



Stock Code  
1109

# HSING TA CEMENT CO.,LTD.

## 2025 Annual Report

HSING TA company website  
<http://www.hsingta.com.tw>

Market Observation Post System  
<http://mops.twse.com.tw>

Published on May 31, 2026

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- **Overseas securities exchange listing: None**

- **Company website: <http://www.hsingta.com.tw>**

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## **One. Letter to Shareholders**

Dear shareholders:

Looking back on the past year, the cement industry has faced unprecedented and severe challenges. Continued government measures to cool the housing market, a slowdown in the construction sector, constraints on channels for disposing of excavated soil, and delays in budgets for certain major public construction projects all contributed to a contraction in overall market demand, which in turn affected cement shipment momentum. In addition, imported cement continued to pressure domestically produced cement, eroding its market share through ultra-low prices. Nevertheless, the Company remained firm in maintaining its selling prices to preserve its gross margin and refrained from engaging in destructive low price competition, thereby safeguarding the interests of our respected stakeholders and shareholders.

Furthermore, as national climate change policies continued to advance, the collection of carbon fees formally entered the implementation stage. This not only directly increased production costs but also compelled the industry to accelerate its transformation. Under the dual pressures of declining revenue and surging costs, the Company has consistently adhered to the principle of prudent operations, refining production processes and strictly controlling various expenses to maintain its core competitiveness.

### **The results of the Group's operations for 2025 are as follows:**

**Production:** Cement and clinker production was about 2.11 million metric tons, an increase of 15.41% compared with last year.

**Sales:** Operating revenues for the year were NT\$4.4 billion, a slight decrease of 4.83% compared to last year.

**Operations:** For the year, consolidated net income was NT\$382,272 thousand, a decrease of 27.09% compared to last year.

Domestically, the Group's revenue decreased by 14.99%; the revenue of our plants in China increased by 8.96%.

**Dividends:** The Board of Directors resolved to distribute a cash dividend of NT\$0.9 per share from retained earnings.

In 2025, the Mainland China cement market had yet to recover. Demand continued to decline due to reduced support from infrastructure investment and drag from the property sector. The problem of excess capacity also failed to ease effectively, as certain industry participants did not strictly implement staggered production and other capacity control measures. Under conditions of oversupply and intense market competition, although industry participants actively attempted price coordination, some failed to comply in practice, causing cement prices to rise initially and then fall, with the market as a whole showing a volatile downward trend.

During 2025, Jiangsu Xinning Plant completed several production line modification projects to comply with government requirements and benchmarks related to ultra-low emission laws, regulations, and policies. Although the pressure from transformation costs has been substantial, it also presents opportunities: small and medium sized capacity enterprises that fail to meet the requirements of the

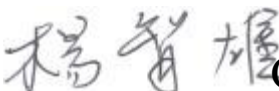
government's new policies will face the risk of elimination, thereby accelerating the reduction of excess capacity.

To respond to the net zero emissions trend and optimize product structure, the Company has decided to install a limestone powder vertical roller mill at the Nanshenghu Plant this year. This is a strategically significant investment:

- In house raw material production: Going forward, we will produce limestone powder in house, eliminating the need for external purchases and effectively reducing dependence on outside raw materials.
- Transition to low-carbon products: By increasing the use of limestone powder, we will be able to produce more low-carbon cement and reduce the carbon footprint per unit of product. This will become an important competitive advantage for us in the era of carbon fee collection.
- Expansion of diversified revenue streams: In addition to internal use, limestone powder may also be sold externally as a product. For ready-mixed concrete customers, it is expected to gradually replace fly ash, which is subject to unstable supply and significant price fluctuations, thereby creating a new source of revenue growth for the Company.

Looking to the future, although the construction market may continue to be affected in the short term by policy and macroeconomic fluctuations, the Company remains cautiously optimistic about its medium- and long-term development. We will continue to strengthen resource recycling and reuse and actively evaluate various investments, while balancing environmental protection and revenue growth, in order to create stable long-term value for our respected stakeholders and investors.

Sincerely,

 Chairman

## **I. Operation Overview**

At the beginning of 2025, the Company successfully completed the “ESP to Bag Filter Conversion” project and commenced production, marking a new milestone in its environmental upgrade. In order to cool the real estate market, the government introduced a series of credit controls and lending restrictions that affected presale housing transactions. In addition, political factors hindered the budgets of certain public construction projects, while channels for the disposal of excavated construction soil remained constrained, causing demand in the concrete and overall cement markets to decline sharply and subjecting the Company to severe operating challenges.

As the market contracted, low priced imported cement continued to erode the domestic market. Although the Cement Association obtained the imposition of anti-dumping duties on Vietnamese cement in July 2025, with the maximum duty rate reaching 23.2%, and subsequently began discussions on filing an application against Indonesia, the Company still experienced a slight decline in sales volume due to competitive pressure from domestic importers such as Goldsun Building Materials Co., Ltd., Jin Yu Enterprise Co., Ltd., and Universal Cement Corporation. Even so, the management team demonstrated strong resilience and firmly upheld selling prices to protect gross margin, ultimately achieving the Company’s annual profit target.

In addition, in response to the trend toward carbon fee payments, the Company has actively advanced its transformation toward low-carbon production. In 2025, the Company successfully achieved its targets on schedule, producing and selling 500 metric tons of Type IL limestone cement and 20,000 metric tons of Type IS blast furnace cement, thereby qualifying for Preferential Rate B. It is expected that the carbon fee will be significantly reduced from NT\$300 per ton to NT\$100 per ton. In addition, because the cement industry is classified as a high carbon leakage risk sector and is therefore subject to an emissions adjustment coefficient of 0.2, the carbon cost will be reduced to NT\$20 per ton, significantly easing the cost burden. The Business Department and the Nanshenghu Plant will continue to refine their efforts. For the year 2026, they have set voluntary reduction targets of producing and selling 3,000 metric tons of Type IL cement and 25,000 metric tons of Type IS cement to ensure continued eligibility for the preferential rate.

Looking ahead to 2026, the Company will adopt “balancing project pricing with shipment volume” and “breaking through the market stalemate” as its core guiding principles. The management team will place greater focus on changes in cement market prices and, in response to customer demand, promptly submit project prices for approval to secure a stable long-term shipment share. The Nanshenghu Plant is also installing a limestone powder vertical roller mill this year, with the aim of producing and selling limestone powder to replace part of fly ash. This is expected to open up a new niche in a cement market with largely fixed sales volume and enhance overall revenue. The Company will also continue to uphold the spirit of environmental sustainability and, together with the Association, advocate for a Taiwan version of CBAM so that domestically produced and imported cement may compete fairly on the basis of an equitable carbon burden.

In the domestic cement market, total cement consumption in 2025 was approximately 13.5 million metric tons. The Company’s sales of cement and clinker amounted to around 583,000 metric

tons, a decrease of 56,000 metric tons from the previous year. Sales revenue totaled NT\$1,657,115 thousand, a year-on-year decrease of 5.9%.

In the mainland China cement market in 2025, the Company's Mainland China subsidiaries sold a total of 1,533,081 metric tons of cement and clinker, including 330,098 metric tons of PII52.5 bulk cement, a decrease of 104,804 metric tons or 24% from last year; 1,147,205 metric tons of PO42.5 bulk cement, an increase of 334,845 metric tons or 41% from last year; 51,385 metric tons of PC42.5 bulk cement, which was not produced last year; and 4,392 metric tons of clinker, which was not sold last year. In 2025, cement demand continued to drop due to the ongoing decline in real estate investment and the decrease in infrastructure investment. The imbalance between supply and demand further intensified, resulting in fiercer market competition, with cement prices fluctuating downward overall. However, benefiting from the marked decline in coal costs in the first half of the year, industry profits recovered to some extent over the entire year.

In terms of revenue, it will maintain the existing incomes from rental and resource recycle and reuse while at the same time, taking care of social needs, environmental protection, and economic development to achieve the objectives of industrial symbiosis and sustainable social development. In 2025, the Company's income from recycling processing was NT\$81,784 thousand, and lease income was NT\$48,599 thousand, with a combined decrease of NT\$2,281 thousand compared to the previous year.

The consolidated operating revenue for 2025 was NT\$4,431,539 thousand, down 4.83% from NT\$4,656,290 thousand in 2024; consolidated net income for 2025 was NT\$382,272 thousand, a decrease of 27.09% from NT\$524,281 thousand in 2024.

## II. Comparison of the performance in 2025 and 2024

Unit: metric tons

Cement and clinker	Production quantity			Sales volume		
	2025	2024	Increase (decrease) %	2025	2024	Increase (decrease) %
Domestic	588,393	586,427	0.34	583,474	632,576	(7.76)
Mainland	1,519,581	1,240,078	22.54	1,533,081	1,247,263	22.92
Total	2,107,974	1,826,505	15.41	2,116,555	1,879,839	12.59

Unit: Thousand \$NT

Operating revenues	2025	2024	Increase (decrease) amount	Increase (decrease) %
Domestic	2,279,204	2,681,025	(401,821)	(14.99)
Mainland	2,152,335	1,975,265	177,070	8.96
Consolidated operating revenues	4,431,539	4,656,290	(224,751)	(4.83)
Consolidated net profits for the period	382,272	524,281	(142,009)	(27.09)

### **III. Research and development**

The Company formally commenced the production and sale of Portland IL type limestone cement in 2025 and expects to achieve this year's targets of 3,000 metric tons of Type IL cement and 25,000 metric tons of Type IS blast furnace cement. This initiative not only implements the Ministry of Environment's Voluntary Reduction Plan, but also ensures that the Company will continue to enjoy the preferential carbon fee rate. In addition, the Nanshenghu Plant is actively engaged in the research and optimization of the alkali equivalent of IL type cement in order to precisely meet the stringent requirements for "low-alkali cement" in public infrastructure projects such as MRT works.

In response to the anticipated reduction in fly ash output resulting from the national energy transition from coal-fired power generation to gas-fired power generation, the Company has made a forward-looking deployment by planning the installation of a limestone powder vertical roller mill. The equipment is expected to be completed by the end of 2026, with a single unit hourly output of 13 to 15 metric tons and the capability to produce high specification limestone powder with fineness exceeding 10,000. In addition to supplying the Company's own low-carbon cement production, it may also supply ready-mixed concrete plants externally as a substitute for part of their fly ash demand, thereby ensuring raw material supply stability and creating additional profit opportunities.

### **IV. Business promotion and development direction and strategy**

- (I) Appropriate preferential project prices will be offered from time to time after due consideration, with a view to securing stable shipment volumes and maintaining market share in an increasingly cooling market.
- (II) Active participation in public construction projects continues, such as the Taipei MRT Wanda-Shulin Line, South Circular Line, and North Circular Line; New Taipei MRT Xidong Line; the Xinzhuang-Taishan Wenzizun rezoning project; the Tambei Road project; and the Taoyuan MRT Green Line.
- (III) Continue to promote the use of the Company's Type IS blast furnace cement in geotechnical improvement and foundation engineering projects, and recommend that customers trial the use of Type IL limestone cement.
- (IV) The carbon footprint label has been printed on 40 kg bags of Type I cement to satisfy customers' needs in green building material tenders.
- (V) Continuously monitor customers' status and adjust their credit limits and payment terms in a timely manner to avoid the risk of bad debts.
- (VI) Customers are encouraged to adopt factory pick-up transactions to reduce the instability caused by vehicle dispatches to construction sites.
- (VII) Promote the Company's Type IL limestone cement through Hua Kuang Engineering testing to confirm compliance with the requirements for low-alkali cement, with an alkali equivalent of less than 0.6%, so as to replace part of the demand for Type I low-alkali cement.

- (VIII) Following the installation of the limestone powder vertical roller mill, actively promote the Company's limestone powder as a substitute for part of fly ash, thereby expanding revenue opportunities.

**V. Approaches in response to the effects of external competition, legal environment, and overall business environment.**

- (I) To fulfill the responsibility of environmental protection and sustainable development, the Company produces and sells Type IL limestone cement to reduce carbon dioxide emissions.
- (II) Actively carry out various equipment investments and improvements, including the addition of spraying equipment for the limestone storage yard to expand spray coverage.
- (III) Prompt customers to arrange shipments in a timely manner based on inventory levels in order to achieve daily shipment targets.
- (IV) Understand market information and intelligence relating to other cement manufacturers, including developments involving domestic ready-mixed concrete suppliers and imported cement traders, and promptly report such information to the Company and the Nanshenghu Plant to support timely operational adjustments.
- (V) Adjust the sales strategy for Type IL limestone cement from time to time, gradually allowing Type IL cement to replace part of Type I cement and Type IS blast furnace cement.

## **VI. Business plan and outlook for 2026**

Looking ahead to 2026, amid a cooling housing market and slowing public construction, the Company will not only strive to achieve its target of producing and selling 600,000 metric tons, but will also actively respond to the domestic energy transition trend. As thermal power generation shifts from coal to gas, fly ash output is bound to decrease year by year. In response, the Nanshenghu Plant is installing a vertical roller mill for limestone powder. In the future, the limestone powder produced will not only be used internally but may also replace part of the fly ash as a concrete admixture, enabling the Company to seize market opportunities arising from changes in environmental protection policies.

### **Domestic cement market:**

Public construction continues to benefit from ongoing infrastructure development. Projects such as the Taoyuan Railway Underground Project, the Taipei MRT Circular Line, and the Taoyuan MRT Green Line remain under construction and are expected to continue contributing stable shipment volume this year. However, due to the government's continued housing market controls and credit restrictions, the momentum of private construction projects is unlikely to improve in northern Taiwan. Only projects in the Beitou Shilin Technology Park area of Taipei City have remained relatively active, while overall growth momentum remains limited.

In addition, progress has been made in the anti-dumping action filed by the Cement Association against Vietnamese cement. On July 28, 2025, the Ministry of Finance determined, through its investigation, that imported cement and clinker from Vietnam had indeed been dumped and posed a threat of material injury to the domestic industry. Consequently, it formally imposed anti-dumping duties for a period of five years, with the maximum rate reaching 23.2%. The Association has also moved swiftly to discuss filing an anti-dumping investigation with the Customs Administration, Ministry of Finance against cement and clinker from Indonesia, in the hope of rectifying market order and restoring fair and healthy competition between imported and domestically produced cement.

In summary, domestic cement demand in 2026 is estimated to be approximately 13 million metric tons. Although importers are still expected to account for nearly 30% of the total market, the Company's internal assessment indicates that, by leveraging project opportunities and a diversified product portfolio, the annual sales target for cement and clinker in Taiwan remains set at 600,000 metric tons, while the limestone sales target is 110,000 metric tons.

### **Mainland China's cement market:**

In 2026, China's cement industry will enter a deep adjustment period amid shrinking demand and pressure for supply side optimization. Enterprises must break the short term price war impasse through coordination and secure a leading position in long-term development through transformation in order to achieve a high quality breakthrough amid policy constraints and market fluctuations.

On the demand side, under the dual carbon strategy and economic structural transformation, total cement demand in Mainland China in 2026 will continue its mild downward trend. Annual consumption is estimated at approximately 1.85 billion metric tons, representing a year-on-year decrease of approximately 2.1%. On the supply side, under the stringent constraints of government

capacity management policies, small and medium sized capacity operators face the risk of elimination, and the process of reducing excess capacity will accelerate. The supply demand balance is expected to be gradually rebuilt, cement prices are expected to rebound, and industry performance is expected to continue recovering from low levels.

The cement industry is facing pressure from requirements and standards relating to ultra-low emission policies, inclusion in the carbon market, and market oriented electricity reform. Enterprises will accelerate low-carbon technological transformation in response. Although the cost of low-carbon technological transformation is considerable, structural opportunities remain. The resilience of infrastructure investment, growth in demand for high end products, and expansion into overseas markets will provide enterprises with room for differentiation. The buildup of green technology capabilities and the deep penetration of regional markets will become key to profitability.

On the market side, the Company will continue to monitor the release schedule of public construction projects and prudently evaluate opportunities for recovery in private construction projects. On the operational side, the Company will continue to promote energy conservation, carbon reduction, digital management, and equipment upgrades to address the long-term impact of the carbon fee system. We firmly believe that, through prudent operations and forward-looking deployment, Hsing Ta Cement will be able to maintain a firm footing during this period of industry adjustment and gradually build growth momentum. In the future, the Board of Directors and the management team will continue to prioritize enhancing the Company's value and protecting shareholder interests as their highest principles, leading the Company into a new stage of sustainable development.

