( 340)</u>	<u>-</u>	<u>( 618)</u>	<u>-</u>	<u>( 762)</u>	<u>-</u>	<u>( 1,186)</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>1,417</u>	<u>1</u>	<u>1,037</u>	<u>1</u>	<u>2,385</u>	<u>1</u>	<u>1,243</u>	<u>1</u>
7900	<b>Net income before tax</b>		<u>73,141</u>	<u>39</u>	<u>51,447</u>	<u>33</u>	<u>137,719</u>	<u>38</u>	<u>88,353</u>	<u>31</u>
7950	Income tax expense	6(28)	<u>( 14,165)</u>	<u>( 8)</u>	<u>( 10,715)</u>	<u>( 7)</u>	<u>( 27,175)</u>	<u>( 7)</u>	<u>( 18,501)</u>	<u>( 7)</u>
8200	<b>Net income of the current period</b>		<u>\$ 58,976</u>	<u>31</u>	<u>\$ 40,732</u>	<u>26</u>	<u>\$ 110,544</u>	<u>31</u>	<u>\$ 69,852</u>	<u>24</u>
8500	<b>Total comprehensive income of the current period</b>		<u>\$ 58,976</u>	<u>31</u>	<u>\$ 40,732</u>	<u>26</u>	<u>\$ 110,544</u>	<u>31</u>	<u>\$ 69,852</u>	<u>24</u>
	Net income (loss) attributable to:									
8610	Owners of the parent company		<u>\$ 58,976</u>	<u>31</u>	<u>\$ 40,942</u>	<u>26</u>	<u>\$ 110,544</u>	<u>31</u>	<u>\$ 70,256</u>	<u>24</u>
8620	Non-controlling interests		<u>\$ -</u>	<u>-</u>	<u>( \$ 210)</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>( \$ 404)</u>	<u>-</u>
	Total comprehensive income (loss) attributable to:									
8710	Owners of the parent company		<u>\$ 58,976</u>	<u>31</u>	<u>\$ 40,942</u>	<u>26</u>	<u>\$ 110,544</u>	<u>31</u>	<u>\$ 70,256</u>	<u>24</u>
8720	Non-controlling interests		<u>\$ -</u>	<u>-</u>	<u>( \$ 210)</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>( \$ 404)</u>	<u>-</u>
	Earnings per share	6(29)								
9750	Basic earnings per share		<u>\$ 1.28</u>		<u>\$ 1.00</u>		<u>\$ 2.40</u>		<u>\$ 1.73</u>	
9850	Diluted earnings per share		<u>\$ 1.28</u>		<u>\$ 0.99</u>		<u>\$ 2.39</u>		<u>\$ 1.73</u>	

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 changes in equity  
January 1 to June 30, 2025 and 2024

Unit: NTD thousands

		Equity attributable to owners of the parent company									
		Capital reserve				Retained earnings					
				Difference between consideration and carrying amount of subsidiaries acquired or disposed	Employee stock options	Others		Undistributed earnings	Total	Non-controlling interests	Total
Notes		Common stock capital	Premium from issuance				Legal reserve				
January 1 to June 30,2024											
		\$ 400,000	\$ 96,662	\$ -	\$ -	\$ 25	\$ 24,678	\$ 122,431	\$ 643,796	\$ 8,777	\$ 652,573
		-	-	-	-	-	-	70,256	70,256	( 404 )	69,852
		-	-	-	-	-	-	70,256	70,256	( 404 )	69,852
Earnings allocation and distribution of 2023:	6(20)										
Appropriated for legal reserves		-	-	-	-	-	10,453	( 10,453 )	-	-	-
Cash dividends		-	-	-	-	-	-	( 94,000 )	( 94,000 )	-	( 94,000 )
Capital increase in cash	6(18)	60,000	255,611	-	( 6,081 )	-	-	-	309,530	-	309,530
Share-based payment transactions	6(17)	-	-	-	7,467	-	-	( 3,735 )	3,732	3	3,735
Employee stock options that have expired	6(17)	-	-	-	( 1,386 )	1,386	-	-	-	-	-
Balance March 31, 2024		\$ 460,000	\$ 352,273	\$ -	\$ -	\$ 1,411	\$ 35,131	\$ 84,499	\$ 933,314	\$ 8,376	\$ 941,690
January 1 to June 30,2025											
	6(30)	\$ 460,000	\$ 352,273	\$ 3,011	\$ -	\$ 1,411	\$ 35,131	\$ 224,985	\$ 1,076,811	\$ -	\$ 1,076,811
		-	-	-	-	-	-	110,544	110,544	-	110,544
		-	-	-	-	-	-	110,544	110,544	-	110,544
Earnings allocation and distribution of 2024:	6(20)										

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 changes in equity  
January 1 to June 30, 2025 and 2024

Unit: NTD thousands

Notes	Equity attributable to owners of the parent company									
	Capital reserve					Retained earnings				
	Common stock capital	Premium from issuance	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Employee stock options	Others	Legal reserve	Undistributed earnings	Total	Non-controlling interests	Total
Appropriated for legal reserves	-	-	-	-	-	20,701	( 20,701 )	-	-	-
Cash dividends	-	-	-	-	-	-	( 174,800 )	( 174,800 )	-	( 174,800 )
Balance June 30, 2025	<u>\$ 460,000</u>	<u>\$ 352,273</u>	<u>\$ 3,011</u>	<u>\$ -</u>	<u>\$ 1,411</u>	<u>\$ 55,832</u>	<u>\$ 140,028</u>	<u>\$ 1,012,555</u>	<u>\$ -</u>	<u>\$ 1,012,555</u>

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, 2025 and 2024

Unit: NTD thousands

	Notes	2025	2024
<u>Cash flow from operating activities</u>			
Net income before tax of the current period		\$ 137,719	\$ 88,353
Adjustment items			
Income and expenses			
Depreciation expense	6(7)(8)		
	(26)	28,038	22,968
Amortization expenses	6(9)(26)	3,381	3,340
Expected credit impairment loss	12(2)	42	8
Interest revenue	6(22)	( 988 )	( 1,959 )
Interest expense	6(25)	762	1,186
Gain on lease modifications	6(24)	( 162 )	-
Employee share option expenses	6(27)	-	3,735
Loss( Gain) on disposal of property, plant and equipment	6(24)	103	( 452 )
Net gain on financial assets measured at fair value	6(2) (24)	( 2,178 )	-
Changes in operating activities related assets/liabilities			
Net changes in assets related to operating activities			
Financial assets measured at fair value – current		116,087	-
Contract assets - current	(	780 )	-
Notes receivable	(	2,085 )	8
Accounts receivable		2,865	( 14,745 )
Accounts receivable - related parties	(	154 )	( 11 )
Other receivables		7,967	1,045
Inventory	(	1,636 )	( 1,414 )
Pre-paid items	(	5,485 )	( 3,290 )
Other current assets - others		48	-
Net changes in liabilities related to operating activities			
Contract liabilities (including current and non-current)		4,858	3,837
Notes payable		1,566	4,412
Accounts payable	(	533 )	3,467
Accounts payable - related parties		12	( 200 )
Other payables	(	14,390 )	6,981
Other payables - related parties		10,024	( 5,556 )
Other current liabilities		1,067	597
Long-term payables - related parties (presented as "Other Non-current Liabilities" in the table)		2,355	( 3,829 )
Cash inflow from operations		288,503	108,481
Interest received		1,033	1,835
Interest paid	(	765 )	( 1,160 )
Income tax paid	(	38,673 )	( 16,605 )
Net cash inflow from operating activities		250,098	92,551

(continued)

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

Consolidated statement of cash flows

January 1 to June 30, 2025 and 2024

Unit: NTD thousands

		Six Months Ended June 30	
	Notes	2025	2024
<u>Cash flow from investing activities</u>			
Acquisition of financial assets measured at amortized cost		( \$ 2,995 )	( \$ 1,795 )
Disposal of financial assets measured at amortized cost		3,400	989
Acquisition of property, plant and equipment	6(31)	( 226,895 )	( 29,573 )
Proceeds from disposal of property, plant and equipment		19	452
Acquisition of intangible assets	6(31)	( 7,386 )	( 8,318 )
Increase in refundable deposits		( 16,120 )	( 16,905 )
Decrease in refundable deposits		8,477	1,269
Increase in other non-current assets		( 35,953 )	( 7,706 )
Net cash outflow from investing activities		( 277,453 )	( 61,587 )
<u>Cash flow from financing activities</u>			
Net( decrease) increase in short-term borrowings	6(32)	( 11,000 )	16,000
Increase in short-term notes payable	6(32)	30,000	-
Repayment of long-term borrowings	6(32)	-	( 351 )
Increase in deposits received (presented as "Other Current Liabilities" and "Other Non-current Liabilities" in the table)	6(32)	1,393	3,763
Decrease in deposits received (presented as "Other Current Liabilities" and "Other Non-Current Liabilities" in the table)		( 1,101 )	( 2,415 )
Lease liability principal repayment	6(32)	( 927 )	( 3,082 )
Distribution of cash dividends	6(20)	-	( 94,000 )
Capital increase in cash	6(28)	-	309,530
Net cash outflow from financing activities		18,365	229,445
Increase (Decrease) in cash and cash equivalents in the current period		( 8,990 )	260,409
Balance of cash and cash equivalents at the beginning of the period		328,264	315,491
Balance of cash and cash equivalents at the end of the period		\$ 319,274	\$ 575,900

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

Notes to Consolidated Financial Statements

For The Six Months Ended June 30, 2025 And 2024

(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, 2025.

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 2025:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
<u>Amendments to IAS 21 "Lack of Exchangeability"</u>	<u>January 1, 2025</u>

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:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
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	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.

- (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:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
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 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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.

#### 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 2024. 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 2024.

(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 2024.

2. Subsidiaries included in the consolidated financial statements:

Name of the investment company	Name of subsidiary	Business nature	Percentage of ownership (%)			Description
			June 30, 2025	December 31, 2024	June 30, 2024	
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	
"	Huan Hsin Precision Co., Ltd. (Huan Hsin)	Building raw materials manufacturing	-	100.00	66.67	Note

Note: In December 2024, the Company acquired 1,000 thousand shares of Huan Xin equity from non-controlling interests at NT\$5 per share, increasing its shareholding ratio from 66.67% to 100%. The relevant registration change procedures have been completed. Furthermore, to strengthen operational management, the Company's Board of Directors passed a resolution on December 27, 2024, proposing to merge with Huan Xin through a simplified merger in accordance with the Business Mergers and Acquisitions Act. The Company will be the surviving entity, with February 3, 2025 as the reference date. The relevant registration procedures for changes have been completed.

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) 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 2024.

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 2024.

VI. Description of important accounting items

(I) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 220	\$ 240	\$ 223
Demand deposits and checking deposits	256,854	100,124	54,477
Time deposits	62,200	227,900	521,200
	<u>\$ 319,274</u>	<u>\$ 328,264</u>	<u>\$ 575,900</u>

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, 2025, December 31, 2024 and June 30, 2024, the Group's pledged cash and cash equivalents are classified based on liquidity as NT\$8,972, NT\$3,195 and NT\$895 under "Financial assets at amortized cost - current," and NT \$14,906, NT\$21,088 and NT\$14,366 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, 2025, December 31, 2024 and June 30, 2024. These deposits, amounting to NTD 5,000, NTD 5,000 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, 2025	December 31, 2024	June 30, 2024
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 165,000	\$ 280,000	\$ -
Valuation adjustment	1,531	440	-
	<u>\$ 166,531</u>	<u>\$ 280,440</u>	<u>\$ -</u>



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

	For the three-month periods ended June 30	
	2025	2024
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 1,092	\$ -
	For the six-month periods ended June 30	
	2025	2024
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 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, 2025	December 31, 2024	June 30, 2024
Current items:			
Time deposits with a maturity of more than three months	\$ 5,000	\$ 5,000	\$ 5,000
Pledge of time deposits	8,972	3,195	895
	<u>\$ 13,972</u>	<u>\$ 8,195</u>	<u>\$ 5,895</u>
Non-current items:			
Pledge of time deposits	<u>\$ 14,906</u>	<u>\$ 21,088</u>	<u>\$ 14,366</u>

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	
	2025	2024
Interest revenue	\$ 80	\$ 62
	For the six-month periods ended June 30	
	2025	2024
Interest revenue	<u>\$ 158</u>	<u>\$ 121</u>

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, 2025, December 31, 2024 and June 30, 2024, amounted to NTD 28,878, NTD 29,283 and NTD 20,261, 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, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ 7,646	\$ 5,561	\$ 8,473
Less: Allowance to reduce loss	( 5)	( 2)	( 3)
	<u>\$ 7,641</u>	<u>\$ 5,559</u>	<u>\$ 8,470</u>
Accounts receivable	\$ 48,905	\$ 51,770	\$ 59,416
Less: Allowance to reduce loss	( 81)	( 42)	( 48)
Subtotal	48,824	51,728	59,368
Accounts receivable - related parties	1,193	1,039	11
Total	<u>\$ 50,017</u>	<u>\$ 52,767</u>	<u>\$ 59,379</u>

1. As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group held guarantee deposits of NTD 7,532, NTD 7,240 and NTD 8,140, 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, 2025		December 31, 2024	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 7,646	\$ 49,713	\$ 5,561	\$ 52,447
Within 30 days	-	385	-	285
31-90 days	-	-	-	77
	<u>\$ 7,646</u>	<u>\$ 50,098</u>	<u>\$ 5,561</u>	<u>\$ 52,809</u>

  

	June 30, 2024	
	Notes receivable	Accounts receivable
Not past due	\$ 8,473	\$ 59,129
Within 30 days	-	298
	<u>\$ 8,473</u>	<u>\$ 59,427</u>

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

3. As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group's balances of notes receivable and accounts receivable arose from customer contracts. Additionally, as of January 1, 2024, the balances of notes receivable and accounts receivable from customer contracts were NTD 8,474 and NTD 44,635, 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, 2025, December 31, 2024 and June 30, 2024, was NTD 7,641, NTD 5,559 and NTD 8,470, respectively. The maximum exposure to credit risk for the Group's accounts receivable as of June 30, 2025, December 31, 2024 and June 30, 2024, was NTD 50,017, NTD 52,767 and NTD 59,379, respectively.
5. For credit risk information, please refer to Note 12(2).