## Two. Corporate Governance Report

### I. Information on directors, general managers, deputy general managers, senior managers, and officers of various departments

#### (I) Director

##### 1. Information on directors I

April 18, 2026

Title	Nationality or place of registration	Name	Gender and age	Date elected	Term of office	Date first elected	No. of shares held at time of election		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Main experience (academic)	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are managerial officers or directors of the Company			Note
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship	
Chairman	Republic of China	Zhi-Xiong Yang	Male 71-80 years old	2024.06.19	3 years	1991.05.24 (Note 1)	34,905,166	10.23%	34,982,166	10.25%	14,527	0.00%	0	0.00%	Department of Industrial Management, Tamsui Institute of Business Administration	Chairman, Hsing Ta Cement and HSIN I READY-MIXED CONCRETE CO., LTD.	Director Director Director	Zhong-Xiong Yang Ren-Xiong Yang Yin-Hsing Yang	Brothers Sister and brother	None
Director	Republic of China	Zhong-Xiong Yang	Male Over 81 years old	2024.06.19	3 years	1991.05.24 (Note 1)	41,528,048	12.17%	35,028,048	10.27%	2,779	0.00%	0	0.00%	Department of Banking, National Chengchi University; Chairman, Hsing Ta Cement; President, Hsing Ta Cement	Chairman, Tang-Hai Yang Social Welfare Charitable Foundation	Chairman Director Director	Zhi-Xiong Yang Ren-Xiong Yang Yin-Hsing Yang	Brothers Brothers Sister and brother	None
Director	Republic of China	Ren-Xiong Yang	Male 71-80 years old	2024.06.19	3 years	1991.05.24 (Note 1)	36,108,783	10.58%	36,108,783	10.58%	1,153	0.00%	0	0.00%	Department of Hydraulic Engineering, Tamkang University	Chairman, Soaring Power Corp.; Chairman, Jiangsu Xinning New Building Materials Co., Ltd.; Chairman, Jiangsu Xinning New Building Materials Co., Ltd.; Chairman, Nanjing Xinrong Environmental Protection	Director Chairman Director	Zhong-Xiong Yang Zhi-Xiong Yang Yin-Hsing Yang	Brothers Brothers Sister and brother	None

Title	Nationality or place of registration	Name	Gender and age	Date elected	Term of office	Date first elected	No. of shares held at time of election		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Main experience (academic)	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are managerial officers or directors of the Company			Note
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship	
															New Material Co., Ltd.					
Director	Republic of China	Da-Qin Yang	Male Under 60 years old	2024.06.19	3 years	2009.06.19	8,145,934	2.39%	8,145,934	2.39%	0	0.00%	0	0.00%	Department of Information Management, National Yunlin University of Science and Technology; Chairman, HSING TA INDUSTRIAL (SHENZHEN) CO., LTD.	Chairman, HSING TA INDUSTRIAL (SHENZHEN) CO., LTD.	None	None	None	None
Director	Republic of China	Yin-Hsing Yang	Female Over 81 years old	2024.06.19	3 years	2024.06.19	5,169,655	1.52%	5,169,655	1.52%	0	0.00%	0	0.00%	Tam-kang High School	None	Director Chairman Director	Zhong-Xiong Yang Zhi-Xiong Yang Ren-Xiong Yang	Sister and brother Sister and brother Sister and brother	None
Director	Republic of China	Debo Investment Co., Ltd.	-	2024.06.19	3 years	2016.06.22	50,000	0.01%	50,000	0.01%	0	0.00%	0	0.00%	None	None	None	None	None	None
	Republic of China	Representative: Bo-Wei Yang	Male Under 60 years old	2024.06.19	3 years	-	3,033,133	0.89%	3,033,133	0.89%	0	0.00%	0	0.00%	Department of Industrial Engineering, Dayeh University; Vice Chairman, Qin Da Construction Co., Ltd.	Vice Chairman, Qin Da Construction Co., Ltd.	None	None	None	None
Independent director	Republic of China	Rui-Tai Wu	Male Under 60 years old	2024.06.19	3 years	2021.07.09	0	0%	0	0%	0	0.00%	0	0.00%	Department of Financial Management, National Chengchi University; Assistant Manager of Underwriting Department, Fubon Securities; Supervisor at Syncmold Enterprise Corp.; Chairman of J-Mas Enterprise Co., Ltd.; Supervisor at Leohab Enterprise Co., Ltd.	Director at Borden Technology Corporation; director at Sayyo Games Co., Ltd.	None	None	None	None

Title	Nationality or place of registration	Name	Gender and age	Date elected	Term of office	Date first elected	No. of shares held at time of election		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Main experience (academic)	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are managerial officers or directors of the Company			Note
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship	
Independent director	Republic of China	Da-Xiong Chen	Male Over 81 years old	2024.06.19	3 years	2024.06.19	0	0%	0	0%	0	0.00%	0	0.00%	Bachelor of Law, National Taiwan University; Part-time employee, Taiwan Mitsubishi Corporation; Chairperson, NEW NORTHERN KNITTING CO., LTD.; Chairperson, Shanghai Jia-Neng Garment Co., Ltd.; Supervisor General, National Association of Small & Medium Enterprises, R.O.C.; Executive Director, Importers and Exporters Association of Taipei; Board Director, Republic of China Trade Education Foundation; Chinese Taipei Representative to APEC Business Advisory Council (ABAC), 1996–1997	Honorary Chairman and CSO, Pershing Technology Services Corporation; Chairman, Xiuzhi Co., Ltd.; Chairman, Xiuzi International Co., Ltd.; Independent Director of ACME Electronics Corporation; Director of Tang-Hai Yang Social Welfare Charitable Foundation	None	None	None	None
Independent director	Republic of China	Li-Xiong Chen	Male 71–80 years old	2024.06.19	3 years	2024.06.19	0	0%	0	0%	0	0.00%	0	0.00%	Master of Business Administration, University of West Florida; Chairman of Taishin D.A. Finance Co., Ltd.; Chairman, Taishin Financial Leasing (China) Co., Ltd.; Director of NOVAX Material & Technology Inc.	Director of Taishin D.A. Finance Co., Ltd.; Director, Taishin Financial Leasing (China) Co., Ltd.; Director of NOVAX Material & Technology Inc.	None	None	None	None

Note 1: Date elected before listing.

**Major shareholders of juristic-person shareholder**

April 18, 2026

Name of corporate shareholder	Major shareholders of juristic-person shareholder
Debo Investment Co., Ltd.	Qin Da Construction Co., Ltd. 100%

**Major shareholders of the juristic-person shareholder, if the major shareholder is a legal entity**

April 18, 2026

Name of shareholder	Major shareholders of juristic-person shareholder
Qin Da Construction Co., Ltd.	Hsing Ta Cement Co., Ltd 19.90% Debo Investment Co., Ltd. 15.36% Xue-Hua Lin 61.07% Zhi-Xiong Yang 2.47% Zhong-Xiong Yang 0.43% Ren-Xiong Yang 0.56% Da-Qin Yang 0.21%

## 2. Information on directors II

Disclosure of information on directors' professional qualifications and independence of independent directors:

April 18, 2026

<b>Criteria Name</b>	<b>Professional qualifications and experience</b>	<b>Independence status</b>	<b>Number of other public companies in which the individual is concurrently serving as an independent director</b>
Zhi-Xiong Yang	Has more than five years of work experience and expertise in the cement industry and business management; is not under any circumstances under Article 30 of the Company Act.	Has a relative within second degree of kinship who also serves as a director at the Company or an affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Zhong-Xiong Yang	Has more than five years of work experience and expertise in the cement industry, finance, and business management; is not under any circumstances under Article 30 of the Company Act.	Has a relative within second degree of kinship who also serves as a director at the Company or an affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Ren-Xiong Yang	Has more than five years of work experience and expertise in the cement industry, trade, and business management; is not under any circumstances under Article 30 of the Company Act.	Has a relative within second degree of kinship who also serves as a director at the Company or an affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Da-Qin Yang	Has more than five years of work experience and expertise required in the cement industry; is not under any circumstances under Article 30 of the Company Act.	Has no spouse nor a relative within second degree of kinship who also serves as a director or employee at the Company or an affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Yin-Hsing Yang	Has more than five years of work experience and expertise required in the cement industry; is not under any circumstances under Article 30 of the Company Act.	Has a relative within second degree of kinship who also serves as a director at the Company or an affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Bo-Wei Yang	Has more than five years of work experience and expertise required in the cement industry; is not under any circumstances under Article 30 of the Company Act.	Has no spouse nor a relative within second degree of kinship who also serves as a director or employee at the Company or an affiliate; he holds shares of the Company. See Director Information I.	0

Rui-Tai Wu	Has more than five years of work experience and expertise in accounting, finance, and management; holds a CPA license; is not under any circumstances under Article 30 of the Company Act.	The independent director has no spouse or relatives within the second degree of kinship serving as directors or employees of the Company or its affiliates; neither the independent director nor his/her spouse or relatives within the second degree of kinship holds any shares in the Company; and none has provided business, legal, financial, or accounting services to the Company or its affiliates in the past two years.	0
Da-Xiong Chen	Has more than five years of work experience and possesses expertise in accounting, finance, and management, and is not subject to any of the circumstances set forth in Article 30 of the Company Act.	The independent director has no spouse or relatives within the second degree of kinship serving as directors or employees of the Company or its affiliates; neither the independent director nor his/her spouse or relatives within the second degree of kinship holds any shares in the Company; and none has provided business, legal, financial, or accounting services to the Company or its affiliates in the past two years.	1
Li-Xiong Chen	Has more than five years of work experience and possesses expertise in accounting, finance, and management, and is not subject to any of the circumstances set forth in Article 30 of the Company Act.	The independent director has no spouse or relatives within the second degree of kinship serving as directors or employees of the Company or its affiliates; neither the independent director nor his/her spouse or relatives within the second degree of kinship holds any shares in the Company; and none has provided business, legal, financial, or accounting services to the Company or its affiliates in the past two years.	0

### 3. Board diversity

#### (1) Board diversity policy

To strengthen corporate governance and facilitate the sound development of the composition and structure of the Board of Directors, the Company has adopted the “Corporate Governance Best Practice Principles,” Section 1 The Structure of the Board of Directors, Article 20 of which provides as follows:

The Company’s Board of Directors shall guide the Company’s strategy, supervise the management team, and be responsible to the Company and its shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board performs its duties in accordance with laws and regulations, the Company’s Articles of Incorporation, and the resolutions adopted by the shareholders’ meeting. There should be more than five directors on the Board considering the scale of the Company’s operations and development, our major shareholders’ shareholdings, and

the needs of practical operations. The composition of the Board of Directors shall take diversity into consideration. In addition to ensuring that the number of directors concurrently serving as managerial officers of the Company does not exceed one third of the total number of board seats, the Company shall formulate an appropriate diversity policy based on its operations, business model, and development needs. Such a policy should include, but not be limited to, the following two aspects: 1. Basic qualifications and values: gender, age, nationality, and culture, with the proportion of female directors accounting for at least one third of the board seats. 2. Professional knowledge and skills: professional background, such as law, accounting, industry, finance, marketing, or technology, as well as relevant skills and industry experience. The Board members should generally possess the knowledge, skills, and competencies needed to perform their duties. To achieve the ideal goal of corporate governance, the Board as a whole should have the capabilities and skills below: 1. operational judgment; 2. accounting and financial analysis; 3. business management; 4. crisis management; 5. industry knowledge; 6. an international perspective; 7. leadership; and 8. decision-making.

Candidates for the Company's directors are selected based on considerations of cross-generational representation, integrity, experience, educational background, and other qualifications. The Board should be composed of professionals with business management skills and an international perspective from the fields of cement, accounting, information technology, or management.

## (2) Board diversity and independence

### A. Implementation of the Board diversity policy

The Company's 21st Board of Directors was re-elected at the shareholders' meeting on June 19, 2024, with a term from June 19, 2024, to June 18, 2027. The Board consists of nine directors. Among them, Directors Zhi-Xiong Yang, Zhong-Xiong Yang, Ren-Xiong Yang, Da-Qin Yang, Bo-Wei Yang (representative of Debo Investment Co., Ltd.), and Independent Director Rui-Tai Wu were re-elected. Newly elected members include Director Yin-Xing Yang, Independent Director Li-Xiong Chen, and Independent Director Da-Xiong Chen.

Directors Zhi-Xiong Yang, Zhong-Xiong Yang, Ren-Xiong Yang, Da-Qin Yang, and Bo-Wei Yang possess expertise in the cement industry, as well as strong capabilities in operational judgment, business management, crisis management, leadership, decision-making, and international perspective. Independent Directors Rui-Tai Wu, Li-Xiong Chen, and Da-Xiong Chen bring professional backgrounds in accounting, financial affairs, administrative management, and experience across various industries. The members of the Board of Directors have extensive experience in business management and each possesses relevant professional background, together with the professional knowledge, skills, and qualities required for the performance of duties. For each of the eight core competency categories, at least one third of the board members possess the

capabilities required to perform the relevant functions. In the three core competency areas emphasized by the Company, namely operational judgment, business management, and crisis management, more than 80% of the members possess such core capabilities.

The proportion of independent directors is 33%, and that of female directors is 11%. One independent director has served for more than three years, while two independent directors have served for less than three years. Among the directors, three are over the age of 81, three are between 71 and 80, and three are under 60. Currently, the number of female directors does not yet reach one-third of the total board seats. This is mainly because the Company has historically emphasized expertise in the cement industry when selecting directors. Due to the long-standing characteristics of the industry—such as its production methods, technical requirements, and engineering-oriented operations—the participation of women has traditionally been relatively low, resulting in fewer female candidates with experience in the cement sector.

Nevertheless, the Company has always valued gender equality in the composition of the Board. In previous terms, there has always been at least one female director. Moving forward, the Company will continue to follow corporate governance best practices and focus on increasing board diversity. Future director selection will expand to include professionals with various backgrounds, such as business management, operational judgment, environmental sustainability, legal, accounting, or financial expertise. This approach will not only enhance the complementary expertise within the Board but also gradually increase the representation of female directors, promoting gender equality and strengthening the Company's corporate governance.

**B. Independence of the Board of Directors**

The 21<sup>st</sup> Board of Directors of the Company consists of nine members, including three independent directors: Rui-Tai Wu, Li-Xiong Chen, and Da-Xiong Chen, accounting for one-third of the board seats. Among the directors, Zhi-Xiong Yang, Zhong-Xiong Yang, Ren-Xiong Yang, and Yin-Xing Yang are second-degree relatives. None of the other directors falls under the circumstances stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

## (II) Information on general managers, deputy general managers, senior managers, and officers of various departments

April 18, 2026

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Main experience (academic)	Concurrent positions at other companies currently	Managerial officers with spouses or relatives with second degree of kinship		
					Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship
General manager	Republic of China	Ta-Kuan Yang	Male	2019.07.01	9,025,431	2.65%	88,000	0.03%	0	0%	Bachelor of Accounting, National Taiwan University; Master of Business Administration, University of Southern California	Consultant, Jiangsu Xinning New Building Materials Co., Ltd.	None	None	None
Deputy general manager	Republic of China	Bao-Lin Zhang	Male	2021.11.11	2,779	0.00%	0	0.00%	0	0%	Department of Urban Planning, National Cheng Kung University; Assistant Vice President at Xinlai Construction (Stock) Co., Ltd. and Kuo Yang Construction Co., Ltd.	None	None	None	None
Senior Manager	Republic of China	Qing-Shou Zhang	Male	2015.01.01	5,042	0.00%	5,415	0.00%	0	0%	Department of Oceanography, National Taiwan Ocean University	None	None	None	None
Manager, Finance and accounting department	Republic of China	Su-Chiu Tsai	Female	2022.02.14	0	0.00%	0	0.00%	0	0%	Department of Accounting, Chinese Culture University; Deputy Manager, Financial Accounting, Shihlin Paper Co., Ltd.; Chief of Accounting Section of Mao Bao Inc.; Deputy Manager at PwC Taiwan	None	None	None	None
Manager, Audit department	Republic of China	Yi-Sheng Zhang	Male	2014.07.01	0	0.00%	0	0.00%	0	0%	Department of Business Administration, Fu Jen Catholic University	None	None	None	None
Acting Manager, Administration department	Republic of China	Shu-Yen Chou	Female	2024.10.05	0	0.00%	0	0.00%	0	0%	Department of Mathematics, Fu Jen Catholic University	None	None	None	None
Manager, Business Department	Republic of China	Ko-Chien Yeh	Male	2023.06.01	0	0.00%	0	0.00%	0	0%	Department of Cooperative Economics, National Chung Hsing University	None	None	None	None
Nanshenghu Plant Manager	Republic of China	Lian-Huo Lin	Male	2020.01.01	0	0.00%	0	0.00%	0	0%	Department of Electrical Engineering, Chien Hsin Technical College	None	None	None	None

## II. Remuneration for directors (including independent directors), general managers and deputy general managers for the most recent year

### (I) Remuneration for directors and independent directors

2025

Unit: NTD thousand

Title	Name	Remuneration to directors								Sum of A, B, C and D as a % of the net profits after tax		Remuneration for employees with concurrent positions								Sum of A+B+C+D+E+F+G and ratio to net income		Parent company and all investee companies
		Base remuneration (A)		Severance and pension (B)		Remuneration for directors (C)		Business execution expenses (D)				Remuneration, bonus, allowance (E)		Severance and pension (F)		Remuneration for employees (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash	Amount in stock	Cash	Amount in stock	The Company	All companies in the financial statements	
Chairman	Zhi-Xiong Yang	2,878	4,026	0	0	3,076	3,588	25	25	5,979 accounting for 1.70%	7,639 accounting for 2.18%	0	0	0	0	0	0	0	0	5,979 accounting for 1.70%	7,639 accounting for 2.18%	5,979
Director	Zhong-Xiong Yang	0	0	0	0	3,076	3,195	25	25	3,101 accounting for 0.88%	3,220 accounting for 0.92%	0	0	0	0	0	0	0	0	3,101 accounting for 0.88%	3,220 accounting for 0.92%	3,101
Director	Ren-Xiong Yang	0	2,941	0	0	3,076	3,468	25	25	3,101 accounting for 0.88%	6,434 accounting for 1.83%	0	0	0	0	0	0	0	0	3,101 accounting for 0.88%	6,434 accounting for 1.83%	3,101
Director	Da-Qin Yang	0	0	0	0	3,076	3,076	25	25	3,101 accounting for 0.88%	3,101 accounting for 0.88%	0	0	0	0	0	0	0	0	3,101 accounting for 0.88%	3,101 accounting for 0.88%	3,101
Director	Yin-Hsing Yang	0	0	0	0	3,076	3,076	15	15	3,091 accounting for 0.88%	3,091 accounting for 0.88%	0	0	0	0	0	0	0	0	3,091 accounting for 0.88%	3,091 accounting for 0.88%	3,091
Director	Representative, Debo Investment Co., Ltd.: Bo-Wei Yang	0	0	0	0	3,076	3,076	20	20	3,096 accounting for 0.88%	3,096 accounting for 0.88%	0	0	0	0	0	0	0	0	3,096 accounting for 0.88%	3,096 accounting for 0.88%	6,068
Independent director	Rui-Tai Wu	540	540	0	0			45	45	585 accounting for 0.17%	585 accounting for 0.17%	0	0	0	0	0	0	0	0	585 accounting for 0.17%	585 accounting for 0.17%	585

Independent director	Da-Xiong Chen	540	540	0	0			45	45	585 accounting for 0.17%	585 accounting for 0.17%	0	0	0	0	0	0	0	0	585 accounting for 0.17%	585 accounting for 0.17%	585
Independent director	Li-Xiong Chen	540	540	0	0			45	45	585 accounting for 0.17%	585 accounting for 0.17%	0	0	0	0	0	0	0	0	585 accounting for 0.17%	585 accounting for 0.17%	585
Except as disclosed above, the remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant at the parent company, all companies in the financial statements, or investees) in the most recent year: NT\$264,000.																						