(V) Other receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Treatment fees collected on behalf	\$ 112,046	\$ 119,264	\$ 122,620
Others	88	882	224
	<u>\$ 112,134</u>	<u>\$ 120,146</u>	<u>\$ 122,844</u>

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, 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	<u>\$ 23,909</u>	<u>(\$ 4,230)</u>	<u>\$ 19,679</u>

  

December 31, 2024			
	Cost	Allowance to reduce inventory to market	Carrying amount
Raw materials	\$ 3,103	(\$ 338)	\$ 2,765
Semi-finished products	598	-	598
Finished products	18,287	( 3,607)	14,680
Total	<u>\$ 21,988</u>	<u>(\$ 3,945)</u>	<u>\$ 18,043</u>

  

June 30, 2024			
	Cost	Allowance to reduce inventory to market	Carrying amount
Raw materials	\$ 2,613	(\$ 405)	\$ 2,208
Semi-finished products	2,521	( 32)	2,489
Finished products	17,165	( 2,734)	14,431
Total	<u>\$ 22,299</u>	<u>(\$ 3,171)</u>	<u>\$ 19,128</u>

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

For the three-month periods ended June 30			
	2025	2024	
Cost of inventory sold	\$ 3,707	\$ 2,470	
Inventory valuation loss (Gain from Recovery)	( 29)	80	
Unappropriated manufacturing expenses	4,294	4,471	
	<u>\$ 7,972</u>	<u>\$ 7,021</u>	

  

For the six-month periods ended June 30			
	2025	2024	
Cost of inventory sold	\$ 6,796	\$ 8,192	
Inventory valuation loss (Gain from Recovery)	285	( 640)	
Unappropriated manufacturing expenses	8,810	8,004	
	<u>\$ 15,891</u>	<u>\$ 15,556</u>	

For the three months ended June 30, 2025 and for the six months ended June 30, 2024, 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

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)
	<u>\$ 163,587</u>	<u>\$ 63,988</u>	<u>\$ 79,193</u>	<u>\$ 133,391</u>	<u>\$ 4,158</u>	<u>\$ 14,638</u>	<u>\$ 665</u>	<u>\$ 459,620</u>
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	<u>\$ 367,548</u>	<u>\$ 150,929</u>	<u>\$ 76,826</u>	<u>\$ 135,314</u>	<u>\$ 4,092</u>	<u>\$ 17,734</u>	<u>\$ 4,118</u>	<u>\$ 756,561</u>
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)
	<u>\$ 367,548</u>	<u>\$ 150,929</u>	<u>\$ 76,826</u>	<u>\$ 135,314</u>	<u>\$ 4,092</u>	<u>\$ 17,734</u>	<u>\$ 4,118</u>	<u>\$ 756,561</u>

	Land	Houses and buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be inspected	Total
January 1								
Cost	\$ 166,374	\$ 90,938	\$ 81,900	\$ 252,035	\$ 10,125	\$ 15,049	\$ 17,150	\$ 633,571
Accumulated depreciation	-	( 36,179)	( 13,977)	( 132,661)	( 5,560)	( 8,030)	-	( 196,407)
	<u>\$ 166,374</u>	<u>\$ 54,759</u>	<u>\$ 67,923</u>	<u>\$ 119,374</u>	<u>\$ 4,565</u>	<u>\$ 7,019</u>	<u>\$ 17,150</u>	<u>\$ 437,164</u>
January 1	\$ 166,374	\$ 54,759	\$ 67,923	\$ 119,374	\$ 4,565	\$ 7,019	\$ 17,150	\$ 437,164
Add	-	-	1,832	21,493	1,348	3,322	1,368	29,363
Cost of disposal	-	-	-	( 2,655)	( 132)	-	-	( 2,787)
Accumulated depreciation disposed	-	-	-	2,655	132	-	-	2,787
Transfers in the current period (Note)	-	15,302	15,168	150	-	5,082	( 18,518)	17,184
Depreciation expense	-	( 2,629)	( 4,350)	( 11,602)	( 897)	( 1,115)	-	( 20,593)
June 30	<u>\$ 166,374</u>	<u>\$ 67,432</u>	<u>\$ 80,573</u>	<u>\$ 129,415</u>	<u>\$ 5,016</u>	<u>\$ 14,308</u>	<u>\$ -</u>	<u>\$ 463,118</u>
June 30								
Cost	\$ 166,374	\$ 106,240	\$ 98,900	\$ 271,023	\$ 11,341	\$ 23,453	\$ -	\$ 677,331
Accumulated depreciation	-	( 38,808)	( 18,327)	( 141,608)	( 6,325)	( 9,145)	-	( 214,213)
	<u>\$ 166,374</u>	<u>\$ 67,432</u>	<u>\$ 80,573</u>	<u>\$ 129,415</u>	<u>\$ 5,016</u>	<u>\$ 14,308</u>	<u>\$ -</u>	<u>\$ 463,118</u>

Note: Please refer to Note VI (XXXI) for the number of transfers from January 1 to June 30 in 2025 and 2024.

1. For the six-month periods ended June 30, 2025 and 2024, 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, with a total purchase contract price of \$208,571 (excluding tax). As of March 31, 2025, \$9,932 had been prepaid (listed under "Other non-current assets - others"), and the remaining amount will be paid according to the contract.

(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:

2025				
	Land	Houses and buildings	Total	
January 1				
Cost	\$ 11,496	\$ 28,831	\$	40,327
Accumulated depreciation	( 2,363)	( 6,408)	(	8,771)
	<u>\$ 9,133</u>	<u>\$ 22,423</u>	<u>\$</u>	<u>31,556</u>
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	<u>\$ 8,750</u>	<u>\$ 8,650</u>	<u>\$</u>	<u>17,400</u>
June 30				
Cost	\$ 11,496	\$ 12,559	\$	24,055
Accumulated depreciation	( 2,746)	( 3,909)	(	6,655)
	<u>\$ 8,750</u>	<u>\$ 8,650</u>	<u>\$</u>	<u>17,400</u>
2024				
	Land	Houses and buildings	Total	
January 1				
Cost	\$ 11,496	\$ 4,619	\$	16,115
Accumulated depreciation	( 1,597)	( 1,637)	(	3,234)
	<u>\$ 9,899</u>	<u>\$ 2,982</u>	<u>\$</u>	<u>12,881</u>
January 1	\$ 9,899	\$ 2,982	\$	12,881
Add - New lease	-	22,958		22,958
Depreciation expense	( 383)	( 1,992)	(	2,375)
June 30	<u>\$ 9,516</u>	<u>\$ 23,948</u>	<u>\$</u>	<u>33,464</u>
June 30				
Cost	\$ 11,496	\$ 27,577	\$	39,073
Accumulated depreciation	( 1,980)	( 3,629)	(	5,609)
	<u>\$ 9,516</u>	<u>\$ 23,948</u>	<u>\$</u>	<u>33,464</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Total lease liabilities	\$ 17,708	\$ 31,051	\$ 32,981
Less: Those due within one year (presented as "Lease liabilities - current" in the table)	( 4,121)	( 6,262)	( 6,098)
	<u>\$ 13,587</u>	<u>\$ 24,789</u>	<u>\$ 26,883</u>

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

For the three-month periods ended June 30			
	2025		2024
<u>Items affecting the current profit or loss</u>			
Interest expense of lease liabilities	\$	69	\$ 142
Expenses of short-term lease contracts		112	240
Expenses on low-value asset leases		-	7
For the six-month periods ended June 30			
	2025		2024
<u>Items affecting the current profit or loss</u>			
Interest expense of lease liabilities	\$	134	\$ 217
Expenses of short-term lease contracts		235	240
Expenses on low-value asset leases		-	14
Gains on lease modifications	(	162)	-

6. For the six-month periods ended June 30, 2025 and 2024, the total cash outflow from the leases of the Group were NTD 1,296 and NTD 3,553, respectively.

(IX) Intangible assets

2025			
	Customer relations	Computer software	Total
January 1			
Cost	\$ 85,856	\$ 3,706	\$ 89,562
Accumulated amortization	( 17,171)	( 1,679)	( 18,850)
	<u>\$ 68,685</u>	<u>\$ 2,027</u>	<u>\$ 70,712</u>
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 31	<u>\$ 65,823</u>	<u>\$ 1,827</u>	<u>\$ 67,650</u>
June 31			
Cost	\$ 85,856	\$ 3,729	\$ 89,585
Accumulated amortization	( 20,033)	( 1,902)	( 21,935)
	<u>\$ 65,823</u>	<u>\$ 1,827</u>	<u>\$ 67,650</u>



	2024		
	Customer relations	Computer software	Total
January 1			
Cost	\$ 85,856	\$ 4,084	\$ 89,940
Accumulated amortization	( 11,447)	( 1,724)	( 13,171)
	<u>\$ 74,409</u>	<u>\$ 2,360</u>	<u>\$ 76,769</u>
January 1	\$ 74,409	\$ 2,360	\$ 76,769
Add - From separate acquisitions	-	572	572
Derecognized - cost	-	( 859)	( 859)
Derecognized - accumulated amortization	-	859	859
Amortization expenses	( 2,862)	( 478)	( 3,340)
June 31	<u>\$ 71,547</u>	<u>\$ 2,454</u>	<u>\$ 74,001</u>
June 31			
Cost	\$ 85,856	\$ 3,797	\$ 89,653
Accumulated amortization	( 14,309)	( 1,343)	( 15,652)
	<u>\$ 71,547</u>	<u>\$ 2,454</u>	<u>\$ 74,001</u>

1. The amortization of intangible assets is as follows:

	For the three-month periods ended June 30	
	2025	2024
Operating cost	\$ 1,558	\$ 1,542
Administrative expenses	133	134
	<u>\$ 1,691</u>	<u>\$ 1,676</u>
	For the six-month periods ended June 30	
	2025	2024
Operating cost	\$ 3,109	\$ 3,087
Administrative expenses	272	253
	<u>\$ 3,381</u>	<u>\$ 3,340</u>

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) Other non-current assets - others

	June 30, 2025	December 31, 2024	June 30, 2024
Prepayment for equipment purchase	\$ 26,071	\$ 423	\$ 7,706
Prepayment for land and building purchase	9,932	-	-
Prepayment for land and building purchase -Related parties	-	88,824	-
	<u>\$ 36,003</u>	<u>\$ 89,247</u>	<u>\$ 7,706</u>

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

(XI) Short-term borrowings

Nature of the loan	June 30, 2025	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 32,000	1.90%	Land, houses, and buildings

Nature of the loan	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 40,000	1.90%	Land, houses, and buildings
Credit borrowings	3,000	1.90%	None
	<u>\$ 43,000</u>		

Nature of the loan	June 30, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 40,000	1.95%	Land, houses, and buildings
Credit borrowings	27,000	1.95%	None
	<u>\$ 67,000</u>		

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

(XII) Short-term notes payable

Nature of the loan	June 30, 2025	Interest rate range	Collateral
Bank borrowings	\$ 30,000	1.998%	無
Secured borrowings	( 36)		
	<u>\$ 29,964</u>		

The balances of short-term bills payable as of December 31, 2024, and June 30, 2024, were both \$0.

(XIII) Other payables

	June 30, 2025	December 31, 2024	June 30, 2024
Dividends Payable	\$ 174,800	\$ -	\$ -
Bonuses and salaries payable	26,371	39,010	23,697
Treatment fees	16,343	14,101	24,385
Directors and employees remuneration	14,139	22,173	7,349
Payables for equipment	9,517	2,410	157
Others	15,986	11,895	16,310
	<u>\$ 257,156</u>	<u>\$ 89,589</u>	<u>\$ 71,898</u>

(XIV) Long-term borrowings

Nature of the loan	Term and repayment method of loans	Interest rate range	Collateral	June 30, 2024
Long-term bank borrowings				
Secured borrowings	Interest paid monthly from June 15, 2018 to June 15, 2033, with the principal being repaid in 180 installments beginning July 15, 2018.	2.425%	Land, houses and buildings	\$ 7,056
Less: Long-term borrowings due within one year				( 710)
(Listed as "Long-term liabilities due within one year or one operating cycle")				<u>\$ 6,346</u>

1. The balance of long-term borrowings as of June 30, 2025 and December 31, 2024, was NT\$0.

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

(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, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, the Group recognized pension costs of NTD 2,593, NTD 2,208, NTD 5,088, and NTD 4,308, respectively, in accordance with the above-mentioned pension measures.

(XVI) Other non-current liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Long-term payables:			
Long-term payables	\$ 33,615	\$ 41,006	\$ 49,214
Long-term payables due within one year (Listed as "Long-term liabilities due within one year or one operating cycle")	( 14,344)	( 14,227)	( 14,923)
Unrealized interest expense	( 921)	( 1,228)	( 1,597)
Subtotal	18,350	25,551	32,694
Long-term payables - related parties	4,747	2,392	3,457
Deposits received - non-current	434	1,514	714
Total	<u>\$ 23,531</u>	<u>\$ 29,457</u>	<u>\$ 36,865</u>

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-based payment

The Company's share-based payment arrangements for 2024 are as follows:

1. On March 28, 2024, the Company's Board of Directors passed a resolution to issue 6,000 thousand new shares through a cash capital increase, reserving 15% for subscription by employees of the controlling and subsidiary companies who meet certain conditions. Employees were thus granted stock options for 900 thousand shares with a subscription price of NT\$45 per share. The terms of the share-based payment agreement are as follows:

Types of agreements	Grant date	Number of shares granted (shares)	Contract period	Vesting conditions
Cash capital increase reserved for employee stock options	June 14, 2024	900,000	None	Immediately vested

The above share-based payment arrangement is settled on the basis of equity.

2. Detailed information about the above share-based payment arrangements is as follows:

	2024	
	Number of options (shares)	Weighted average exercise price (NT\$)
Options outstanding as of January 1	-	\$ -
Share options granted this period	900,000	45
Share options exercised this period	( 733,000)	45
Share options foregone this period	( 167,000)	45
Options outstanding as of June 30	-	-
Options exercisable as of June 30	-	-

3. The share-based payment transaction uses publicly quoted prices from an active market, and the fair value per share is calculated after considering liquidity discounts. The fair value of the stock options is then estimated using the Black-Scholes-Merton option pricing model. The relevant information is as follows:

Types of agreements	Grant date	Market price per share (NTD)	Strike price (NTD)	Expected volatility	Expected duration	Expected dividends	Risk-free interest rate	Fair value per unit (NTD)
Cash capital increase reserved for employee stock options	June 14, 2024	\$ 53.3	\$ 45	26.56%	0.02 years	-	1.30%	\$ 8.3

(XVIII) Share capital

1. As of June 30, 2025, the Company's authorized capital was NTD 600,000, divided into 60,000 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.

The adjustment of the number of outstanding common shares from January 1 to June 30, 2025 and 2024(in thousands of shares) is as follows:

	2025	2024
January 1	46,000	40,000
Capital increase in cash	-	6,000
June 30	46,000	46,000

2. To accommodate the initial public offering on the Innovation Board, the Company's Board of Directors passed a resolution on March 28, 2024, to issue 6,000 thousand new shares through a premium cash capital increase, with a par value of NT\$10 per share. The public offering price was NT\$45 per share, with a minimum auction price of NT\$43.27 per share. The weighted average price of successful bids was NT\$53.34 per share. Considering the necessary costs of issuing new shares, the total capital increase amounted to NT\$309,530. June 14, 2024 was set as the record date for the capital increase, and the registration change was completed on July 11, 2024.

(XIX) 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.