❖ HSING TA CEMENT's policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors:

1. Independent directors do not participate in the distribution of directors' remuneration.
2. The Board of Directors determines their monthly fixed remuneration based on the responsibility of the position held, the complexity of the business, the value of contribution, and the usual standards of the industry.
3. Professional service expenses are paid as per the actual needs of the business execution, and honoraria are paid for every board meeting attended.

(II) Remuneration paid to supervisors: Not applicable.

(III) Remuneration for general managers and deputy general managers

2025

Unit: Thousand \$NT

Title	Name	Base salary (A)		Severance and pension (B)		Rewards and special disbursements (C)		Remuneration for employees (D)				Sum of A, B, C and D and as a % of the net profits after tax (%)		Remuneration received from subsidiaries, re-invested businesses or the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash	Amount in stock	Cash	Amount in stock			
General manager	Ta-Kuan Yang	1,267	2,527	76	76	775	854	27		27		2,145 accounting for 0.61%	3,484 accounting for 0.99%	2,145
Deputy general manager	Bao-Lin Zhang	1,447	1,447	87	87	724	724	27		27		2,285 accounting for 0.65%	2,285 accounting for 0.65%	2,285

- (IV) The name of the managerial officer in charge of the distribution of employee profits sharing and the status of the distribution

April 18, 2026

Unit: Thousand \$NT

Title		Name	Amount in stock	Cash	Total	Total amount as a percentage of net profits after tax (%)
Managerial officer	General manager	Ta-Kuan Yang	0	216	216	0.06%
	Deputy general manager	Bao-Lin Zhang				
	Senior Manager	Qing-Shou Zhang				
	Manager, Business Department	Ko-Chien Yeh				
	Acting Manager, Administration department	Shu-Yen Chou				
	Manager, Finance and accounting department	Su-Chiu Tsai				
	Manager, Audit department	Yi-Sheng Zhang				
	Nanshenghu Plant Manager	Lian-Huo Lin				

Note 1: The Board of Directors approved the 2025 employee remuneration of NT\$9,227 thousand, which was estimated based on the average number of employees.

- (V) Analysis of the total remuneration paid to directors, general managers, and deputy general managers in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profits after tax in the parent company only or individual financial statements, and explanation of the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

1. Analysis of the total remuneration paid to directors, general managers, and deputy general managers in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profits after tax

Title	Total remuneration amount as a percentage of net profits after tax (%)			
	2025		2024	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	6.61%	8.07%	6.42%	7.60%
General manager or deputy general manager	1.26%	1.64%	1.03%	1.31%

2. Policy, criteria, and combination of remuneration

The Company shall pay remuneration to directors, managerial officers, and employees in accordance with the Company's Article of Incorporation, the Remuneration Committee Charter, the Personnel Management Regulations, and the Bonus Distribution Guidelines. The remuneration policy and standards are as follows:

- (1) Director

The Company's remuneration policy for directors is stipulated in the Company's Articles of Incorporation. Where the Company makes a profit for a year, the remuneration to directors, excluding independent directors, shall be distributed in accordance with the Articles of Incorporation and, after approval by the Remuneration Committee and the Board of Directors, shall be reported to the annual general shareholders' meeting each year in accordance with the law. Director remuneration includes salaries and bonuses, directors' remuneration appropriated pursuant to Article 26 of the Company's Articles of Incorporation, and business execution expenses, such as travel allowances. It is determined with reference to the payment standards of industry peers. Independent directors are paid fixed monthly remuneration.

- (2) Managerial officers and employees

The remuneration paid by the Company to managerial officers and employees includes salaries, bonuses, retirement benefits, employees' compensation, and benefits. Salaries are determined based on factors such as job duties, responsibilities, performance, contribution to the Company, and salary standards of industry peers, in order to establish remuneration that reflects work performance. Bonuses are granted in accordance with the Company's Bonus Distribution Guidelines. Retirement benefits

are contributed in accordance with the law. Employees' compensation is appropriated pursuant to Article 26 of the Company's Articles of Incorporation and, after review by the Remuneration Committee and approval by the Board of Directors, shall be reported to the annual general shareholders' meeting each year in accordance with the law. Benefits are designed in accordance with applicable laws and regulations while also taking employee needs into consideration.

### 3. The procedures for determining remuneration

#### (1) Director

Pursuant to Article 26 of the Company's Articles of Incorporation, if the Company generates profits in a given year, no more than 5% shall be appropriated as directors' remuneration. After approval by the Board of Directors, directors' remuneration shall be reported to the annual general shareholders' meeting each year in accordance with law. However, if the Company still has accumulated losses, an amount shall first be reserved to cover such losses.

The actual distribution ratio, amount, and method of directors' remuneration shall, after approval by the Board of Directors, be reported to the annual general shareholders' meeting each year in accordance with the law.

#### (2) Managerial officers and employees

Pursuant to Article 26 of the Company's Articles of Incorporation, if the Company generates profits in a given year, 1% to 3% shall be appropriated as employees' compensation. After approval by the Board of Directors, employees' compensation shall be reported to the annual general shareholders' meeting each year in accordance with law. However, if the Company still has accumulated losses, an amount shall first be reserved to cover such losses.

(3) Of the employees' compensation referred to in the preceding paragraph, no less than 50% shall be appropriated for distribution to non-executive employees or for salary adjustment.

(4) Pursuant to Article 37 of the Company's Personnel Management Regulations, non-executive employees are those who are not managerial officers and whose salary level is based on the salary scale for non-executive employees as defined in the Regulations Governing Additional Deduction of Wage Expenses for Pay Raises of Employees by Small and Medium Enterprises.

(5) The actual distribution ratio, amount, and method of employees' compensation shall, after approval by the Board of Directors, be reported to the annual general shareholders' meeting each year in accordance with law. The basis for distribution, distribution date, and conditions for payment of employees' compensation shall be handled in accordance with the Company's Personnel Management Regulations, Bonus Distribution Guidelines, and other relevant rules.

### 4. Linkage between performance evaluation and remuneration

(1) Director

Pursuant to Article 26 of the Company's Articles of Incorporation, if the Company generates profits in a given year, no more than 5% shall be appropriated as directors' remuneration. Performance evaluation of directors shall be conducted by the directors themselves, through self-evaluation or peer evaluation, in accordance with the Company's Board Performance Evaluation Procedures. The evaluation criteria shall include at least the following six aspects: 1. understanding of the Company's goals and missions; 2. awareness of directors' duties; 3. degree of participation in the Company's operations; 4. management of internal relationships and communication; 5. directors' professionalism and continuing education; and 6. internal control.

The Remuneration Committee shall calculate the remuneration based on the evaluation results and submit it to the Board of Directors for approval, after which it shall be reported to the annual general shareholders' meeting each year in accordance with law.

(2) Managerial officers and employees

Remuneration for managerial officers is determined based on individual capability, contribution to the Company, performance, and the market value of the position, and is positively correlated with the Company's operating performance. The Remuneration Committee also regularly reviews and evaluates the remuneration, bonuses, and employees' compensation for managerial officers.

Employees' remuneration shall be handled in accordance with the Company's Personnel Management Regulations and Bonus Distribution Guidelines. Such rules cover salary determination, salary calculation and payment, distribution of bonuses and incentives, performance evaluation, and various rewards and disciplinary measures.

5. Relevance to business performance and future risks

(1) Director

In addition to directors' remuneration appropriated in accordance with Article 26 of the Company's Articles of Incorporation, the Company's remuneration for directors also includes a fixed travel allowance, while independent directors are paid fixed monthly remuneration.

The Remuneration Committee also regularly reviews and evaluates directors' remuneration and submits its recommendations to the Board of Directors for discussion, in order to strike a balance between the Company's sustainable operations and risk control.

(2) Managerial officers and employees

In addition to employees' compensation appropriated in accordance with Article 26 of the Company's Articles of Incorporation, the remuneration of the Company's managerial officers and employees also includes salaries, bonuses, retirement benefits, and benefits. Except for items contributed in accordance with law, all other remuneration is determined with reference to relevant industry standards and based on

individual performance, job contribution, and the Company's operating results. Accordingly, the Company's operating performance and changes in market conditions are both correlated with remuneration.

The payment standards, structure, and system will also be reviewed and adjusted from time to time in light of actual operating conditions, with consideration given to the overall financial position, risks in the operating environment, and changes in relevant laws and regulations. They shall not create incentives for managerial officers to engage in activities aimed at pursuing remuneration that exceeds the risks the Company may tolerate.

The Remuneration Committee also regularly evaluates the remuneration of managerial officers and submits its recommendations to the Board of Directors for discussion, in order to strike a balance between the Company's sustainable operations and risk control.

### III. Operations of corporate governance

(I) The operations of the Board of Directors

1. The number of board meetings held in the most recent fiscal year was: 5 (A)

The attendance by the directors and supervisors was as follows:

Title	Name	Attendance in person (times)	Number of proxy attendances	Actual attendance rate (%)	Note
Chairman	Zhi-Xiong Yang	5	0	100%	
Director	Zhong-Xiong Yang	5	0	100%	
Director	Ren-Xiong Yang	5	0	100%	
Director	Da-Qin Yang	5	0	100%	
Juristic-person representative of director	Bo-Wei Yang	4	0	80%	
Director	Yin-Hsing Yang	3	2	60%	
Independent director	Rui-Tai Wu	5	0	100%	
Independent director	Da-Xiong Chen	5	0	100%	
Independent director	Li-Xiong Chen	5	0	100%	

Other matters to be recorded:

I. For matters listed in Article 14-3 of the Securities and Exchange Act or other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements, the date and period of the board meeting, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to "Important Resolutions of the Board of Directors" on pages 43 to 44.

(II) Except for the matters above, other board meeting resolutions for which independent directors expressed objections or reserved opinions on record or in a written statement: None.

(III) The implementation of directors' recusal of proposals for being interested parties: None.

II. Evaluation of the current year's and the most recent year's goals of strengthening the Board functions and implementation:

- (I) The Company communicated with CPAs in writing on relevant governance matters on a quarterly basis, and CPAs were invited to attend the Board meeting on March 12, 2026 in a non-voting capacity to communicate with all directors.
- (II) The Company has adopted the “Regulations for Board Self-Evaluation or Peer Evaluation.” In 2023, relevant provisions for the evaluation of functional committee members were added. After the Board members and functional committee members conducted self-evaluations of the operations of the Board of Directors, the Audit Committee, the Sustainability and Risk Management Committee, and the Remuneration Committee for 2025, the board affairs unit compiled a consolidated evaluation, and the performance evaluation results were submitted to the Board of Directors on March 12, 2026.

2. Attendance of independent directors at each board meeting in 2025:

2025	1st	2nd	3rd	4th	5th (Extraordinary)
Rui-Tai Wu	Attended in person	Attended in person	Attended in person	Attended in person	Video
Da-Xiong Chen	Attended in person	Attended in person	Attended in person	Attended in person	Attended in person
Li-Xiong Chen	Attended in person	Attended in person	Attended in person	Attended in person	Video

3. Implementation status of the performance evaluation of the board of directors and functional committees:

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	From January 1, 2025 to December 31, 2025	The entire board	Internal self-evaluation by the Board of Directors	<ol style="list-style-type: none"> <li>1. Participation in the Company’s operations</li> <li>2. Improvement to the quality of decision-making by the Board of Directors</li> <li>3. Composition and structure of the Board of Directors</li> <li>4. Election and continuing education of directors</li> <li>5. Internal control</li> </ol>
Once a year	From January 1, 2025 to December 31, 2025	Individual board members	Self-evaluation by board members	<ol style="list-style-type: none"> <li>1. Keeping abreast of the Company’s goals and mission</li> <li>2. Awareness of directors’ duties</li> <li>3. Participation in the Company’s operations</li> <li>4. Internal relationship management and communication</li> <li>5. Professional and continuing education of directors</li> <li>6. Internal control</li> </ol>
Once a year	From January 1, 2025 to December 31, 2025	Performance evaluation of the Audit Committee	Member’s self-evaluation	<ol style="list-style-type: none"> <li>1. Participation in the Company’s operations</li> <li>2. Awareness of the duties of the Audit Committee</li> </ol>

				<ul style="list-style-type: none"> <li>3. Enhancement of the quality of the Audit Committee's decision-making</li> <li>4. Composition of the Audit Committee and election of its members</li> <li>5. Internal control</li> <li>6. Overall evaluation</li> </ul>
Once a year	From January 1, 2025 to December 31, 2025	Performance evaluation of the Remuneration Committee	Member's self-evaluation	<ul style="list-style-type: none"> <li>1. Participation in the Company's operations</li> <li>2. Awareness of the duties of the Remuneration Committee</li> <li>3. Enhancement of the quality of the Remuneration Committee's decision-making</li> <li>4. Composition of the Remuneration Committee and election of its members</li> </ul>
Once a year	From August 13, 2025 to December 31, 2025	Performance evaluation of the Sustainability and Risk Management Committee	Member's self-evaluation	<ul style="list-style-type: none"> <li>1. Participation in the Company's operations</li> <li>2. Awareness of the duties of the Sustainability and Risk Management Committee</li> <li>3. Enhancement of the quality of the Sustainability and Risk Management Committee's decision-making</li> <li>4. Composition of the Sustainability and Risk Management Committee and election of its members</li> <li>5. Internal control</li> <li>6. Overall evaluation</li> </ul>

Note: Please refer to the Company's website at <https://www.hsingta.com.tw>.

Investor Services -> Corporate Governance -> Operations -> "Performance Evaluation of the Board of Directors and Functional Committees"

(II) Highlights of the annual work of the Audit Committee and its operations

1. The aim of the Audit Committee is to assist the Board of Directors in overseeing the quality and integrity of the Company’s implementation of accounting, auditing, financial reporting processes and financial controls. The matters reviewed in 2025 mainly include:

- (1) Financial statement audits and accounting policies and procedures.
- (2) The internal control system and relevant policies and procedures and the assessment of the effectiveness of the internal control system.
- (3) Independence and performance evaluation of CPAs.
- (4) Appointment and professional fees of CPAs.
- (5) Appointment and dismissal of finance, accounting, and internal audit officers.
- (6) The annual financial report that was signed or sealed by the Chairman, manager, and the chief accounting officer and audited and certified by CPAs, and the quarterly financial reports (including the first, second, and third quarters) reviewed by CPAs.
- (7) Any other material matter so determined by the company or the competent authority.

2. The operations of the Audit Committee:

The number of audit committee meetings held in the most recent fiscal year was: 4 (A)

The attendance by the independent directors was as follows:

Title	Name	Number of in-person attendees	Number of proxy attendances	Actual attendance rate (%)	Note
Independent director	Rui-Tai Wu	4	0	100%	
Independent director	Da-Xiong Chen	4	0	100%	
Independent director	Li-Xiong Chen	4	0	100%	

Other matters to be recorded:

I. If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, resolution of the Audit Committee and the Company’s handling of the Audit Committee’s opinions should be described:

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

Date of meeting	Motion content	Resolution of the Audit Committee and the Company’s handling of the Audit Committee’s opinions
2025.03.13 (3rd meeting of 3rd	The Company’s 2024 parent company only and consolidated financial statements.	Agreed to pass by all the members present,

term)	2024 earnings distribution proposal.	submitted to the Board of Directors and approved by all the directors present without any objection.
	Proposal for distribution of employee remuneration and directors' remuneration for 2024.	
	Appointment, professional fees, and evaluation of the independence of the attesting CPAs of the Company for 2025.	
	"Statement on Internal Control System" for 2024.	
2025.05.13 (4th meeting of 3rd term)	Consolidated financial statements for Q1 2025.	Agreed to pass by all the members present, submitted to the Board of Directors and approved by all the directors present without any objection.
2025.08.13 (5th meeting of 3rd term)	Consolidated financial statements for Q2 2025.	Agreed to pass by all the members present, submitted to the Board of Directors and approved by all the directors present without any objection.
2025.11.12 (6th meeting of 3rd term)	Consolidated financial statements for Q3 2025.	Agreed to pass by all the members present, submitted to the Board of Directors and approved by all the directors present without any objection.
	Total budget for 2026	
	2026 Internal Audit Plan	
	Amendments to Certain Provisions of the Company's "Regulations Governing Internal Control Systems" and additions to the "Implementation Rules of Internal Audits."	
	Proposal for the change of certifying CPAs in response to the internal adjustment needs of PricewaterhouseCoopers Taiwan and the assessment of their independence.	
<p>(II) Other than the matters in the preceding paragraphs, resolutions not approved by the Audit Committee but approved by two-thirds or more of all directors: None.</p> <p>II. With respect to the implementation of directors' recusal of proposals for being interested parties, the names of the independent directors, the contents of the proposals, the reasons for the recusal and the circumstances of their participation in voting: None.</p> <p>III. The communication status between independent directors, internal audit officer, and CPAs (material matters, methods, and results of communication on the Company's financial and business status shall</p>		

be included):

- (I) Independent directors shall convene Audit Committee meetings on a quarterly basis and internal audit officer shall attend the meetings to report on the implementation of audit work and significant matters related to internal control and audits, and to complete the implementation, reporting and tracking of the matters directed by independent directors.
- (II) The CPAs appointed by the Company communicate with independent directors on a quarterly basis in the Audit Committee meetings for matters as required by relevant laws and regulations, and communicate on financial statements and matters related to the audit and certification at the Audit Committee in a non-voting capacity in the first quarter of each year.

<b>Meeting date</b>	<b>Communication with internal audit officer</b>	<b>Communication with CPA</b>
2025.03.13 (3rd meeting of 3rd term)	Report on the execution of 2025 audit works.	Report on the audit results of the 2024 financial statements.
2025.05.13 (4th meeting of 3rd term)	Report on the execution of 2025 audit works.	
2025.08.13 (5th meeting of 3rd term)	Report on the execution of 2025 audit works.	
2025.11.12 (6th meeting of 3rd term)	Report on the execution of 2025 audit works.	

\* The independent directors of the Company's Audit Committee have no objections or reservations to the Audit Committee's decisions.

(III) The Company’s implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has formulated a set of “Corporate Governance Practice Principles” and disclosed it on the Company website and the Market Observation Post System (MOPS).	None
II. The Company’s equity structure and shareholder equity				
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	✓		(I) The Company has a spokesperson, an acting spokesperson, and stock affairs personnel, and works with a stock affairs agency to handle shareholder proposals and disputes. Contact information is provided on the Company’s website. All of the above are implemented in accordance with internal policies. Company website: <a href="http://www.hsingta.com.tw">http://www.hsingta.com.tw</a>	None
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	✓		(II) The Company monitors the shareholdings of major shareholders and files reports in accordance with regulations.	None
(III) Has the Company established and implemented risk control and firewall mechanisms	✓		(III) The Company has established relevant internal control systems in accordance with laws and regulations, has established the “Measures for Governance of Subsidiaries”	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
<p>between affiliated companies?</p> <p>(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?</p>	✓		<p>and other regulations, and regularly holds supervisory meetings to control operation risks by using the “Analysis and Evaluation Form for Finance and Business of Subsidiary.”</p> <p>(IV) The Company has adopted the “Operating Procedures for Handling Material Inside Information and Prevention of Insider Trading” and has published them on the Company’s website. In 2025, training and awareness sessions were conducted on January 15, February 5, February 6, April 2, April 21, July 4, July 22, October 13, October 21, and November 24 on such relevant laws and regulations as “Possible Violations in Insider Equity Transfers” and the “Operating Procedures for Handling Material Inside Information and Prevention of Insider Trading,” with a total of 571 participant attendances.</p>	None
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors formulated a Board diversity policy and specific management objectives and implemented them accordingly?</p> <p>(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?</p>	✓		<p>(I) The Company has established a diversity policy on membership in Chapter 3 “Enhancing the functions of the Board of Directors” of the “Corporate Governance Practice Principles.” See pages 15-17 of the annual report.</p> <p>(II) In addition to establishing the Remuneration Committee and Audit Committee as required, the Company also established the Sustainability and Risk Management Committee on August 13, 2025, following approval by the Board of Directors.</p>	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
(III) Has the Company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	✓		(III) The Company's "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors" were passed on March 31, 2020. The 2025 Board self-evaluation and functional committee performance evaluation were completed in accordance with the said Regulations, the required filing was completed in January 2026, and the results were submitted to the Board of Directors on March 12, 2026.	None
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(IV) We regularly assess the independence of CPAs per year and require them to provide a "statement of independence." Since 2023, the Audit Committee and the Board of Directors have further assessed and confirmed the independence and suitability of the CPAs and their accounting firm appointed with reference to the 13 indicators of the five aspects of the Audit Quality Indicators (AQIs) (please refer to pages 82-83 of this annual report). On March 12, 2026, the Audit Committee and the Board passed the review of the independence of the CPAs. The main points of the evaluation are as follows: <ol style="list-style-type: none"> <li>1. Whether there is any direct or material indirect financial interest between the Group and PwC.</li> <li>2. Whether the Group has significant close business relationships with PwC.</li> <li>3. Whether the Group has an employment relationship with PwC.</li> </ol>	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
			<p>4. Whether the Group and PwC agreed on contingent professional fees related to audit cases.</p> <p>5. Whether anyone from PwC currently or within the most recent two years has served as a director, supervisor, managerial officer or position that has a significant influence on audit cases.</p> <p>6. Whether PwC represents the Group in defense of legal cases or other disputes with third parties.</p> <p>7. Whether the members of the PwC audit team are related to the directors, supervisors, managerial officers or persons who have significant influence on the audit cases of the Group.</p> <p>8. Whether the Group has obtained the statement on independence issued by PwC.</p>	
<p>IV. Does the Company as a listed enterprise have suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration</p>	✓		<p>The President concurrently serves as the corporate governance officer, and the personnel of Finance and Accounting Department concurrently serve as corporate governance personnel, who are responsible for providing the information required by the directors to perform their duties, handling matters related to the Board meetings and shareholders' meetings, handling stock affairs, preparing annual reports, minutes of shareholders' meetings, minutes of board meetings, and handling other corporate governance matters, and discussing important matters related to governance. As for important matters related to governance: it is responsible for establishing an effective corporate governance structure, protecting shareholders' rights and interests, strengthening the Board functions, making good use of the supervisory functions, respecting stakeholders' rights and interests, and improving information transparency.</p>	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
registration, and preparing minutes of board meetings and shareholder meetings, etc.)?)				
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	✓		The Company has established a "Corporate Sustainability ESG" section on its official website, with a dedicated "Stakeholders" page thereunder, through which diversified communication channels have been created for stakeholders, including shareholders, employees, customers, and suppliers. For inquiries, suggestions, complaints, or reports from stakeholders, direct communication may be made through the service hotline or online inquiry. For the relevant contact channels and section information, please refer to the Company's official website: <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a> (Contact Hsing Ta > Online Inquiry) and (Corporate Sustainability ESG > Stakeholder Contact).	None
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	✓		The Company's professional stock affairs agency is handled by the Stock Agency Department of CTBC Bank Co., Ltd.	None
VII. Information Disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	✓		(I) Finance and business matters as well as information on corporate governance are disclosed on the Market Observation Post System (MOPS) and the website <a href="http://www.hsingta.com.tw">http://www.hsingta.com.tw</a> in real time.	None
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and	✓		(II) The Company has a spokesperson and has designated personnel for information disclosure. In addition to material information announced on the MOPS, the Company's websites in both Chinese and English are also updated instantly with the latest business developments. For the	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
<p>disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?</p> <p>(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?</p>		✓	<p>convenience of investors, please refer to the relevant information on the Company's website:<a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a> (Investor Services &gt; Investor Conference Information), or communicate through the contact window under (Corporate Sustainability ESG &gt; Stakeholder Contact). Foreign investors may also switch to the English (EN) interface to access internationally disclosed information.</p> <p>(III) The Company shall announce and file its annual financial statements within three months after the end of each fiscal year, announce and file its first, second and third quarterly financial statements within 45 days after the end of each quarter, and announce and file its monthly operating status by the 10th of each month.</p>	<p>Filings are made within the time specified by law</p>
<p>VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the</p>	✓		<p>(I) The Group has HR-related management measures in accordance with law, makes contributions for labor pensions, protects employee rights and interests, and regularly renews collective bargaining agreements with enterprise unions.</p> <p>(II) The Company has enrolled its employees in Labor Insurance and implemented various welfare measures, including group accident insurance, regular health examinations, employee travel, educational subsidies for employees' children, employee bereavement compensation regulations, and contributions to the employee welfare fund, in order to care for employees and their family members.</p>	<p>None</p>

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
Company's purchase of liability insurance for directors and supervisors, etc.)?			<p>(III) In addition to announcing material information in accordance with law, the Company discloses financial, business and corporate governance information on the Company's website, and has dedicated personnel to provide investor inquiry services.</p> <p>(IV) The Group has always attached importance to relationship with suppliers. In addition to building a foundation for mutual trust and benefit, the Group has also established a supplier evaluation system and requested commitments from suppliers to enhance the quality of procurement and transparency of transactions. For information on the regulations for supplier management and operating policies, please refer to the Company's website:<a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a>(Corporate Sustainability ESG &gt; Social Prosperity &gt; Supplier Management and Policy).</p> <p>(V) The Company adopts the principle of sustainable operations to pursue its goals, and fully discloses information on the Company's website and the Market Observation Post System to protect the rights of all stakeholders.</p> <p>(VI) The directors of the Group always pay attention to compliance with relevant laws and regulations.</p> <p>(VII) The Group's internal control system has established risk management and assessment procedures for various operations in accordance with laws, regulations, and materiality considerations, and conducts self-assessments and internal audits to effectively control various risks.</p> <p>(VIII) The Group has established service management measures to handle customer complaints, conduct regular customer</p>	

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
			<p>satisfaction surveys, set up whistleblowing websites, and review customer service conditions at business meetings.</p> <p>(IX) We purchase liability insurance for all directors per year for a period of one year with an insurance amount of NT\$90,000,000.</p>	
<p>IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved:</p> <p>(I) The Company formally approved the establishment of the functional committee, the “Sustainability and Risk Management Committee,” at the Board meeting held on August 13, 2025, and completed the election of the first convener on November 12, 2025. In 2026, the performance evaluations of the 2025 Audit Committee, Remuneration Committee, and the first term of the Sustainability and Risk Management Committee were completed, and the evaluation results were reported to the Board of Directors on March 12, 2026, thereby effectively enhancing the supervisory functions of each committee.</p> <p>(II) In connection with the establishment of the Sustainability and Risk Management Committee, the Company, following review by the Committee on November 12, 2025 and approval by the Board of Directors, amended the “Risk Management Policies and Procedures,” clearly defining the respective responsibilities of the Board of Directors, the Committee, and the Sustainable Development Working Group in risk control. The relevant organizational structure and operation status (including climate risk assessment results) have been disclosed on the Company’s website: <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a>(Corporate Sustainability ESG &gt; Corporate Governance &gt; Risk Management).</p> <p>(III) The Company’s 2025 Sustainability Report, available in both Chinese and English, is prepared with reference to the GRI Standards issued by the Global Reporting Initiative, the SASB Standards, and the framework of the Task Force on Climate-related Financial Disclosures (TCFD) for ESG information disclosure. The aforementioned report is expected to be completed and released before August 31, 2026. For information on previous reports, please refer to the Company’s website: <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a>(Corporate Sustainability ESG &gt; Corporate Sustainability Report).</p> <p>(IV) In 2025, the Company carried out an ISO 14067 product carbon footprint inventory and obtained a verification statement from the third-party BSI as well as a carbon label from the Ministry of Environment. Please refer to the Company’s website: <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a>(Corporate Sustainability ESG &gt; Certificate Download Section)</p>				

(IV) Composition, duties and operation of the Remuneration Committee

1. Composition of the Remuneration Committee: 3 members in total.

Information on the members of the Remuneration Committee

April 18, 2026

Capacity	Criteria Name	Professional qualifications and experience	Independence status	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Independent director Convener	Rui-Tai Wu	See the table on page 11-12.	See the Schedule on page 11-12.	None
Independent director	Da-Xiong Chen	See the table on page 11-12.	See the Schedule page 11-12.	1
Others	Shuowen Zhang	Has more than five years of work experience and specializes in management. Experience: Master of Science in Technology Management, Colorado Christian University, USA Member of the 6th and 7th Legislative Yuan General Manager, TAIWAN FARMER UNITED LOGISTICS CORP.	Not under any circumstances shown in (Note 1). Meet the independence criteria.	None

Note 1: Including but not limited to whether I, my spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees at the Company or its affiliates; whether I, my spouse, or relatives within the second degree of kinship (or by nominee arrangement) hold the Company's shares (number and percentage); whether I, my spouse, or relatives within the second degree of kinship serve as a director, supervisor, or employee at a company with specific relations with the Company (see provisions of Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration I received for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years.

2. Responsibilities of the Remuneration Committee:

- (1) Establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration for directors and managerial officers.
- (2) Regularly evaluate and determine the remuneration for directors and managerial officers.

### 3. Information on the operation of the Remuneration Committee:

The Remuneration Committee consists of three members. The term of the current members is from August 13, 2024 to June 18, 2027. The number of remuneration committee meetings held in the most recent fiscal year was:2 (A). The attendance by the members was as follows:

Title	Name	Number of in-person attendees (B)	Number of proxy attendances	Actual attendance rate (%) (B/A) (Note)	Note
Convener	Rui-Tai Wu	2	0	100%	Re-elected on August 13, 2024
Member	Da-Xiong Chen	2	0	100%	Newly appointed on August 13, 2024
Member	Shuowen Zhang	2	0	100%	Re-elected on August 13, 2024
<p>Other matters to be recorded:</p> <p>I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions (if the remuneration approved by the board is better than the recommendation proposed by the committee, the difference and reasons should be stated): None.</p> <p>II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be stated: None.</p> <p>III. Remuneration Committee meetings:</p> <p>(I) At the 2nd meeting of the 6th term of the Remuneration Committee on January 21, 2025, the proposals regarding employee remuneration, director remuneration, and year-end bonuses for the Chairman and executives for 2024 were approved without objection by all attending members, and were then reported to and approved by the Board of Directors.</p> <p>(II) At the 3rd meeting of the 6th term of the Remuneration Committee on September 22, 2025, the report on payment of travel allowances to members of the Sustainability and Risk Management Committee, the remuneration of the Chairman and executives, and the employee profit-sharing bonus were approved without objection by all attending members and were subsequently reported to and approved by the Board of Directors.</p>					

Note 1: If a member of the Remuneration Committee leaves before the end of the year, the date left should be indicated in the Note column. The attendance in person rate (%) is calculated based on the number of the Remuneration Committee meetings and the individual's attendance during his or her employment.

Note 2: If the Remuneration Committee is re-elected before the end of the year, the new or existing member of the Committee should be listed and the date of re-election should be indicated in the Remarks column. The attendance in person rate (%) is calculated based on the number of the Remuneration Committee meetings and the individual's attendance during his or her employment.

(V) Composition, duties and operation of the Sustainability and Risk Management Committee

1. Duties of the Sustainability and Risk Management Committee

2. This Committee is composed of three independent directors and is intended to assist the Board of Directors in overseeing the Company’s risk identification and control processes and ensuring the implementation of sustainable operating strategies, so as to enhance the Company’s overall resilience and commitment to social responsibility. Pursuant to the authorization of the Board of Directors, this Committee shall exercise the due care of a good administrator and faithfully perform the following duties, and report to the Board of Directors. Its duties mainly include the following:

- (1) Formulate, promote, and strengthen the Company’s sustainable development and risk management policies, annual plans, and strategies.
- (2) Review, track, and revise the implementation and effectiveness of sustainable development and risk management.
- (3) Supervise the disclosure of sustainability and risk management matters and review the ESG report.
- (4) Supervise other material matters related to sustainable development and risk management as resolved by the board or required by the competent authority.

※For details of the operation of the Committee, please refer to the “Investor Services > Corporate Governance > Risk Management” page on the Company’s website.

3. Information on the operation of Sustainability and Risk Management Committee

The term of office of this committee is from August 13, 2025 to June 18, 2027. The committee held one meeting in 2025. The professional qualifications, experience, and operation of the committee are as follows:

Title	Name	Professional knowledge and capabilities in sustainability possessed	Attendance in person (times)	Number of proxy attendances	Actual attendance rate (%)	Note
Independent director	Rui-Tai Wu (Convener)	Financial governance and risk oversight	1	0	100%	
Independent director	Da-Xiong Chen	Sustainable finance and capital management	1	0	100%	
Independent director	Li-Xiong Chen	Stakeholder engagement and social impact	1	0	100%	

Date of meeting	Motion content	Discussion/Resolution Status
2025/11/12 (1st meeting of 1st term)	Election of the convener of the Company's 1st term of Sustainability and Risk Management Committee	This proposal was approved without objection by the members of the Sustainability and Risk Management Committee, who unanimously elected Committee Member Rui-Tai Wu to serve as the convener and meeting chairperson of the Committee.
	Proposal for the material topics of the Company's 2025 Sustainability Report	After the chairperson inquired with the other attending committee members, no objection was raised, and the proposal was approved as proposed.
	Proposal for the Company's 2025 risk management assessment report	After the chairperson inquired with the other attending committee members, no objection was raised, and the proposal was approved as proposed, and was submitted to the Board of Directors for reporting.
	Amendment to the Company's "Risk Management Policies and Procedures"	After the chairperson inquired with the other attending committee members, no objection was raised, and the proposal was approved as proposed, and was submitted to the Board of Directors for resolution.
	Key milestones for sustainable development planning of the Company for 2025	After the chairperson inquired with the other attending committee members, no objection was raised, and the proposal was approved as proposed, and was submitted to the Board of Directors for reporting.