(XX) 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, 2025, and May 17, 2024, respectively approved the following earnings distribution proposals for the years 2024 and 2023:

	2024		2023	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Legal reserve	\$ 20,701	\$ -	\$ 10,453	\$ -
Cash dividends	174,800	3.80	94,000	2.35
	<u>\$ 195,501</u>		<u>\$ 104,453</u>	

(XXI) Operating revenue

	For the three-month periods ended June 30	
	2025	2024
Revenue from customer contracts	<u>\$ 188,000</u>	<u>\$ 157,748</u>
	For the six-month periods ended June 30	
	2025	2024
Revenue from customer contracts	<u>\$ 360,693</u>	<u>\$ 288,532</u>

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, 2025	Disposal Department		Treatment		Plastic-wood Department	Environmental Safety Department	Total
	Medical waste	waste	treatment	Reuse	wood materials	services	
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	<u>\$ 94,395</u>	<u>\$ 71,969</u>	<u>\$ 2,106</u>	<u>\$ 4,067</u>	<u>\$ 3,194</u>	<u>\$ 12,269</u>	<u>\$ 188,000</u>
Time of revenue recognition							
Revenue recognized at a specific point in time	\$ -	\$ -	\$ -	\$ -	\$ 3,194	\$ -	\$ 3,194
Revenue recognized over time	<u>94,395</u>	<u>71,969</u>	<u>2,106</u>	<u>4,067</u>	<u>-</u>	<u>12,269</u>	<u>184,806</u>
	<u>\$ 94,395</u>	<u>\$ 71,969</u>	<u>\$ 2,106</u>	<u>\$ 4,067</u>	<u>\$ 3,194</u>	<u>\$ 12,269</u>	<u>\$ 188,000</u>

  

For the three-month periods ended June 30, 2024	Disposal Department		Treatment		Plastic-wood Department	Environmental Safety Department	Total
	Medical waste	waste	treatment	Reuse	wood materials	services	
Revenue from department transactions	\$ 83,077	\$ 63,754	\$ 1,705	\$ 2,610	\$ 2,375	\$ 7,883	\$ 161,404
Revenue from inter-department transactions	( 1,800)	( 601)	-	-	( 1,255)	-	( 3,656)
Revenue from customer contracts	<u>\$ 81,277</u>	<u>\$ 63,153</u>	<u>\$ 1,705</u>	<u>\$ 2,610</u>	<u>\$ 1,120</u>	<u>\$ 7,883</u>	<u>\$ 157,748</u>
Time of revenue recognition							
Revenue recognized at a specific point in time	\$ -	\$ -	\$ -	\$ -	\$ 1,120	\$ -	\$ 1,120
Revenue recognized over time	<u>81,277</u>	<u>63,153</u>	<u>1,705</u>	<u>2,610</u>	<u>-</u>	<u>7,883</u>	<u>156,628</u>
	<u>\$ 81,277</u>	<u>\$ 63,153</u>	<u>\$ 1,705</u>	<u>\$ 2,610</u>	<u>\$ 1,120</u>	<u>\$ 7,883</u>	<u>\$ 157,748</u>

  

For the six-month periods ended June 30, 2025	Disposal Department		Treatment		Plastic-wood Department	Environmental Safety Department	Total
	Medical waste	Industrial waste	Effluent treatment	Reuse	Sales of plastic-wood materials	Sales of services	
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	<u>\$ 185,160</u>	<u>\$ 144,336</u>	<u>\$ 3,992</u>	<u>\$ 7,810</u>	<u>\$ 5,380</u>	<u>\$ 14,015</u>	<u>\$ 360,693</u>
Time of revenue recognition							
Revenue recognized at a specific point in time	\$ -	\$ -	\$ -	\$ -	\$ 5,380	\$ -	\$ 5,380
Revenue recognized over time	<u>185,160</u>	<u>144,336</u>	<u>3,992</u>	<u>7,810</u>	<u>-</u>	<u>14,015</u>	<u>355,313</u>
	<u>\$ 185,160</u>	<u>\$ 144,336</u>	<u>\$ 3,992</u>	<u>\$ 7,810</u>	<u>\$ 5,380</u>	<u>\$ 14,015</u>	<u>\$ 360,693</u>



For the six-month periods ended June 30, 2024	Environmental						Total
	Disposal Department		Treatment		Plastic-wood Department	Safety Department	
	Medical waste	Industrial waste	Effluent treatment	Reuse	Sales of plastic- wood materials	Sales of services	
Revenue from department transactions	\$ 164,065	\$ 107,587	\$ 3,669	\$ 3,339	\$ 8,783	\$ 7,883	\$ 295,326
Revenue from inter- department transactions	( 3,600)	( 1,210)	-	-	( 1,984)	-	( 6,794)
Revenue from customer contracts	<u>\$ 160,465</u>	<u>\$ 106,377</u>	<u>\$ 3,669</u>	<u>\$ 3,339</u>	<u>\$ 6,799</u>	<u>\$ 7,883</u>	<u>\$ 288,532</u>
Time of revenue recognition							
Revenue recognized at a specific point in time	\$ -	\$ -	\$ -	\$ -	\$ 6,799	\$ -	\$ 6,799
Revenue recognized over time	<u>160,465</u>	<u>106,377</u>	<u>3,669</u>	<u>3,339</u>	<u>-</u>	<u>7,883</u>	<u>281,733</u>
	\$ 160,465	\$ 106,377	\$ 3,669	\$ 3,339	\$ 6,799	\$ 7,883	\$ 288,532

## 2. Contract assets and contract liabilities

- (1) As of June 30, 2025, December 31, 2024, June 30, 2024, and January 1, 2024 the contract assets and contract liabilities related to customer contract revenue recognized by the Group are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Contract assets - current	<u>\$ 16,237</u>	<u>\$ 15,457</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities - current	\$ 63,957	\$ 59,858	\$ 57,681	\$ 50,799
Contract liabilities - non-current	<u>3,043</u>	<u>2,284</u>	<u>3,426</u>	<u>6,471</u>
	<u>\$ 67,000</u>	<u>\$ 62,142</u>	<u>\$ 61,107</u>	<u>\$ 57,270</u>

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

	For the three-month periods ended June 30	
	2025	2024
Revenue recognized in the current period from the beginning balance of contract liabilities	<u>\$ 16,923</u>	<u>\$ 19,008</u>
	For the six-month periods ended June 30	
	2025	2024
Revenue recognized in the current period from the beginning balance of contract liabilities	<u>\$ 40,020</u>	<u>\$ 38,896</u>

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, 2025, the allocated transaction price for portions not yet fully performed was \$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, 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).

(XXII) Interest revenue

	For the three-month periods ended June 30	
	2025	2024
Bank deposit interest	\$ 621	\$ 1,133
Interest income from financial assets measured at amortized cost	80	62
Other interest	5	-
	<u>\$ 706</u>	<u>\$ 1,195</u>

	For the six-month periods ended June 30	
	2025	2024
Bank deposit interest	\$ 825	\$ 1,838
Interest income from financial assets measured at amortized cost	158	121
Other interest	5	-
	<u>\$ 988</u>	<u>\$ 1,959</u>

(XXIII) Other income

	For the three-month periods ended June 30	
	2025	2024
Revenue from sale of waste materials	\$ 113	\$ -
Other income - others	5	11
	<u>\$ 118</u>	<u>\$ 11</u>

	For the six-month periods ended June 30	
	2025	2024
Government grants income	\$ -	\$ 4
Revenue from sale of waste materials	113	-
Other income - others	104	17
	<u>\$ 217</u>	<u>\$ 17</u>



(XXIV) Other gains and losses

		For the three-month periods ended June 30	
		2025	2024
(Loss ) Gain on disposal of property, plant and equipment	(\$	103)	\$ 452
Gains on Financial Assets at Fair Value through Profit or Loss		1,092	-
Other losses	(	56)	( 3)
	\$	<u>933</u>	<u>\$ 449</u>

		For the six-month periods ended June 30	
		2025	2024
(Loss ) Gain on disposal of property, plant and equipment	(\$	103)	\$ 452
Gains on lease modifications		162	-
Gains on Financial Assets at Fair Value through Profit or Loss		2,178	-
Other losses	(	295)	( 3)
	\$	<u>1,942</u>	<u>\$ 449</u>

(XXV) Financial cost

		For the three-month periods ended June 30	
		2025	2024
Interest expense:			
Bank borrowings	\$	125	\$ 267
Interest expense of lease liabilities		69	142
Interest expense of long-term payables		146	209
Financial cost	\$	<u>340</u>	<u>\$ 618</u>