(VI) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
I. Has the Company established a governance structure for promoting sustainable development, and set up a dedicated unit (full-time or part-time) for its promotion, with the Board of Directors authorizing senior management to handle related matters and overseeing its implementation?	✓		<p>(I) Governance structure to promote sustainable development: The Company’s Board of Directors is the highest governing body for risk management. To strengthen sustainability and risk control, a functional committee, the “Sustainability and Risk Management Committee,” was established under the Board of Directors on August 13, 2025. The committee is formed by three independent directors and aims to assist the Board in supervising the risk identification and control process and implementing the sustainable development strategy. At the executive level, the President leads the “sustainable development team” and is responsible for cross-departmental planning and implementation of short-, medium- and long-term sustainable development plans. The group regularly reports implementation results and handling plans to the committee and the Board of Directors.</p> <p>(II) Implementation by each organization: The Company’s sustainable development implementation unit is convened by the President and has three dedicated task forces under it, namely “Responsible Governance,” “Environmental Sustainability,” and “Social Prosperity.” Each task force is composed of senior executives from relevant departments and is responsible for managing sustainability risks according to its business attributes. The “Environmental Sustainability” task force is responsible for matters such as greenhouse gas reduction, energy management, waste management, and climate change response. The “Social</p>	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
			<p>Prosperity” task force handles occupational safety and health, talent development, labor–management relations, and social welfare activities. The “Responsible Governance” task force oversees governance practices including operational and financial risks, information security control, ethical corporate management, supply chain management, and legal compliance. For board governance practices and other matters, such as the organizational chart, please refer to the Company’s website.  <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a> (Investors Services &gt; Corporate Governance)</p> <p>(III) Supervision of sustainable development by the Board of Directors:  The Sustainability and Risk Management Committee reports to the Board of Directors on implementation status and risk changes at least once a year. The 2025 annual sustainability and risk management implementation results (including climate risk assessment content) and annual implementation plan were reported to the Board of Directors on November 12, 2025. In addition, starting from the second quarter of 2022, the Company has reported quarterly on the progress of its greenhouse gas inventory to the Board of Directors to ensure effective Board oversight of sustainable development and carbon management.</p>	
II. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and	✓		The Company’s risk management scope covers Taipei headquarters and Yilan Plant. Identification, analysis, measurement, and monitoring processes are implemented according to the “Risk Management Policies and Procedures.” In 2025, upon review and approval by the Sustainability and Risk Management Committee, the Company focused on five high risk issues, including	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
formulate relevant risk management policies or strategies?			greenhouse gas pricing, regulatory control, rainfall patterns, material costs, and recycling and reuse, and adopted concrete actions such as voluntary reduction and the development of low-carbon cement to mitigate the impacts. In 2025, the results of the annual risk management and climate risk assessment were reported to the Board of Directors on November 12. For details, please refer to the Company's official website: <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a> (Corporate Sustainability ESG > Corporate Governance > Risk Management).	
III. Environmental Issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	✓		(I) The Company has complied with the applicable laws and regulations on environmental protection and carries out inspections, keeps records, and files reports based on the characteristics of the cement industry. We are committed to improving pollution prevention equipment. The main flue is equipped with a CEMS continuous monitoring system to control pollution emissions in real time in compliance with the air pollutant emission standards and regulations under environmental laws. We have established an environmental management system for effluent discharge management, air pollution prevention, waste management, environmental protection education and training, and environmental management organization and responsibility. As for greenhouse gases, we conduct annual greenhouse gas inventory and adopt third-party verification service in accordance with the ISO 14064-1 standard and the "Guidelines for Greenhouse Gas Emission Inventory of the Environmental Protection Administration" (EPA) and input the verification results on the "EPA's National Greenhouse Gas Input Platform" and disclose it in the annual report.	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
(II) Is the Company committed to improving the energy use efficiency and using recycled materials with a low impact on the environment?	✓		<p>(II) Energy management The Company is committed to improving energy efficiency. In accordance with the Energy Management Act, energy management personnel have been appointed and an audit system has been established to regularly review energy usage. Through equipment replacement and process optimization, energy efficiency is enhanced. In 2024, dust collection equipment was replaced. Statistics show that the annual electricity savings are approximately 700,000 kWh per unit starting from 2025. In 2025, by participating in Taipower's electricity reduction measures and supplemental reserve capacity program, approximately 23,000 kWh of electricity savings were achieved. In addition, self-generated solar power reached approximately 672,000 kWh, further reducing reliance on the power grid.</p> <p>To increase the proportion of green electricity used, the Company purchased a total of 160,000 kWh of renewable energy in 2024 and 2025. Of this amount, 79,000 kWh of green electricity was declared in 2024, 81,000 kWh was declared in 2025, and a further 80,000 kWh is expected to be declared in 2026. Combining renewable energy procurement and self-generation, total renewable energy use in 2025 reached approximately 753,000 kWh. From 2015 to 2025, the average annual electricity savings rate exceeded 1%. Looking ahead, the Company will continue to expand energy-saving and green energy applications to reduce environmental impact.</p> <p>Recycled materials The Company is fully committed to promoting environmental protection, circular economy and resource recycling.</p>	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to relevant issues?	✓		<p>The Company makes great efforts towards reducing the use of raw ore, coal and electricity as well as zero waste water discharge from the processes; in terms of reuse of business waste, the Company has made the reuse of resources in the circular economy a key development plan. For example, using desulfurized gypsum and coal fly ash from power plants; slag, reduction slag, mineral fines, and iron slag from steel plants; as well as silica sand and clay from excavation waste as alternative raw materials for production processes; and assisting the photovoltaic and semiconductor industries in treating calcium fluoride sludge, water-washed stabilized ash from waste incineration plants, and recycled aggregates from incineration residues. The Company is committed to reducing the discharge of pollutants from processes and improving the efficiency of resource use actively to maximize the recycling and reuse of resources.</p> <p>(III) To cope with potential risks that may be caused by climate change, the Company had completed the first climate risk assessment in 2022 in accordance with the TCFD recommendations, focusing on five major risks. and has formulated relevant implementation measures in advance to reduce or avoid potential risks. Also, the Company actively participates in the government's technical guidance sessions on voluntary greenhouse gas reduction, proactively improves processes, invests in equipment to improve processes, reduces energy consumption, and recycles and reuses renewable resources, to respond to energy conservation and carbon emissions issues and regulations due to climate change. Countermeasures: Improve</p>	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
(IV) Does the Company track greenhouse gas emissions, water consumption, and total waste volume over the past two years, and establish policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	✓		<p>processes, reduce energy consumption, and use renewable resources, which can cut costs, improve corporate image, and fulfill corporate social responsibility. The detailed assessment of climate change risk and analysis has been disclosed in the Company's Sustainability Report.</p> <p>(IV) The Company regularly compiles statistics on greenhouse gases, water consumption, and waste, and implements management policies and targets. Relevant information is disclosed annually in the Sustainability Report. The relevant environmental data statistics and reduction plans for the past two years are as follows.</p> <p>1. Greenhouse gas emissions: The consolidated company has completed the 2025 greenhouse gas inventory for the entire organization, including the parent company and consolidated subsidiaries. For detailed figures, please refer to the table on page 64 of this annual report. The scope of the assurance is currently focused on the parent company, including the Taipei Head Office, the Nanshenghu Plant, and the Taibaishan Quarry. In prior years, verification under ISO 14064-1 was completed by third-party institutions, namely SGS and AFNOR. The subsidiaries are scheduled to be included in the verification scope in 2027. The assurance status of the parent company for 2025 will be disclosed on the "ESG Digital Platform" of the Market Observation Post System by the end of June 2026.</p> <p><b>Greenhouse gas reduction plan:</b> The Company has established relative indicators in accordance with the Ministry of Environment's Voluntary Reduction Plan. For details, please refer</p>	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.									
	Yes	No	Summary										
			<p>to the table on page 65 of this annual report. Using the average for 2018 through 2022 as the base period, the Company has set a target of reducing carbon emissions by 4.9% by 2030. In 2025, the reduction rate had already reached 4.28%, meeting the interim target under the Voluntary Reduction Plan. In addition to upgrading process equipment to enhance efficiency, the Company has adopted reduction measures by substituting calcium oxide for calcium carbonate to reduce limestone usage through the use of “alternative raw materials.” With respect to “alternative fuels,” the Company is currently actively conducting studies on trial use projects. It is also using “clinker substitutes” to reduce the clinker content per unit of cement and thereby achieve carbon reduction in the production process.</p> <p><b>2. Water Consumption (metric tons):</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Water consumption</th> <th>Intensity (metric tons/product)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>355,931</td> <td>0.6124</td> </tr> <tr> <td>2025</td> <td>549,188</td> <td>0.9401</td> </tr> </tbody> </table> <p>The Nanshenghu Plant is the Company’s principal water consuming unit. Process water is used mainly to replenish evaporative losses from cooling water. The Company has completed the full recycling project for process water and obtained a “Waste (Sewage) Water Storage Permit” from the Environmental Protection Bureau of the Yilan County Government in December 2016, thereby providing the legal basis for zero discharge of process water and achieving the targets of “zero</p>	Year	Water consumption	Intensity (metric tons/product)	2024	355,931	0.6124	2025	549,188	0.9401	
Year	Water consumption	Intensity (metric tons/product)											
2024	355,931	0.6124											
2025	549,188	0.9401											

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.															
	Yes	No	Summary																
			<p>discharge” and “100% storage and recycling.”</p> <p>Water resource reduction plan: Using 2022 as the base year, the Company established a quantified management target of maintaining an annual process recycled water substitution rate above 60%. In 2025, the process recycled water substitution rate reached 60%, specifically achieving the preset management target. For details, please refer to the “Water Resources Management” section of the Company’s 2025 Sustainability Report.</p> <p><b>3. Waste (metric tons):</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Hazardous industrial waste</td> <td>0</td> <td>0</td> </tr> <tr> <td>Non-hazardous industrial waste</td> <td>104.405</td> <td>41.68</td> </tr> <tr> <td>Total weight</td> <td>104.405</td> <td>41.68</td> </tr> <tr> <td>Intensity (metric tons/product)</td> <td>0.0002</td> <td>0.0001</td> </tr> </tbody> </table> <p>The waste commissioned for treatment by the Company’s Nanshenghu Plant in prior years has consisted entirely of non-hazardous industrial waste derived from equipment maintenance and transportation packaging materials, rather than from the production process.</p> <p>Waste reduction plan: The Company has established a waste management policy and continues to reduce waste generation at the source through process reduction (Reduce), recycling (Recycle), reuse (Reuse), and repurposing or remanufacturing (Repurpose/Remanufacture), thereby transforming waste into usable resources. The Company has set a target of achieving an annual reduction rate of 3% in the volume of industrial waste sent for</p>	Year	2024	2025	Hazardous industrial waste	0	0	Non-hazardous industrial waste	104.405	41.68	Total weight	104.405	41.68	Intensity (metric tons/product)	0.0002	0.0001	
Year	2024	2025																	
Hazardous industrial waste	0	0																	
Non-hazardous industrial waste	104.405	41.68																	
Total weight	104.405	41.68																	
Intensity (metric tons/product)	0.0002	0.0001																	

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
			treatment compared to the base year. Using the 2022 commissioned treatment volume of 133.54 metric tons as the base, the reduction rate achieved in 2025 compared to the base year reached 69%, far exceeding the preset target and demonstrating the Company's concrete actions toward its zero waste objective. Please refer to the "Pollution Control" section of the Company's 2025 Sustainability Report for details.	
IV. Social Issues				
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	✓		(I) The Company has formulated various measures on personnel management in accordance with relevant labor laws and regulations as well as internationally recognized basic labor human rights principles, and has set up an employee welfare committee and corporate labor unions to ensure the legitimate rights and interests of employees and non-discriminatory employment. See the Company's human rights policy and whistleblowing channels for violations of the human rights policy on the website: <a href="http://www.hsingta.com.tw">http://www.hsingta.com.tw</a> (Corporate Sustainability ESG -> Social Prosperity -> Human Rights Policy). For details of the specific implementation, please refer to the "Implementation of Human Rights Policy" section of the Company's 2025 Sustainability Report.	None
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected the business performance or results in the	✓		(II) <b>Employee remuneration</b> Reasonable remuneration, vacation and various employee welfare measures have been implemented in accordance with relevant labor laws and regulations (see "Labor Relations" on pages 113-120 of this annual report for more details), and various cash awards are regularly assessed and paid for childbirth and three festivals. In addition, according to the Company's	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
<p>employee remuneration policy?</p> <p>(III) Does the Company provide employees with a safe and healthy working environment, and related education?</p>	✓		<p>Articles of Incorporation, “1% to 3% of the annual profits shall be set aside as employee bonuses.”</p> <p>Of the employees’ compensation referred to in the preceding paragraph, no less than 50% shall be appropriated for distribution to non-executive employees or for salary adjustment. Pursuant to Article 37 of the Company’s Personnel Management Regulations, non-executive employees are those who are not managerial officers and whose salary level is based on the salary scale for non-executive employees as defined in the Regulations Governing Additional Deduction of Wage Expenses for Pay Raises of Employees by Small and Medium Enterprises.</p> <p>Employee welfare</p> <p>The Company has set up an Employee Welfare Committee to provide employees with quality benefits, such as: employee travel subsidies, movie tickets, birthday gift coupons, wedding subsidies, and funeral subsidies, and other benefits.</p> <p>(III) Diversity and equality in the workplace</p> <p>To realize equal pay for equal work and equal promotion opportunities for men and women, the average percentage of female employees in 2025 was 8.38%, and the average percentage of female leaders was 25%.</p> <p>The Company’s Nanshenghu Plant has established and implemented an effective and preventive safety and health management system in accordance with the ISO 45001:2018 and the CNS 45001:2018 safety and health management systems and provided relevant education and training and regular “on-site health services” with contracted medical personnel. The occupational safety committee has been established and its composition include</p>	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
(IV) Has the Company established an effective career development training program for employees?	✓		<p>more than one-third of labor representatives in addition to professionals. The committee meets at least once a quarter to make recommendations on safety and health policies, and to review, coordinate and suggest safety and health related matters. There is a safety and health management office responsible for the awareness and maintenance of workplace safety, and regular training and employee health checkups are implemented to reduce hazards to employee safety and health, prevent occupational hazards, and improve employee working environment.</p> <p>(IV) The Company's Administration Department and Factory Affairs Department have set up their respective human resources unit, which focuses on offering of professional training and acquisition of technical certification, and gradually establishes career development training programs for employees in various professions.</p>	None
(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?	✓		<p>(V) The Company's plant has obtained ISO 9001 certification, with cement products meeting the CNS Marking requirements, and has "Service Management Measures," "Personal Data Protection Management Measures" and other specifications for compliance, and has set up a complaint channel on the website; in addition, the departments and personnel in charge of business are the front line of action to collect information and resolve and report relevant problems. The Company's products, services and labeling are in accordance with government regulations and international standards.</p>	None
(VI) Has the Company formulated supplier	✓		<p>(VI) Before the Company deals with major suppliers, they will need to undergo</p>	None

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?			<p>reviews and evaluations and will be expected to live up to the International Bill of Human Rights, fulfill corporate social responsibility, develop a sustainable environment, enhance resource efficiency, and treat each other with integrity and equality.</p> <p>Suppliers still need to undergo continuous evaluations after being qualified by the initial reviews and evaluations. If any supplier is involved in illegal acts, violations of social norms, or breaches of quality commitments, the Company may terminate its qualifications at any time. For relevant information, please refer to the Company's website:  <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a>(Corporate Sustainability ESG &gt; Social Prosperity &gt; Supplier Management and Policy)</p>	
V. Has the Company referred to international reporting standards or guidelines in its preparation of ESG reports and other reports which disclose the Company's non-financial information? Has the confirmation or assurance opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?		✓	<p>The Company had published the 2025 Sustainability Report with reference to international sustainable development trends, ESG regulations (GRI Standards and SASB), industry characteristics, and practices of model companies.</p> <p>(VII) Among them, the greenhouse gas inventory data in the Report are expected to be verified in accordance with ISO 14064-1 by DNV Business Assurance Co., Ltd., an assurance institution recognized by the Financial Supervisory Commission. Third-party assurance will be obtained in the future subject to applicable regulatory requirements. The 2025 Sustainability Report is expected to be published by the end of August. For details, please refer to the Company's website:  <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a> (Corporate Sustainability ESG &gt; Corporate Sustainability Report)</p>	In the future, we will appoint a third party to provide assurance for the report in accordance with laws and regulations.
VI. Where a company has adopted its own sustainable development guidelines in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, it shall describe any differences between its implementation and the adopted principles: The Company adopted the "Sustainable Development Best				

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
			Practice Principles” following approval by the Board of Directors on May 12, 2022, to implement the management of economic, environmental, and social risks. The implementation in 2025 has been operating smoothly, with no deviations. To strengthen the corporate governance structure, the Company formally established the “Sustainability and Risk Management Committee” in August 2025 as the dedicated body responsible for oversight. It has also undertaken a review of its internal rules in response to the latest regulatory amendments of the competent authority, and expects to complete the amendment procedures for the relevant regulations by the end of August 2026, in order to align with international sustainable development trends and implement the functions of the Committee.	
VII. Other important information helpful to understand the implementation status of the sustainable development:				
(I) The Group’s Nanshenghu Plant:				
1. In addition to actively assisting in cultural and charitable activities organized by the Su’ao Township Office, Yilan County, such as the Su’ao Cold Spring Cultural Festival, hiking events, and road running events, the Nan Shenghu Plant of the Company Group has continued to support local community development. the Company’s Nanshenghu Plant provided NT\$900,000 in scholarships to benefit junior high school, senior high school and college students in the county in 2025.				
2. The Company fulfills its corporate social responsibility by providing NT\$2.3 million to the Taiya Tribe in Nan’ao Village, Yilan County, in support of education, social care and cultural development. The three categories include:				
<b>Education and support:</b>				
The Company provides scholarships of approximately NT\$700,000 for students from elementary school to graduate level, and sponsors approximately NT\$250,000 for the parent-child co-learning program at Dong’ao Elementary School.				
<b>Care for the tribe:</b>				
The Company provided approximately NT\$400,000 in festival bonuses, and approximately NT\$400,000 in subsidies for weddings, funerals, festive occasions, and emergency assistance, thereby supporting the livelihood needs of local community members.				
<b>Cultural development:</b>				
Invested NT\$300,000 in traditional tribal festivals, sponsored sports and cultural events for NT\$250,000, and promoted cultural inheritance and community cohesion.				
In addition, the Company has also prepared budgets to support community services, employment opportunities and interaction, and implement the co-prosperity development of the Company and the local community.				
3. The Group’s Nanshenghu Plant constantly sponsors festive events in the neighboring communities and temples; gives gifts to residents near the plant during Chinese New Year to fulfill the responsibility of being a good neighbor; and in response to the activities of the Environmental Protection Bureau activities, adopts the front section of the Taiwan no. 9 highway and the Mingde Industrial Road leading to the Wulaikeng Scenic Area, and regularly send staff to sweep and cut the weeds along the road.				
4. Residents in the vicinity of the Group’s Nanshenghu Plant feared that the original drainage ditch could not cope with heavy rainfalls and therefore, the Company provided 350 Pings of land behind the plant for free and cooperated with the Soil and Water Conservation Bureau and other units to widen, improve and afforest the river course.				

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
5.			Sheng'an Temple was built on the land where the Nanshenghu Plant of the Group is located with a long history. It is the central religious belief of the local residents. The Company donated 252 ping of land to the Temple to make its property rights complete.	
6.			The Group financed the cleaning of the drainage ditch around the plant to ensure that the surrounding farmland would not be affected when heavy rain came. For further details, please refer to the Chapter on "Social Shared Prosperity" in the Company's Sustainability Report.	
(II)			The Group's Jiangsu Xinning Plant: In 2025, despite the challenges arising from declines in real estate and infrastructure investment, Jiangsu Xinning Plant continued to actively promote high quality transformation and green, low-carbon development. In January 2025, the Company successfully completed the internal acceptance of the online particulate monitoring systems for the cement mill and coal mill, and achieved stable connection with the Nanjing Pollution Source Monitoring Platform. To implement environmental governance, the Company engaged Jiangsu Environmental Protection Group to conduct an assessment for ultra-low emission retrofit, carrying out comprehensive upgrades covering organized emissions, fugitive emissions, clean transportation, and the integrated platform. In July 2025, the SCR denitrification retrofit project officially commenced construction, and was completed and put into operation in November, significantly enhancing the control of nitrogen oxides. In addition, by the end of 2025, the Company successfully completed its first annual compliance after the inclusion of the cement industry in the national carbon emissions trading market, achieving refined carbon asset management.	
1.			Air pollution improvement According to the Jiangsu provincial local standard, "Emission Standard of Air Pollutants for Cement Industry" (DB32/4149-2021), and the requirements for ultra-low emissions throughout the full production process of cement industry production lines, the pollutant emission limits applicable to Jiangsu Xinning Plant are as follows: nitrogen oxides below 50 mg/m <sup>3</sup> , sulfur dioxide below 35 mg/m <sup>3</sup> , particulate matter below 10 mg/m <sup>3</sup> , and ammonia below 8 mg/m <sup>3</sup> . In 2024, cement enterprises in Nanjing implemented the standards under the "List of Air Pollutant Emission Limits for Key Enterprises in Nanjing," namely, nitrogen oxides below 50 mg/m <sup>3</sup> , sulfur dioxide below 5 mg/m <sup>3</sup> , and particulate matter below 5 mg/m <sup>3</sup> . On days subject to special air pollution control measures, nitrogen oxides were controlled at emission concentrations below 40 mg/m <sup>3</sup> or even lower. Construction of the SCR project commenced in July 2025, and the project was completed and connected for operation in November. It produced evident results in controlling nitrogen oxides in kiln end flue gas and ammonia slip, while also reducing the consumption of ammonia water. In 2025, nitrogen oxide emissions amounted to 105.657 metric tons, with an average emission concentration of 47.06 mg/m <sup>3</sup> ; sulfur dioxide emissions amounted to 6.65 metric tons, with an average emission concentration of 2.48 mg/m <sup>3</sup> ; kiln end particulate emissions amounted to 11.602 metric tons, with an average emission concentration of 7.29 mg/m <sup>3</sup> ; kiln hood particulate emissions amounted to 5.348 metric tons, with an average emission concentration of 4.41 mg/m <sup>3</sup> ; and annual ammonia water consumption per ton of clinker in 2025 was 3.6513 kg/t clinker. (1,100,226 tons of clinkers and 4017.28 tons of ammonia water in 2025)	
2.			Greenhouse gas inventory In 2025, the cement industry was officially included in the national carbon emissions trading market, and the greenhouse gas reporting platform was changed to the National Carbon Market Information Network, National Carbon Market Management Platform. The reporting of the 2024 greenhouse gas report was completed on March 31, 2025. On June 24, the Company underwent an on-site verification conducted by a	

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
			<p>third-party carbon verification institution commissioned by the Department of Ecology and Environment of Jiangsu Province, and passed the verification successfully. For 2024, the total carbon dioxide emissions reported in accordance with the calculation and reporting template under the “Two Guidelines” amounted to 766,934 metric tons of carbon dioxide equivalent, and greenhouse gas emission intensity was 0.7689 metric tons of CO<sub>2</sub>/ton of clinker. On December 25, 2025, the Ministry of Ecology and Environment of China issued an allowance of 766,934 metric tons of carbon dioxide equivalent through the platform of Carbon Emission Rights Registration and Settlement (Wuhan) Co., Ltd. and required compliance, which was completed on the same day in a unified manner by the provincial Department of Ecology and Environment. The 2025 greenhouse gas quality control plan was uploaded to the platform by May 19, 2025. In August 2025, the PII52.5 and PO42.5 products manufactured by Jiangsu Xinning obtained product carbon footprint certification, making it the first cement plant in Jiangsu Province to obtain product carbon footprint certification.</p>	
3.			<p><b>Energy management</b></p> <p>According to the requirements on energy consumption quotas under “The norm of energy consumption per unit products of cement” (GB16780-2021), the indicators for comprehensive coal consumption per unit of clinker product, comprehensive energy consumption per unit of clinker product, energy consumption per unit of cement product, and electricity consumption in the cement preparation section at Jiangsu Xinning Plant in 2025 all reached Grade 1, while the comprehensive electricity consumption per unit of clinker product met Grade 2. Among them, the combined coal consumption per unit of clinker product is 91.90 kgce/t, the combined power consumption per unit of clinker product is 56.31 kWh/t, the combined energy consumption per unit of clinker product is 98.82 kgce/t, the combined energy consumption per unit of cement product is 77.76 kgce/t, and the power consumption at the stage of cement preparation is 24.94 kWh/t. According to Jiangsu Province’s energy conservation plan, comprehensive energy consumption per unit of clinker product was below 100 kgce/t, reaching the benchmark level prescribed by Jiangsu Province for Nanjing City.</p>	
4.			<p><b>Duly implement corporate governance</b></p> <p>(1) Actively conducted employee safety education and training, with a total of 13 sessions in 2025, to enhance the safety awareness and competence of all employees.</p> <p>(2) Carried out hazard inspections and risk identification, and eliminated 50 potential safety hazards.</p> <p>(3) Conducted four special emergency drills and comprehensive drills on safety, achieving the goal of zero safety accidents throughout 2025.</p> <p>(4) In March 2025, the Company passed the Level 2 standardization assessment and completed the required public announcement.</p> <p>(5) In July 2025, the Company reported 41 major safety risks on the Jiangsu Province Risk Control Platform and specified the responsible personnel and emergency response measures.</p> <p>(6) In September 2025, the Company’s occupational health and safety management system passed the audit conducted by the Guojian Lianxin Certification Center.</p> <p>(7) Established and improved the relevant carbon emission management systems and carbon asset management systems, including the Detailed Rules for Implementation of Carbon Emissions Quality Management, the Carbon Emissions Management Measures, the Internal Review System for Greenhouse Gas Emissions Reports, and the Carbon Measurement Management System, and archived</p>	

Evaluation items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary	
			<p>them in the energy and carbon section of the ultra-low emission environmental protection integrated management platform.</p> <p>5. For the development of a sustainable environment, we are committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment.</p> <p>6. Establish an appropriate environmental management system according to the characteristics of the industry.</p> <p>(1) We carry out testing, recording, and reporting on the characteristics of the cement industry in accordance with relevant environmental protection laws and regulations, and strive to improve pollution prevention equipment and reduce pollution emissions to meet regulatory standards.</p> <p>(2) There is an industrial and environmental section dedicated to air pollution, water pollution, waste management and other related matters.</p> <p>(3) We actively transform plant equipment, reduce the unit consumption of products, and continuously modify plant equipment to achieve the goal of energy saving, low carbon and emission reduction.</p> <p>7. Maintain public welfare</p> <p>(1) The Company has formulated various measures on personnel management, money awards, leave of absence, and retirement management, etc. in accordance with relevant labor laws and regulations as well as internationally recognized basic labor human rights principles, and has set up an employee welfare committee to ensure the legitimate rights and interests of employees and non-discriminatory employment.</p> <p>(2) There is an industrial and environmental section responsible for the awareness and maintenance of workplace safety, and regular training and employee health checkups are implemented to reduce hazards to employee safety and health, prevent occupational hazards, and improve employee working environment.</p> <p>(3) There is a quality control division to handle customer feedback and questions at any time, and the business department regularly conducts customer opinion surveys to ensure the quality of customer service.</p> <p>(4) The Company enforces strict quality control and acceptance procedures and establish cooperative relationships with excellent suppliers through supplier evaluation, and work together to improve equipment efficiency and product quality. The Company is actively committed to cooperating in the processing of the sludge from the Nanjing Sewage Plant, taking on social responsibility and comprehensive reuse of resources.</p> <p>(5) Every year the ditches at the boundary of the plant are dredged to facilitate the water conservancy of the farmland of the surrounding people in the rainy season.</p> <p>(6) In 2025, the Jiangsu Xinning Plant continued to participate in the Su-Shaanxi targeted poverty alleviation cooperation program, providing designated donations to local primary and secondary schools and the Shiyao Community, thereby supporting local education and community care initiatives.</p> <p>(III) The Company's Group has obtained product certification, quality management system certification (ISO 9001), safety production standardization certification, ISO 45001:2018/CNS 45001:2018 safety and health management system certification, ISO/IEC 17025 laboratory certification, and ISO 14064-1 greenhouse gas inventory certification.</p> <p>(IV) For more on the Company's sustainable development progress, please visit the Company's website. <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a> (Corporate Sustainability ESG &gt; Corporate Sustainability Report)</p>	

(VII) Implementation of climate-related measures

Item	Implementation
<p>1. Describe the Board’s and management’s oversight and governance of climate-related risks and opportunities.</p>	<p>1. To understand the impact of climate change on its operations, the Company has established a “Sustainable Development Working Group,” led by the President and composed of the heads of all first-level departments, to regularly identify material climate-related risks and opportunities and assess the impact of extreme weather, such as floods and high temperatures, on its operating sites. A functional committee under the Board of Directors, the “Sustainability and Risk Management Committee,” has been formally established and is composed of three independent directors with relevant professional expertise, responsible for overseeing the implementation effectiveness and capital expenditures of climate-related policies. The Committee convenes at least once a year, regularly hears reports from the working group on the progress of greenhouse gas inventories and risk assessments, and submits the implementation results to the Board of Directors. In addition, the Company adopted the “Risk Management Policy and Procedures” in 2023 and completed the amendments in 2025 in connection with the establishment of the Committee, so as to ensure that climate governance is incorporated into operational decision-making.</p>
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short, medium and long term).</p>	<p>2. For actual and potential climate-related impacts, please refer to the table of short-, medium- and long-term climate risks and opportunities in the “Climate Change Governance” of the Company’s 2025 Sustainability Report.</p>
<p>3. Describe the impact of extreme climate events and transition actions on finance.</p>	<p>3. In response to the carbon fee collection system under the Climate Change Response Act of the Ministry of Environment, the Company, as part of a high carbon emitting industry, is exposed to direct transition financial risk. Based on the general rate of NT\$300 per metric ton, the Company originally estimated a potential increase in annual financial costs of approximately NT\$170 million. To mitigate the financial impact, the Company submitted a Voluntary Reduction Plan, which was approved by the Ministry of Environment on December 17, 2025. In addition, on January 19, 2026, the Company submitted its application for review as an enterprise with a high carbon leakage risk to the Ministry of Environment. Upon approval, the calculation of the carbon fee will be eligible for the application of an emissions</p>

Item	Implementation
	adjustment coefficient of 0.2 in the first phase, equivalent to a 20% charge, thereby alleviating the impact of the carbon fee on the Company's costs.
4. Describe how the identification, assessment and management processes of climate risks are integrated into the overall risk management system.	4. The Company has formally incorporated climate change risk into its overall risk management framework. The Sustainable Development Working Group regularly conducts risk identification and quantitative assessments, submits the results to the Sustainability and Risk Management Committee for review, and ultimately consolidates them into the overall risk management report approved by the Board of Directors. Through a standardized process of identification, assessment, monitoring, and reporting, climate-related risks, such as carbon fee regulations and extreme weather, are managed together with financial and operational risks, so as to ensure that climate-related issues are fully integrated into the Company's overall risk decision-making and response mechanisms.
5. If scenario analysis is used to assess the resilience to climate change risk, describe the scenarios, parameters, assumptions, analytical factors used, and key financial impacts.	5. The Company discussed the 2°C scenario at the Sustainability and Risk Management Committee meeting, and simultaneously used tools provided by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) as a reference for assessing climate change physical risk scenarios. The Company ultimately adopted the 2°C / RCP8.5 high greenhouse gas emission scenario as the basis for evaluating potential operational changes and financial impacts resulting from climate-related risks.
6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and targets used to identify and manage physical risks and transition risks.	6. Since 2020, the Company has continued to support the government's national energy saving target of 1% and has consistently implemented energy conservation measures. By the end of 2025, the Company had achieved cumulative energy savings of over 11%, in line with policy requirements. In respect of greenhouse gas, it has been proposed to use 2022 as the base year, and to reduce the greenhouse gas emissions by 50% by 2045.
7. If internal carbon pricing is used as a planning tool, describe the basis for pricing.	7. The Company has not yet adopted Internal Carbon Pricing (ICP) as a management and planning tool. However, in response to the implementation of the Ministry of Environment's carbon fee collection system, the Company has, through the financial impact assessment under its Voluntary Reduction Plan, including the cost saving effects of obtaining Preferential Rate B and the preferential adjustment coefficient of 0.2, substantively incorporated carbon costs into its operational decision-making. In the future, the Company will, in light of developments in

Item	Implementation
	the domestic carbon trading market, regulatory developments, and its low-carbon transformation needs, evaluate and promote an internal carbon pricing mechanism at an appropriate time in order to strengthen carbon asset management.
8. If climate-related targets are set, describe the information on the activities covered, the scope of greenhouse gas emissions, the planning schedule, and the annual progress of achievement. If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, describe the sources and quantities of carbon reduction credits used for the offsets or the number of RECs.	8. In 2026, the Company is expected to complete the 2025 greenhouse gas inventory for its parent company, including the Taipei Head Office, Yilan Nanshenghu Plant, and Mount Taibai Mining Site, and obtain verification in accordance with ISO 14064-1:2018 from a third-party verifier, DNV, as well as verification from the Ministry of Environment. In 2026, the Company will complete the 2025 greenhouse gas inventory of subsidiaries included in the consolidated financial statements, and is expected to obtain verification in 2027.
9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans	9. For details, please refer to “1-1 Information on greenhouse gas inventory and assurance” and “1-2 Greenhouse gas reduction targets, strategies and specific action plans.”

## 1-1 Information on greenhouse gas inventory and assurance for the most recent 2 years

### 1-1-1 Information on greenhouse gas inventory

Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

- IV. The parent company and subsidiaries included in the consolidated financial statements have completed the inventory.
- V. Starting from 2024, the subsidiaries included in the consolidated financial statements have established a greenhouse gas inventory mechanism in accordance with ISO 14064-1, the greenhouse gas inventory standard issued by the International Organization for Standardization (ISO).
- VI. The greenhouse gas inventory data for the most recent two years have been aggregated using the operational control approach, covering greenhouse gas emissions from the parent company and all subsidiaries included in the consolidated financial statements, as described below:

		2024		2025	
		Emissions (metric tons of CO <sub>2</sub> e)	Intensity (metric tons CO <sub>2</sub> e/NT\$ million revenue)	Emissions (metric tons of CO <sub>2</sub> e)	Intensity (metric tons CO <sub>2</sub> e/NT\$ million revenue)
<b>Parent company</b>	Scope 1	434,008.75	93.21	442,228.63	99.79
	Scope 2	33,066.44	7.10	35,314.32	7.97
	Total	467,075.19	100.31	477,545.55	107.76
<b>Consolidated financial statements Subsidiary</b>	Scope 1	767,268.10	164.78	862,460.49	194.62
	Scope 2	37,483.79	8.05	42,242.96	9.53
	Total	804,751.89	172.83	904,702.45	204.15
<b>Total</b>		1,271,827.08	286.99	1,382,249	311.91

Note 1: The Company has completed the full organization carbon inventory for the year 2025. The emission intensity is calculated by consolidated revenue.

Note 2: The 2024 data was verified by the verification unit AFNOR. Because the 2025 data was not yet verified at the time of the annual report's issuance, it is presented with internal inventory data. The actual data will be mainly based on the published data of the Sustainability Report.