		For the six-month periods ended June 30	
		2025	2024
Interest expense:			
Bank borrowings	\$	321	\$ 536
Interest expense of lease liabilities		134	217
Interest expense of long-term payables		307	433
Financial cost	\$	<u>762</u>	<u>\$ 1,186</u>

(XXVI) Additional information on the nature of expenses

	For the three-month periods ended June 30	
	2025	2024
Employee benefit expenses	\$ 67,823	\$ 62,987
Raw materials and supplies consumed	891	1,471
Changes in inventory of finished products and work-in-progress products	( 1,294)	( 2,938)
Transportation expense	9,126	8,663
Depreciation expense on property, plant and equipment	13,143	10,794
Repair and maintenance fee	5,336	4,543
Consumables	3,126	2,611
Amortization expenses	1,691	1,676
Service expense	2,330	1,946
Depreciation expense on right-of-use assets	1,041	1,571
Other expenses	13,063	14,014
Operating costs and operating expenses	<u>\$ 116,276</u>	<u>\$ 107,338</u>
	For the six-month periods ended June 30	
	2025	2024
Employee benefit expenses	\$ 132,799	\$ 117,546
Raw materials and supplies consumed	1,719	2,609
Changes in inventory of finished products and work-in-progress products	( 1,760)	( 1,863)
Transportation expense	17,549	16,202
Depreciation expense on property, plant and equipment	26,136	20,593
Repair and maintenance fee	10,341	9,221
Consumables	5,981	5,142
Service expense	4,726	4,437
Amortization expenses	3,381	3,340
Depreciation expense on right-of-use assets	1,902	2,375
Other expenses	22,585	21,820
Operating costs and operating expenses	<u>\$ 225,359</u>	<u>\$ 201,422</u>

(XXVII) Employee benefit expenses

	For the three-month periods ended June 30	
	2025	2024
Salary expense	\$ 54,452	\$ 48,051
Employee share option expenses	-	3,735
Labor and health insurance expense	4,905	4,271
Pension expense	2,593	2,208
Remuneration to directors	1,764	1,799
Other personnel expenses	4,109	2,923
	<u>\$ 67,823</u>	<u>\$ 62,987</u>
	For the six-month periods ended June 30	
	2025	2024
Salary expense	\$ 107,829	\$ 93,428
Employee share option expenses	-	3,735
Labor and health insurance expense	9,616	8,281
Pension expense	5,088	4,308
Remuneration to directors	3,338	2,624
Other personnel expenses	6,928	5,170
	<u>\$ 132,799</u>	<u>\$ 117,546</u>

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. On May 22, 2025, the shareholders' meeting resolved to amend the Articles of Incorporation to stipulate that no less than 28% should be distributed to the entry-level employees. The aforementioned employee remuneration may be distributed either in stock or in cash. The remuneration may be paid to employees of subsidiaries of the Company who meet certain criteria.
2. For the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, the estimated amount of employee remuneration of the Company was NTD 5,206, NTD 3,663, NTD 9,752 and NTD 6,220, respectively. The estimated amount of director remuneration was NTD 744, NTD 524, NTD 1,393 and NTD 889, respectively. The aforementioned employee remuneration was booked in the salary expense account.

For the six-month periods ended June 30, 2025, 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\$18,898 and directors' compensation of NT\$2,700 for 2024 on February 27, 2025, which is consistent with the amount recognized in the financial statements for 2024. As of May 9, 2025. It was paid in cash in June and July 2025.

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

(XXVIII) Income tax

1. Income tax expense

Components of income tax expenses:

		For the three-month periods ended June 30	
		2025	2024
Income tax for the current period:			
Income tax generated from current income of the current period	\$	14,946	\$ 10,697
( Overestimated) Underestimated	(	549)	4
income tax of previous years			
Total income tax for the current period		14,397	10,701
Deferred income tax:			
Reversal and origin of temporary differences	(	232)	14
Income tax expense	\$	14,165	\$ 10,715

		For the six-month periods ended June 30	
		2025	2024
Income tax for the current period:			
Income tax generated from current income of the current period	\$	28,152	\$ 18,309
( Overestimated) Underestimated	(	549)	4
income tax of previous years			
Total income tax for the current period		27,603	18,313
Deferred income tax:			
Reversal and origin of temporary differences	(	428)	188
Income tax expense	\$	27,175	\$ 18,501

2. The Company's profit-seeking enterprise income tax has been approved by the tax authorities up to 2023.

(XXIX) Earnings per share

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)
<u>Basic earnings per share</u>			
Net income attributable to the common shareholders of the parent company	\$ 58,976	46,000	\$ 1.28
<u>Diluted earnings per share</u>			
Net income attributable to the common shareholders of the parent company	\$ 58,976	46,000	
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	46,126	\$ 1.28
For the three-month periods ended June 30, 2024			
	Amount after-tax	Number of outstanding shares at the end of the period (thousand shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Net income attributable to the common shareholders of the parent company	\$ 40,942	41,121	\$ 1.00
<u>Diluted earnings per share</u>			
Net income attributable to the common shareholders of the parent company	\$ 40,942	41,121	
Impact of potential common shares with dilutive effect			
Employee remuneration	-	111	
Net profit attributable to common shareholders of the parent company for the current period, including the impact of potential common shares.	\$ 40,942	41,232	\$ 0.99

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)
<u>Basic earnings per share</u>			
Net income attributable to the common shareholders of the parent company	\$ 110,544	46,000	\$ 2.40
<u>Diluted earnings per share</u>			
Net income attributable to the common shareholders of the parent company	\$ 110,544	46,000	
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	46,210	\$ 2.39
For the six-month periods ended June 30, 2024			
	Amount after-tax	Number of outstanding shares at the end of the period (thousand shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Net income attributable to the common shareholders of the parent company	\$ 70,256	40,560	\$ 1.73
<u>Diluted earnings per share</u>			
Net income attributable to the common shareholders of the parent company	\$ 70,256	40,560	
Impact of potential common shares with dilutive effect			
Employee remuneration	-	149	
Net profit attributable to common shareholders of the parent company for the current period, including the impact of potential common shares.	\$ 70,256	40,709	\$ 1.73

(XXX) Transactions with Non-controlling Interests

1. In December 2024, the Company purchased an additional 33.33% of issued shares of Huan Xin from non-related parties for NT\$5,000 in cash. The carrying amount of Huan Xin's non-controlling interests at the acquisition date was NT\$8,011. This transaction decreased non-controlling interests by NT\$8,011 and increased equity attributable to owners of the parent by NT\$3,011.
2. The effect of changes in equity attributable to owners of the parent during 2024 is as follows:

		2024
Carrying amount of non-controlling interest purchase	\$	8,011
Consideration paid for non-controlling interests	(	5,000)
Capital Surplus - Difference Between the Actual Price of Acquisition or Disposal of Subsidiary Shares and Their Carrying Value	\$	3,011

(XXXI) Supplementary information on cash flow

1. Investment activities with partial cash payments:

	For the six-month periods ended June 30	
	2025	2024
(1) Purchase of property, plant and equipment	\$ 234,002	\$ 29,363
Add: Payables for equipment in the beginning of the period	2,410	367
Less: Payables for equipment on the end of the period	( 9,517)	( 157)
Paid in cash in the current period	<u>\$ 226,895</u>	<u>\$ 29,573</u>
	For the six-month periods ended June 30	
	2025	2024
(2) Purchase of intangible assets	\$ 319	\$ 572
Add: Long-term payables in the beginning of period - current	14,227	15,614
Add: Long-term payables in the beginning of period - non-current	25,551	39,779
Less: Long-term payables at the end of the period - current	( 14,344)	( 14,923)
Less: Long-term payables at the end of the period - non-current	( 18,350)	( 32,694)
Less: Other payables at the end of the period - non-current	( 17)	( 30)
Paid in cash in the current period	<u>\$ 7,386</u>	<u>\$ 8,318</u>

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

	For the six-month periods ended June 30	
	2025	2024
(1) Transfer of inventory to property, plant, and equipment	\$ -	\$ 1,054
(2) Transfer of other non-current assets to property, plant, and equipment	<u>\$ 89,197</u>	<u>\$ 16,130</u>

3. Financing activities with no cash flow effects:

	For the six-month periods ended June 30	
	2025	2024
The declared cash dividends of the period that have not been paid	<u>\$ 174,800</u>	<u>\$ -</u>

(XXXII) Changes in liabilities from financing activities

2025						
	Short-term borrowings	Short-term notes payable	Lease liabilities - current and non-current	Deposits received - current and non-current	Longt-term borrowings (including due within one year)	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	<u>\$ 32,000</u>	<u>\$ 29,964</u>	<u>\$ 17,708</u>	<u>\$ 7,532</u>	<u>\$ -</u>	<u>\$ 87,204</u>
2024						
	Short-term borrowings	Short-term notes payable	Lease liabilities - current and non-current	Deposits received - current and non-current	Longt-term borrowings (including due within one year)	Total liabilities from financing activities
January 1	\$ 51,000	\$ -	\$ 13,105	\$ 6,792	\$ 7,407	\$ 78,304
Changes in cash flow from financing activities	16,000	-	( 3,082)	1,348	( 351)	13,915
Additions of non-cash payments	-	-	22,958	-	-	22,958
June 30	<u>\$ 67,000</u>	<u>\$ -</u>	<u>\$ 32,981</u>	<u>\$ 8,140</u>	<u>\$ 7,056</u>	<u>\$ 115,177</u>

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
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	
		2025	2024
Service revenue:			
Sunny Friend Environmental Technology	\$	52,219	\$ 43,787
Sales revenue:			
Sunny Friend Environmental Technology		1,522	10
Total	\$	53,741	\$ 43,797
		For the six-month periods ended June 30	
		2025	2024
Service revenue:			
Sunny Friend Environmental Technology	\$	106,038	\$ 79,342
Sales revenue:			
Sunny Friend Environmental Technology		1,557	10
Total	\$	107,595	\$ 79,352

- (1) The Group's waste collection revenue is calculated by weight with reference to market prices, with payment terms of 30-60 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	
		2025	2024
Sunny Friend Environmental Technology	\$	564	\$ 393
		For the six-month periods ended June 30	
		2025	2024
Sunny Friend Environmental Technology	\$	1,149	\$ 643

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 settlement within 30 days after the service is provided.

3. Receivables from Related Parties

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable:			
Sunny Friend Environmental Technology	\$ 1,193	\$ 1,039	\$ 11

#### 4. Payables to related parties

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts payable:			
Sunny Friend Environmental Technology	\$ 28	\$ 16	\$ -
Other payables- others:			
Sunny Friend Environmental Technology	\$ -	\$ -	\$ 73
Other payables- handling expense:			
Sunny Friend Environmental Technology	\$ 143,173	\$ 133,149	\$ 149,818
Long-term payables- handling expense:			
Sunny Friend Environmental Technology	\$ 4,747	\$ 2,392	\$ 3,457

(1) Other payables- others to Sunny Friend are mainly miscellaneous expenses payable.

(2) 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, 2025, December 31, 2024 and June 30, 2024, Sunny Friend has completed the waste disposal and issued an invoice. The unpaid portion by the Company amounts to NTD 97,946, NTD 91,740 and NTD \$108,169, 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 49,974, NTD 43,801 and NTD 45,106, 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 1,022 recognized as of June 30, 2025.

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:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Total lease liabilities	\$ 447	\$ 19,081	\$ 21,437
Less: Those due within one year ( presented as "Lease liabilities – current" in the table )	( 297 )	( 4,780 )	( 4,734 )
Total	<u>\$ 150</u>	<u>\$ 14,301</u>	<u>\$ 16,703</u>

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

	<u>For the three-month periods ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Key management personnel	\$ 2	\$ 2
Sunny Friend Environmental Technology	-	103
	<u>\$ 2</u>	<u>\$ 105</u>
	<u>For the six-month periods ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Key management personnel	\$ 3	\$ 4
Sunny Friend Environmental Technology	15	137
	<u>\$ 18</u>	<u>\$ 141</u>

6. Other non-current assets - others

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Prepayment for equipment purchase:			
Sunny Friend Environmental Technology	<u>\$ 1,556</u>	<u>\$ -</u>	<u>\$ -</u>
Prepayment for land and building purchase:			
Sunny Friend Environmental Technology	<u>\$ -</u>	<u>\$ 88,824</u>	<u>\$ -</u>

7. Acquisition of Property, Plant and Equipment

(1) 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, and as of December 31, 2024, the prepaid property payment was \$88,824. The transfer of ownership and delivery were completed in January 2025. The aforementioned prepaid property payment was transferred to property, plant and equipment in January 2025. For related information, please refer to Note 6(7)3.

(2) Acquisition of Transportation Equipment

		For the three-month periods ended June 30	
		2025	2024
Sunny Friend Environmental Technology	\$	-	\$ 878
Other affiliates		-	2,700
	\$	-	\$ 3,578

  

		For the six-month periods ended June 30	
		2025	2024
Sunny Friend Environmental Technology	\$	-	\$ 1,298
Other affiliates		-	2,700
	\$	-	\$ 3,998

Mainly refers to vehicles and refrigeration equipments acquired from Sunny Friend Environmental Technology and other affiliates for business use.

8. Disposal of Property, Plant and Equipment

		For the three-month periods ended June 30			
		2025		2024	
	Nature	Disposal Proceeds	Disposal Gain	Disposal Proceeds	Disposal Gain
Other affiliates	Transportation equipment	\$ -	\$ -	\$ 376	\$ 376

  

		For the six-month periods ended June 30			
		2025		2024	
	Nature	Disposal Proceeds	Disposal Gain	Disposal Proceeds	Disposal Gain
Other affiliates	Transportation equipment	\$ -	\$ -	\$ 376	\$ 376

(III) Information on remuneration to key management personnel

		For the three-month periods ended June 30	
		2025	2024
Short-term employee benefits	\$	7,214	\$ 3,676
Post-employment benefits		67	47
Share-based payment		-	2,283
Total	\$	7,281	\$ 6,006

  

		For the six-month periods ended June 30	
		2025	2024
Short-term employee benefits	\$	11,729	\$ 6,955
Post-employment benefits		133	93
Share-based payment		-	2,283
Total	\$	11,862	\$ 9,331

(IV) Payment of dividends

The Company's shareholder meetings on May 22, 2025, and May 17, 2024, resolved to distribute cash dividends of NTD 100,378 and NTD 62,076 to Sunny Friend, which were paid in July 2025 and June 2024, respectively.

## VIII. Pledge assets

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

Asset item	Book value			Purpose of guarantee
	June 30, 2025	December 31, 2024	June 30, 2024	
Property, plant and equipment	\$ 187,685	\$ 188,395	\$ 189,278	Loan guarantee amount
Time deposits (presented as "financial assets measured at amortized cost -current" in the table)	8,972	3,195	895	Performance bond
Time deposits (presented as "financial assets measured at amortized cost - non-current" in the table)	14,906	21,088	14,366	Performance bond
	<u>\$ 211,563</u>	<u>\$ 212,678</u>	<u>\$ 204,539</u>	

## 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 191, NTD 319, NTD 365 and NTD 695 for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, respectively.

### (II) Commitments

As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group had signed but not yet completed major contracted projects, equipment purchases, and property contracts with total prices of NTD 257,083, NTD 305,985 and NTD 17,060, respectively. The Group had paid NTD 24,296, NTD 94,767 and NTD 13,098 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(27) 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 2024.