<b>1-1-2 Information on greenhouse gas assurance</b>
Describe the status of the assurance for the most recent 2 year and the current year up to the publication date of the annual report, including the scope of the assurance, the agency, criteria and opinion for the assurance.
<p>The parent company’s inventory boundaries include the Taipei headquarters, Nanshenghu Plant, and Mount Taibai Mining Site, and the status of assurance for the most recent two years is as follows:</p> <p>I. In 2024, direct emissions (Scope 1), energy indirect emissions (Scope 2), and other indirect emissions (Scope 3) were verified by the third-party verification institution AFNOR Certification in accordance with ISO 14064-1:2018. Direct emissions (Scope 1) of 434,008.75 metric tons CO<sub>2</sub>e and energy indirect emissions (Scope 2) of 33,066.44 metric tons CO<sub>2</sub>e both obtained a reasonable assurance level. Other indirect emissions (Scope 3) of 27,567.30 (metric tons of CO<sub>2</sub>e) achieved a limited level of assurance.</p> <p>II. The parent company’s 2025 inventory data are currently undergoing verification and certification by the third-party verification institution DNV. For the relevant details, please refer to the Company’s Sustainability Report scheduled to be issued in August 2026.</p>
<p>Note 1: The assurance institutions, AFNOR Certification and DNV, comply with the relevant requirements governing sustainability report assurance established by Taiwan Stock Exchange Corporation and Taipei Exchange.</p> <p>Note 2: According to the assurance requirements, the parent company’s standalone entity has been assured to disclose the assurance status since 2024, and the subsidiaries in the consolidated financial statements are expected to disclose the assurance status since 2027.</p>

<b>1-2 GHG Reduction Targets, Strategies and Specific Action Plans</b>
Describe the base year of greenhouse gas reduction and its data, reduction targets, strategies and specific action plans, and the achievement of reduction targets.
<p>I. Pursuant to the Voluntary Reduction Plan, the Company has established relative indicators using the base year, defined as the average emissions from 2018 through 2022, as the benchmark, and has set a target of reducing greenhouse gas emissions by 4.9% by 2030 compared to the base year. The Company has also formulated a long-term transformation vision of achieving a 50% reduction from the base year by 2045.</p> <p>II. In addition to upgrading and improving process equipment to enhance production efficiency, the Company is using “alternative raw materials” (air-cooled furnace rock, calcium fluoride, incineration washing fly ash, incineration regeneration pellets, coal-fired fly ash, reduction slag, and mineral fines) in the production process, replacing calcium carbonate with calcium oxide to reduce the amount of limestone; while “alternative fuels” are currently under study for trial use; and “alternative clinker” is being used to reduce the clinker amount per unit of cement to reduce carbon emissions from the production process.</p> <p>III. In 2025, carbon reduction amounted to approximately 23.7 thousand metric tons of CO<sub>2</sub>e, representing approximately 4.9% of total annual emissions.</p> <p>IV. In 2025, the reduction rate in emissions compared to the base period from 2018 through 2022 reached 4.28%, meeting the interim target under the Voluntary Reduction Plan.</p>

(VIII) The Company’s implementation of ethical management and any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor

Evaluation items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
I. Formulate ethical corporate management policy and plan				
(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company’s regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	✓		(I) The “Ethical Corporate Management Best-Practice Principles,” “Code of Business Conduct with Integrity” and “Employee Code of Conduct” have been formulated and then approved by the Board of Directors and all members of the Company conduct business in accordance with the principles, rules and guidelines. In addition, all suppliers are required to sign a letter of commitment to comply with the Company’s ethical policy in all dealings. For information on ethical corporate management, please refer to the Company’s official website: <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a> (Investor Services > Corporate Governance > Operation > Ethical Corporate Management)	None
(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the “Ethical Corporate Management Best Practice Principles for	✓		(II) The Company conducts risk assessment for each operation every year and has implemented the internal control systems; conducts education and audits on higher-risk operations; has established and implemented the “Ethical Corporate Management Principles” ; as well as set out plans for preventing unethical conduct clearly in various regulations.	None

Evaluation items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
<p>TWSE/GTSM Listed Companies”?</p> <p>(III) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?</p>	✓		<p>(III) The Company has regularly offered education, training, and guidance, and included the prevention and handling of dishonest conducts in the Company’s relevant regulations, and has actually implemented and reviewed them in a timely manner. Among them, the “Procedures for Reporting Dishonesty and Misconduct” has been established, and platforms and information communication channels for reporting misconduct have been set up on the Company’s website and with a mailbox, and relevant information has been announced by email and bulletin boards.</p>	None
<p>II. The implementation of ethical corporate management</p> <p>(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?</p> <p>(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?</p>	✓	✓	<p>(I) When selecting a partner, the Company avoids dealing with those with an unethical record. The Company also obtains a letter of commitment from suppliers or stipulates the ethical management clauses in the contract to ensure that the Company’s ethics and integrity standards and fair trading practice serve as the basis for all dealings. In the event that a supplier violates the terms of the commitment, the Company may immediately terminate or cancel contracts signed and impose a fine as agreed.</p> <p>(II) The Company has an ethical corporate management team and the Administration department is the executive unit to promote ethical corporate management, and the Board of Directors and the management regularly promote and continuously supervise the implementation. It reported to the Board of directors on the implementation of the Company’s ethical management for 2025 on March 12, 2026.</p>	None  None

Evaluation items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	✓		(III) The Company has established the “Ethical Corporate Management Principles,” “Code of Ethical Conduct” and “Code of Conduct for Employees,” which clearly stipulate that directors, managers, or employees must not sacrifice the rights and interests of the Company for their personal interests, and if anyone finds a violation, he or she may report or file a complaint in accordance with the procedures for reporting dishonesty and misconduct.	None
(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	✓		(IV) The Company has established adequate and effective accounting systems and internal control systems and implemented them actively. Each executive unit performs self-assessment of internal control regularly every year. The Audit Department evaluates the Company’s risks every year, draws up an internal audit plan as per the results of the risk assessment, and performs audit accordingly. The Company did not have material non-compliance with the internal control system and violation of regulations.	None
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	✓		(V) The Company’s corporate governance rules and regulations are centered on the core concept of ethical management. To implement ethical management, the Company increases employees’ awareness of the importance of ethical corporate management at important meetings occasionally and dispatches personnel to participate in external ethical corporate management seminars and training. The Company also organized internal and external education and training on ethical corporate management issues in 2025 (including ethical corporate management, compliance, safety and health management, accounting systems, and internal control) with a total of 3,781.5 hours and 557 participants.	None

Evaluation items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
<b>III.</b> The operation of the Company's whistleblower reporting system (I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	✓		(I) The "Procedures for Reporting Dishonesty and Misconduct" have been established, which include reporting and reward systems, and dedicated personnel have been assigned to handle related matters. Please refer to the Company's website for procedures and reporting: <a href="https://www.hsingta.com.tw">https://www.hsingta.com.tw</a> (Contact Hsing Ta > whistleblower system)	None
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	✓		(II) The operating procedures for "receiving whistleblowing and investigations" have been established, and there are dedicated personnel responsible for taking relevant measures, handling data confidentiality processing, and getting confidentiality declarations.	None
(III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	✓		(III) In the whistleblowing process, the Company has promised to protect whistleblowers from being improperly handled as a result.	None
<b>IV.</b> Enhance Information Disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	✓		The content of the Principles has been disclosed on the Company's website under "Investor Services" → "Corporate Governance" → "Rules and Regulations" → "Ethical Corporate Management Best Practice Principles." In 2025, the Company did not have any incidents that violated ethical corporate management.	None
<b>V.</b> If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please state the differences between the two and the state of implementation: No material difference as the Group adheres to the principles of ethical corporate management.				
<b>VI.</b> Other important information that is helpful to understand the implementation of ethical corporate management (For example, if the Company reviews and amends its ethical corporate management principles.): Evaluate and review the implementation from time to time.				

- (IX) If the Company has formulated the “Corporate Governance Practice Principles” and related rules, it shall disclose its inquiry methods

The Company has established operational procedures such as the Corporate Governance Best Practice Principles. For related content, please refer to the website:<http://www.hsingta.com.tw>(Investors Relation Section > Corporate Governance > Regulations and Systems).

- (X) Other important information that is helpful to understand the Company’s implementation of corporate governance

1. Continuing education of directors

Title	Name	Training date		Organizer	Title of course	Training hours	Note
		From	To				
Chairman	Zhi-Xiong Yang	2025.02.21	2025.02.21	Taipei Foundation of Finance	Corporate Governance – Niches of Carbon Finance, Green Finance, and Sustainable Finance in Financial Transformation	3	
		2025.07.09	2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change	6	
Director	Zhong-Xiong Yang	2025.02.14	2025.02.14	Taiwan Project Management Association (TPMA)	Listed Director Continuing Education Course – Board of Directors vs. Management Team	3	
		2025.08.21	2025.08.21	The Greater Chinese Financial Development Association.	The Impact of Carbon Pricing on Business Operations	3	
		2025.10.22	2025.10.22	The Greater Chinese Financial Development Association.	Industrial development and future opportunities of generative AI	3	
Director	Ren-Xiong Yang	2025.02.21	2025.02.21	Taipei Foundation of Finance	Corporate Governance – Niches of Carbon Finance, Green Finance, and Sustainable Finance in Financial Transformation	3	

Title	Name	Training date		Organizer	Title of course	Training hours	Note
		From	To				
		2025.07.09	2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change	6	
Director	Da-Qin Yang	2025.02.17	2025.02.17	Taipei Foundation of Finance	Corporate Governance – Sustainable Environment Carbon Management – Low-Carbon Transition Pathway Planning – Carbon Credits and Carbon Pricing	3	
		2025.02.21	2025.02.21	Taipei Foundation of Finance	Corporate Governance – Niches of Carbon Finance, Green Finance, and Sustainable Finance in Financial Transformation	3	
		2025.04.17	2025.04.17	Industrial Technology Research Institute	Toward Net Zero Emissions: Starting with Environmental Leadership; Under the Global Trend Toward Plastic Reduction: Industrial Transformation and Opportunities; The Carbon-Priced Era: The Development of Taiwan’s Carbon Trading Market; Toward Net Zero: Industries Seizing New Business Opportunities	2	
		2025.07.09	2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change	6	
Director	Yin-Hsing Yang	2025.02.21	2025.02.21	Taipei Foundation of Finance	Corporate Governance – Niches of Carbon Finance, Green Finance, and Sustainable Finance in Financial Transformation	3	
		2025.06.18	2025.06.18	Foundation for Financial Legal Affairs and Anti-Fraud	2025 2nd Corporate Governance Practice Seminar: Analysis of Practical Cases Involving	3	

Title	Name	Training date		Organizer	Title of course	Training hours	Note
		From	To				
					Shareholders' Meeting Disputes		
		2025.07.09	2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change	6	
		2025.10.03	2025.10.03	Taiwan Stock Exchange	Insider Trading Prevention Seminar 2025	3	
Director	Bo-Wei Yang	2025.02.17	2025.02.17	Taipei Foundation of Finance	Corporate Governance – Sustainable Environment Carbon Management – Low-Carbon Transition Pathway Planning – Carbon Credits and Carbon Pricing	3	
		2025.07.09	2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change	6	
Independent Director	Rui-Tai Wu	2025.03.20	2025.03.20	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	3	
		2025.11.17	2025.11.17	The Greater Chinese Financial Development Association.	Digital transformation and AI application	3	
Independent Director	Da-Xiong Chen	2025.04.29	2025.04.29	Corporate Organization Association.	Corporate Governance and Securities Regulations: Senior Executives of TWSE/TPEX Listed Companies' Understanding of the Competent Authority's Supervision.	3	
		2025.06.10	2025.06.10	Taiwan Corporate Governance Association	Practical Operation of the Sustainability Committee (Chief Sustainability Officer and Working Group)	3	
		2025.06.18	2025.06.18	Foundation for Financial	2025 2nd Corporate Governance Practice	3	

Title	Name	Training date		Organizer	Title of course	Training hours	Note
		From	To				
				Legal Affairs and Anti-Fraud	Seminar: Analysis of Practical Cases Involving Shareholders' Meeting Disputes		
		2025.07.29	2025.07.29	Securities and Futures Institute	Commissioned by USI Management Consulting Corporation: Advanced Seminar for Directors and Supervisors, Including Independent Directors, and Corporate Governance Officers, "Industrial Case Studies in Smart Manufacturing and Digital Decision-Making."	3	
Independent Director	Li-Xiong Chen	2025.08.22	2025.08.22	Chinese National Association of Industry and Commerce, Taiwan	2025 Taishin Shin Kong Net-Zero Summit	3	
		2025.12.16	2025.12.16	The Greater Chinese Financial Development Association.	The "Legalization" of Stablecoins: Ushering in Global Currency Competition	3	

## 2. Education and training of managerial officers on corporate governance

Title	Name	Training date		Organizer	Title of course	Training hours	Note
		From	To				
General Manager	Ta-Kuan Yang	2025.03.20	2025.03.20	Taiwan Academy of Banking and Finance	Corporate Governance Forum: The Latest Tax Regulations and Developments in Taiwan and Internationally	3	
		2025.03.27	2025.03.27	Chinese National Association of Industry and Commerce, Taiwan	Reading the Future Through Financial Statements: From Financial Data to Management Decision-Making for Directors and Supervisors	3	
		2025.05.12	2025.05.12	Chinese National Association of Industry and Commerce, Taiwan	Corporate Governance – A Brief of Asset Succession and Equity Succession	3	
		2025.06.10	2025.06.10	BCSD TAIWAN	CDP Taiwan Announcement – Strengthening Climate Information Disclosure to Enhance Corporate Climate Resilience	3	
Manager, Auditor	Yi-Sheng Zhang	2025.10.13	2025.10.13	The Institute of Internal Auditors	Risk-oriented Internal Audit Methods and Practices	6	
		2025.10.22	2025.10.22	The Institute of Internal Auditors	Seminar on “Sustainability Information Management” and Key Practices of Internal Control and Auditing	6	
Manager, Finance and Accounting Department	Su-Chiu Tsai	2025.02.07	2025.02.07	KSP CPAs	2025 KSP Spring Forum: An In-Depth Analysis of the Mainland China Property Market and Related Capital, Tax, and Succession Planning Arrangements.	3	
		2025.02.19	2025.02.19	Accounting and Research Development Foundation	ESG Development Trends and Related Regulations on Sustainability Information Disclosure	3	
		2025.07.07	2025.07.07	Department of Environmental Protection, Taipei City Government	Training Course for Climate Change Risk Management Personnel	3	
		2025.07.16	2025.07.16	Accounting and Research Development Foundation	Analysis of Tax and Legal Liabilities Relating to “Climate Protection”	3	
		2025.08.13	2025.08.13	Accounting and Research Development Foundation	Application of the IFRS Sustainability Disclosure Standards and a Practical Discussion of Internal Control Management	3	
		2025.10.16	2025.10.16	Business Weekly, World Vision Taiwan	“Winning Through Resilience and Co-Creating Value: A New ESG Transformation Landscape” Corporate Inclusion Forum	2.5	
		2025.12.15	2025.12.15	Taiwan Stock Exchange and FinTech Research Center, National Chengchi University	Forum on Strengthening Corporate Resilience Through Comprehensive Sustainability Governance	3	

3. Education and training of personnel related to company financial information transparency

Department	Training date		Title of course	Training hours	Number of participants
	From	To			
General Manager	2025.03.20	2025.03.20	Corporate Governance Forum: The Latest Tax Regulations and Developments in Taiwan and Internationally	3	1
	2025.03.27	2025.03.27	Reading the Future Through Financial Statements: From Financial Data to Management Decision-Making for Directors and Supervisors	3	1
	2025.06.10	2025.06.10	CDP Taiwan Announcement – Strengthening Climate Information Disclosure to Enhance Corporate Climate Resilience	3	1
Department Audit	2025.11.21	2025.11.21	Key considerations and impacts of IFRS S1/S2 on internal control and internal audit that cannot be overlooked	6	1
	2025.12.10	2025.12.10	Seminar on the Practice of “Information Security” and “Cloud Security”	6	1
Finance and Accounting Department	2025.01.17	2025.01.17	2025 CTBC Stock Agency Regulations Briefing	3.5	1
	2025.01.17	2025.01.17	2025 Taiwan Carbon Border Adjustment Mechanism Policy Seminar	8	1
	2025.02.07	2025.02.07	2025 KSP Spring Forum: An In-Depth Analysis of the Mainland China Property Market and Related Capital, Tax, and Succession Planning Arrangements.	3	1
	2025.02.19	2025.02.19	ESG Development Trends and Related Regulations on Sustainability Information Disclosure	3	1
	2025.02.19	2025.02.19	Analysis of the Latest Securities and Financial Tax Laws and Professional Standards	1	11
	2025.03.19	2025.03.19			
	2025.04.16	2025.04.16			
	2025.05.21	2025.05.21			
	2025.06.18	2025.06.18			
	2025.07.16	2025.07.16			
	2025.08.13	2025.08.13			
	2025.09.17	2025.09.17			
	2025.10.15	2025.10.15	Impacts of Climate Change on Financial Statements	3	1
	2025.11.19	2025.11.19			
	2025.12.17	2025.12.17	The Most Recent Year’s Profit-seeking Enterprise Income Tax Return Filing Practice Seminar	3	1
	2025.03.19	2025.03.19			
2025.04.16	2025.04.16				
2025.05.21	2025.05.21				
2025.06.18	2025.06.18				
2025.06.18	2025.06.18				
2025.07.16	2025.07.16				
2025.07.16	2025.07.16	“Assurance Engagements on Greenhouse Gas Statements” (ISAE/TWSAE 3410): Concepts and Related Practical Issues	3	1	
2025.06.18	2025.06.18	Insights into ESG Trends: A Practical Analysis of Corporate Sustainability Implementation	3	1	
2025.06.18	2025.06.18	Taiwan Financial Reporting Standards Committee Online Seminar	3.5	1	
2025.07.16	2025.07.16	“How to Respond to the Impact of the Appreciation of the New Taiwan Dollar” Seminar	4	1	