(II) Financial instruments - financial derivatives

1. Type of financial instrument

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Financial assets</u>			
Financial assets at fair value - current			
Financial assets mandatorily measured at fair value through profit or loss	\$ 166,531	\$ 280,440	\$ -
Financial assets measured at amortized cost			
Cash and cash equivalents	319,274	328,264	575,900
Financial assets measured at amortized cost - current	13,972	8,195	5,895
Notes receivable	7,641	5,559	8,470
Accounts receivable	48,824	51,728	59,368
Accounts receivable - related parties	1,193	1,039	11
Other receivables	112,134	120,146	122,844
Financial assets measured at amortized cost - non-current	14,906	21,088	14,366
Refundable deposits	36,813	29,170	26,027
	<u>\$ 721,288</u>	<u>\$ 845,629</u>	<u>\$ 812,881</u>
	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost			
Short-term borrowings	\$ 32,000	\$ 43,000	\$ 67,000
Short-term notes payable	29,964	-	-
Notes payable	8,108	6,542	4,476
Accounts payable	10,082	10,615	12,843
Accounts payable - related parties	28	16	-
Other payables	257,156	89,589	71,898
Other payables - related parties	143,173	133,149	149,891
Long-term borrowings (including those due within a year)	-	-	7,056
Long-term payables (including those due within a year)	32,694	39,778	47,617
Long-term payables - related parties	4,747	2,392	3,457
Deposits received (presented as "Other Current Liabilities" and "Other Non-Current Liabilities" in the table)	7,532	7,240	8,140
	<u>\$ 525,484</u>	<u>\$ 332,321</u>	<u>\$ 372,378</u>
Lease liabilities (current and non-current)	<u>\$ 17,708</u>	<u>\$ 31,051</u>	<u>\$ 32,981</u>

2. Risk management policy

There were no significant changes in this period. Please refer to Note 12 of the consolidated financial statements for 2024.

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, 2025 and 2024 would increase or decrease by NT\$1,665 and NT\$0, 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 Group's interest rate risk mainly arises from long-term borrowings issued at floating rates, which expose the Group to cash flow interest rate risk. For the three-month periods ended March 31, 2025 and 2024, the Group's borrowings issued at floating rates were primarily denominated in New Taiwan Dollars.
- B. When the NTD interest rate increases or decreases by 1%, while all other factors remain unchanged, the net income after tax for the three-month periods ended June 30, 2025 and 2024 will decrease or increase by NTD 0 and NTD 28, respectively, primarily due to the changes in interest expenses resulting from floating interest rate 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, 2025 and 2024 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, 2025, December 31, 2024 and June 30, 2024 is as follows:

	Individual	Group	Total
<u>June 30, 2025</u>			
Expected loss rate	-	0.064%~8.684%	
Total carrying amount	\$ -	\$ 57,744	\$ 57,744
Allowance to reduce losses	\$ -	\$ 86	\$ 86
<u>December 31, 2024</u>			
Expected loss rate	-	0.032%~7.097%	
Total carrying amount	\$ -	\$ 58,370	\$ 58,370
Allowance to reduce losses	\$ -	\$ 44	\$ 44
<u>June 30, 2024</u>			
Expected loss rate	-	0.032%	
Total carrying amount	\$ -	\$ 67,900	\$ 67,900
Allowance to reduce losses	\$ -	\$ 51	\$ 51

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

	2025		
	Notes receivable	Accounts receivable	Total
January 1	\$ 2	\$ 42	\$ 44
Impairment loss recognized	3	39	42
June 30	\$ 5	\$ 81	\$ 86
	2024		
	Notes receivable	Accounts receivable	Total
January 1	\$ 7	\$ 36	\$ 43
Impairment loss recognized	1	35	36
Reversal of impairment loss	( 5)	( 23)	( 28)
June 30	\$ 3	\$ 48	\$ 51

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:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Floating interest rate			
Due within one year	<u>\$ 113,000</u>	<u>\$ 132,000</u>	<u>\$ 108,000</u>

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.

<u>Non-derivative financial liabilities:</u>				
<u>June 30, 2025</u>	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>More than 3 years</u>	
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)	4,344	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	-	

Non-derivative financial liabilities:

December 31, 2024	Within 1 year	1 to 3 years	More than 3 years
Short-term borrowings	\$ 43,000	\$ -	\$ -
Notes payable	6,542	-	-
Accounts payable	10,615	-	-
Accounts payable - related parties	16	-	-
Other payables	89,589	-	-
Other payables - related parties	133,149	-	-
Lease liabilities - current and non-current (Note)	6,729	12,976	12,807
Long-term payables (including those due within a year) (Note)	14,783	18,869	7,354
Long-term payables - related parties	-	2,392	-
Guarantee deposits received (presented under "Other current liabilities" and "Other non-current liabilities")	5,726	1,514	-

Non-derivative financial liabilities:

June 30, 2024	Within 1 year	1 to 3 years	More than 3 years
Short-term borrowings	\$ 67,000	\$ -	\$ -
Notes payable	4,476	-	-
Accounts payable	12,843	-	-
Other payables	71,898	-	-
Other payables - related parties	149,891	-	-
Lease liabilities - current and non-current (Note)	6,600	12,940	15,110
Long-term borrowings (including those due within a year)	869	1,738	5,211
Long-term payables (including those due within a year) (Note)	15,600	24,218	9,396
Long-term payables - related parties	-	3,457	-
Guarantee deposits received (presented under "Other current liabilities" and "Other non-current liabilities")	7,426	714	-

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, 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:

<u>June 30, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Recurring Fair Value				
Financial assets at fair value through profit and loss				
Beneficiary certificates	\$ 166,531	\$ -	\$ -	\$ 166,531
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Recurring Fair Value				
Financial assets at fair value through profit and loss				
Beneficiary certificates	\$ 280,440	\$ -	\$ -	\$ 280,440

(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: No such situation.
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 2 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	\$ 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

For the six-month periods ended June 30, 2024						
	Disposal	Treatment	Plastic-wood	Environmental Safety	Adjustment and write-off	Total
Revenue from external customers	\$ 266,842	\$ 7,008	\$ 6,799	\$ 7,883	\$ -	\$ 288,532
Inter-department transactions	4,810	-	1,984	-	(6,794)	-
Disposal Department	<u>\$ 271,652</u>	<u>\$ 7,008</u>	<u>\$ 8,783</u>	<u>\$ 7,883</u>	<u>(\$ 6,794)</u>	<u>\$ 288,532</u>
Net profit of the department	<u>\$ 100,218</u>	<u>(\$ 3,393)</u>	<u>(\$ 10,831)</u>	<u>\$ 930</u>	<u>\$ 186</u>	<u>\$ 87,110</u>
The profit and loss of the department includes:						
Depreciation expenses	<u>\$ 16,731</u>	<u>\$ 1,637</u>	<u>\$ 4,355</u>	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ 22,968</u>
Amortization expenses	<u>\$ 3,308</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 3,340</u>

(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, 2025

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 -	9,500,827.38	\$ 166,531	-	\$ 166,531	

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.

Note 5: The securities that must be presented in this table are determined by the Company based on the principle of materiality.

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, 2025

Appendix Table II

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	\$ 106,483	\$ 29,771	\$ 29,771	Subsidiary
"	Cheng Shin Environmental Engineering Co., Ltd.	Tainan City	Disposal of medical waste	34,357	34,357	2,000	100.00	66,086	7,722	7,722	"
"	Huan Hsin Precision	Yunlin County	Manufacturing of building	-	25,000	-	-	- (	121) (	121)	"

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.

Note 3: Huan Hsin Precision Co., Ltd. was merged into the Company on February 3, 2025. Please refer to Note 4(3) for details.