Department	Training date		Title of course	Training hours	Number of participants
	From	To			
	2025.07.16	2025.07.16	Analysis of Tax and Legal Liabilities Relating to “Climate Protection”	3	1
	2025.07.22	2025.07.22	IFRS 18: Changes in Financial Statements and Note Disclosures and the Expected Tax Impact	1.5	3
	2025.07.23	2025.07.23			
	2025.08.13	2025.08.13			
	2025.07.30	2025.07.30	Workshop on the Impact of CBAM on Enterprises and Demand Survey	2	1
	2025.08.11	2025.08.11	Awareness Course on CDP Questionnaire Responses to Issues Related to IFRS S2	6	1
	2025.08.13	2025.08.13	Application of the IFRS Sustainability Disclosure Standards and a Practical Discussion of Internal Control Management	3	1
	2025.08.27	2025.08.27	2025 ESG Summit Series	3.25	2
	2025.08.28	2025.08.28			
	2025.08.29	2025.08.29	Release Conference for the Analysis Report on CDP Questionnaire Items Corresponding to IFRS S2 Related Issues	4	1
	2025.09.08	2025.09.08	Analysis of CDP Question Items Corresponding to IFRS S2	7.5	1
	2025.10.14	2025.10.14	“Winning Through Resilience and Co-Creating Value: A New ESG Transformation Landscape” Corporate Inclusion Forum	2.5	1
	2025.10.15	2025.10.15	IFRS Sustainability Disclosure Standards: Sustainability, Climate Information, and Transformation of the Annual Shareholders’ Report	4	1
	2025.10.27	2025.10.27	2025 IFRS Sustainability Disclosure Standard Seminar	4	1
	2025.11.19	2025.11.19	Practical Information Security Awareness and Risk Control for Directors, Supervisors, and Senior Executives of TWSE/TPEX Listed Companies	3	1
	2025.11.21	2025.11.21	Insider Equity Trading Compliance Seminar 2025	2.5	1
	2025.11.24	2025.11.24	2025 Public Company Business Seminar	4	2
	2025.11.26	2025.11.28	Corporate Sustainability and Net Zero Carbon Reduction	18.75	2
	2025.12.01	2025.12.01	2026 ESG Assessment Seminar	3	2
	2025.12.08	2025.12.08	Awareness Seminar on Promoting the Adoption of In line XBRL Filing by Enterprises in 2025	3	1
	2025.12.10	2025.12.10	2025 Taiwan Diversity, Equity, and Inclusion (DEI)	4	1
	2025.12.15	2025.12.15	Forum on Strengthening Corporate Resilience Through Comprehensive Sustainability Governance	3	1
	2025.12.17	2025.12.17	Corporate ESG: Environment, Society, Governance – Analysis of Related Court Cases and Legal Responsibilities	3	1

(XI) Implementation of internal control systems

1. Statement of internal control:

The Company’s 2025 Statement of Internal Control System has been announced on the MOPS.

Please visit MOPS (<https://mops.twse.com.tw>) to inquire: Homepage -> Single Company -> Corporate Governance -> Company Regulations/Internal Control -> Internal Control Statement Announcement, and enter the company code “1109” to view.

2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed: Not applicable.

(XII) Important resolutions of the shareholder meeting and board meeting during the most recent year or during the current year up to the date of publication of the annual report:

Date	Board meeting/shareholder meeting	Important resolution	Matters listed in Article 14-3 of the Securities and Exchange Act
2025.03.13	Board meeting (4th meeting of 21st term)	Resolved to approve the Company's 2024 stand-alone and consolidated financial statements.	V
		Resolved to approve the Company's 2025 appointment, professional fees and evaluation of independence of attesting CPA.	V
		Resolved to approve the Group's 2024 Business Report.	
		Resolved to approve the Company's 2024 earnings distribution proposal.	V
		Resolved to approve the conclusions of the 6th term - 2nd meeting of the Remuneration Committee of the Company.	
		Resolved to approve the Company's 2024 remuneration paid to employees and directors.	V
		Resolved to approve the Company's 2024 "Statement of Internal Control Systems."	V
		Resolved to approve the amendment to "Audit Committee Charter."	
		Resolved to approve the amendment to the Company's "Rules of Procedure for Board of Directors Meetings."	
		Approval of the amendments to certain provisions of the Company's "Articles of Incorporation."	
2025.05.13	Board meeting (5th meeting of 21st term)	Resolved to approve the Company's consolidated financial statements for the first quarter of 2025.	V
		Extension of the credit lines with E.SUN COMMERCIAL BANK, Taiwan Cooperative Bank, and CTBC Bank Co., Ltd.	V
		Partial disposal of the Company's shareholding in Pershing Technology Services Corporation.	V
2025.06.19	Regular shareholders' meeting	<b>Adoption</b> Adoption of the Company's 2024 annual accounting final	V

Date	Board meeting/shareholder meeting	Important resolution	Matters listed in Article 14-3 of the Securities and Exchange Act	
		reports.		
		Adoption of the Company's 2024 earnings distribution proposal.	V	
		<b>Other Motions</b> Approval of the amendments to certain provisions of the Company's "Articles of Incorporation."		
		Review of implementation status	<p>1. The important resolutions of the shareholder meeting have been addressed, and the execution was considered appropriate.</p> <p>2. With respect to the Company's 2024 earnings distribution, the cash dividend per share was NT\$0.9, with July 25, 2025 set as the base date for the dividend distribution, and was paid out on August 15, 2025. The execution was considered appropriate.</p>	
2025.08.13	Board meeting (6th meeting of 21st term)	Resolved to approve the Company's consolidated financial statements for the second quarter of 2025.	V	
		Resolved to approve the Company's "2024 Sustainability Report."		
		Resolved to approve the proposal for the Company's Sustainability and Risk Management Committee Charter.		
		Resolved to approve the proposal for the appointment of members of the Company's 1st term of Sustainability and Risk Management Committee.		
		Resolved to approve the amendment to the Company's "Organizational Charter."		
		Resolved to approve the amendment to the "Sustainable Reporting and Verification Procedures" of the Company.		
2025.11.12	Board meeting (7th meeting of 21st term)	Resolved to approve the Company's consolidated financial statements for the third quarter of 2025.	V	
		Approved the Company's 2026 budget plan.	V	
		Resolved to approve the Group's "2026 Business Plan."		
		Resolved to approve the Company's "2026 Internal Audit Plan."	V	

Date	Board meeting/shareholder meeting	Important resolution	Matters listed in Article 14-3 of the Securities and Exchange Act
		Resolved to approve the review of the remuneration to the Chairman and managers, and employee bonuses.	V
		Resolved to approve the amendments to the Company's "Regulations Governing Internal Control Systems" and the addition to the "Implementation Rules of Internal Audits."	V
		Resolved to approve the amendment to the Company's "Risk Management Policies and Procedures."	V
		Resolved to approve the replacement and the evaluation of the independence of attesting CPA.	V
2025.12.08	Board meeting (8th meeting of 21st term)	Approved the purchase of a total of seven parcels of privately owned land in Guanxi from two landowners in order to facilitate the subsequent land exchange with the National Property Administration, Ministry of Finance.	V
2026.03.12	Board meeting (9th meeting of 21st term)	Resolved to approve the Company's 2025 stand-alone and consolidated financial statements.	V
		Resolved to approve the Group's 2025 Business Report.	
		Resolved to approve the Company's 2025 earnings distribution proposal.	V
		Resolved to approve the Company's 2025 remuneration distribution proposal for employees (including front-line employees) and directors.	V
		Resolved to approve the proposal to adjust the scope of the Company's non-executive employees.	
		Resolved to approve the Company's 2026 appointment, professional fees and evaluation of independence of attesting CPA.	V
		Resolved to approve the Company's 2025 "Statement of Internal Control Systems."	V
		Resolved to approve the conclusions of the 6th term - 4th meeting of the Remuneration Committee of the Company.	
		Resolved to approve the proposed time, place, and agenda for the 2026 regular shareholder meeting.	

(XIII) During the most recent year or during the current year up to the date of publication of the annual report, if board directors or independent directors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

#### IV. Information on CPA fees

The amount of professional fees paid to the CPAs, the accounting firm, and its affiliated enterprises.

Unit: Thousand \$NT

CPA firm	CPA name	CPA audit period	Audit fees	Non-audit fees	Total	Note
CPA firm: PricewaterhouseCoopers Taiwan	Xiu-Ling Li	2025/01/01 114/09/30	NT\$3,490 thousand	NT\$827 thousand (Note)	NT\$4,317 thousand	1. In connection with the internal organizational adjustment of PricewaterhouseCoopers Taiwan, the certifying CPAs of the Company were changed, effective from the fourth quarter 2025 financial report, from CPA Li, Hsiu-Ling and CPA Chih, Ping-Chun to CPA Jeff J. Yu and CPA Chih, Ping-Chun. 2. NT\$30 thousand for IXBRL financial statements filing 3. NT\$20 thousand for review of non-managerial personnel's high salary 4. NT\$77 thousand for typing and photocopying of financial statements. 5. NT\$120 thousand for English financial statements 6. NT\$580 thousand for tax compliance audit
	Jeff J. Yu	2025/10/01- 114/12/31				
	Ping-Chun Chih	2025/01/01 114/12/31				

#### V. Information on change of CPA

(I) Information regarding the former CPAs: CPA Li, Hsiu-Ling

Date of replacement	Approved by the Board of Directors on November 12, 2025.
Reason for the replacement and explanation	Due to the necessity of CPA rotation in accordance with the relevant laws and regulations, and in connection with the internal organizational adjustment of PricewaterhouseCoopers Taiwan, the certifying CPAs of the Company were changed, effective from the fourth quarter 2025 financial report, from CPA Li, Hsiu-Ling and CPA Chih, Ping-Chun to CPA Jeff J. Yu and CPA Chih, Ping-Chun.

	Party		CPA	The Company
	Circumstances			
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Terminate the engagement voluntarily		Not applicable	Not applicable
	No longer accepted (discontinued) the engagement		Not applicable	Not applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None			
Disagreement with the Company	Yes		Accounting principles or practices	
			Disclosure of financial report	
			Audit scope or steps	
			Others	
	None		✓	
	Note			
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None			

(II) Information Regarding the Successor CPAs: Jeff. J. Yu

Name of Accounting Firm	CPA firm: PricewaterhouseCoopers Taiwan
CPA name	Jeff J. Yu
Date of engagement	Approved by the Board of Directors on November 12, 2025
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None

Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None
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- (III) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: Not applicable.

## VI. The evaluation of the independence of CPAs

- (I) In addition to regularly requiring CPAs to provide a statement of independence, we plan to assess their independence and suitability once per year on our own. We conducted an assessment in accordance with the Corporate Governance Best Practice Principles and with reference to the 13 indicators in the five aspects of the AQIs (adopted starting from 2023) (Note 1) and submitted the evaluation results to the Audit Committee and the Board of Directors for deliberation. Apart from appointing PwC to provide finance and tax attestations, the Group does not have any employment, financial interests, or business cooperation relationship with it. Based on the most recent year's assessment results approved by the Audit Committee and the Board of Directors on March 12, 2026, Cheng-Fu Yu and Ping-Chun Chih, CPAs at PwC Taiwan, both meet the Company's independence and suitability criteria and are qualified to serve as the Company's CPAs.
- (II) 2025 annual evaluation of the independence of attesting CPAs:
- (III) Evaluation unit: Finance and accounting department
- (IV) The evaluation of the independence between HSING TA CEMENT CO., LTD and its subsidiaries (hereinafter referred to as the Group) and CPAs Cheng-Fu Yu and Ping-Chun Chih of PricewaterhouseCoopers Taiwan (hereinafter referred to as PwC) are as follows:

Item	Yes	No
Whether there is any direct or material indirect financial interest between the Group and PwC.		V
Whether the Group has significant close business relationships with PwC.		V
Whether the Group has an employment relationship with PwC.		V
Whether the Group and PwC agreed on contingent professional fees related to audit cases.		V
Whether anyone from PwC currently or within the most recent two years has served as a director, supervisor, managerial officer or position that has a significant influence on audit cases.		V
Does PwC represent the Group in defense of legal cases or other disputes with third parties?		V
Whether the members of the PwC audit team are related to the directors, supervisors, managerial officers or persons who have significant influence on the		V

Item	Yes	No
audit cases of the Group.		
Whether the Group has obtained the statement on independence issued by PwC.	V	

Note 1:AQIs assessment results 2025:

In terms of [professionalism], the 2024 CPAs and their firm have sufficient auditing experience and training hours, and their turnover rate and professional support personnel as a percentage of all personnel are consistent with the average level of the industry. As for the [quality control] aspect, although the CPAs' workload is higher than the industry average, the auditing hours are up to standard, and the audit quality control hours are higher than the industry average. The firm has adequate personnel support for quality control, without impacting the quality of the Company's financial report audit. Regarding [independence], [supervision], and [innovation ability], the firm also meets the indicator standards.

- (V) The same CPA has not performed attestation services continuously for more than five years.
- (VI) Through the CPA competency questionnaire every year, the results of the evaluation of the independence of CPAs are compiled every year.

**VII. Anyone among the Company's Chairman, general managers, or any managerial officers in charge of finance or accounting affairs who have in the most recent year held a position at the accounting firm of the CPAs or an affiliate of the accounting firm: None.**

**VIII. Any equity transfer or change in equity pledge by a director, supervisor, managerial officer, or shareholder with 10% stake or more during the most recent year or during the current year up to the date of publication of the annual report**

- (I) Changes in shareholding

Title	Name	2025		As of Apr. 18, 2026	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Zhi-Xiong Yang	0	0	30,000	0
Director	Debo Investment Co., Ltd\ Representative: Bo-Wei Yang	0	0	0	0

Title	Name	2025		As of Apr. 18, 2026	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	Zhong-Xiong Yang	0	0	(6,500,000)	0
Director	Ren-Xiong Yang	0	0	0	0
Director	Da-Qin Yang	0	0	0	0
Director	Yin-Hsing Yang	0	0	0	0
Independent director	Rui-Tai Wu	0	0	0	0
Independent director	Li-Xiong Chen	0	0	0	0
Independent director	Da-Xiong Chen	0	0	0	0
General manager	Ta-Kuan Yang	110,000	0	0	0
Deputy general manager	Bao-Lin Zhang	0	0	0	0
Senior Manager	Qing-Shou Zhang	0	0	0	0
Manager, Audit department	Yi-Sheng Zhang	0	0	0	0
Nanshenghu Plant Manager	Lian-Huo Lin	0	0	0	0
Manager, Business Department	Ko-Chien Yeh	0	0	0	0
Acting Manager, Administration department	Shu-Yen Chou	0	0	0	0
Manager, Finance and accounting department	Su-Chiu Tsai	0	0	0	0

Note: For detailed information, please refer to the Market Observation Post System at <https://mops.twse.com.tw>. The path is as follows: Home → Summary Reports → Changes in Shareholding / Securities Issuance → Shareholdings / Pledges / Transfers of Directors, Supervisors, and Major Shareholders → Most Recent Changes in Shareholdings of Major Shareholders Holding More Than 10%.

(II) Information on transfer and pledge of shares: No transfer or pledge.

**IX. Relationship information, if among the top ten shareholders any one is a related party or a relative within the second degree of kinship of another**

The relationship between the top 10 shareholders who hold the highest shareholding percentages

April 18, 2026

Unit: shares

Name	Shareholding		Shareholding of Spouse and Minor Children		Total Shareholding in the Name of Others		The Names of and Relationships Among the Top Ten Shareholders Who Are Related Parties as Defined in Statement of Financial Accounting Standards No. 6, or Who Are Spouses or Relatives Within the Second Degree of Kinship		Note
	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Name	Relationship	
Ren-Xiong Yang	36,108,783	10.58%	1,153	0%	0	0%	Zhong-Xiong Yang Zhi-Xiong Yang Mei-Hong Hu Xue-Hua Lin Shu-E Yang-Chen Hsueh-Ching Kao-Yang	Relative within 2nd degree of kinship	-
Zhong-Xiong Yang	35,028,048	10.27%	2,779	0%	0	0%	Ren-Xiong Yang Zhi-Xiong Yang Mei-Hong Hu Xue-Hua Lin Shu-E Yang-Chen Hsueh-Ching Kao-Yang	Relative within 2nd degree of kinship	-
Zhi-Xiong Yang	34,982,166	10.25%	14,527	0%	0	0%	Zhong-Xiong Yang Ren-Xiong Yang Mei-Hong Hu Xue-Hua Lin Shu-E Yang-Chen Hsueh-Ching Kao-Yang	Relative within 2nd degree of kinship	-
Mei-Hong Hu	20,668,448	6.06%	0	0%	0	0%	Zhong-Xiong Yang Zhi-Xiong Yang Ren-Xiong Yang Xue-Hua Lin Shu-E Yang-Chen Hsueh-Ching Kao-Yang Ta-Ching Yang	Relative within 2nd degree of kinship	-
HTP CAPITAL Co., Ltd.	15,387,055	4.51%	0	0%	0	0%	None	None	-
Representative: Po-Min Yang	664,717	0.19%	0	0%	0	0%	Xue-Hua Lin	Relative within 1st degree of kinship	-
Hsueh-Ching Kao-Yang	11,986,101	3.51%	0	0%	0	0%	Zhong-Xiong Yang Zhi-Xiong Yang Ren-Xiong Yang Mei-Hong Hu Xue-Hua Lin Shu-E Yang-Chen	Relative within 2nd degree of kinship	-
Shu-E Yang-Chen	10,585,967	3.10%	0	0%	0	0%	Zhong-Xiong Yang Zhi-Xiong Yang Ren-Xiong Yang Mei-Hong Hu Xue-Hua Lin Ta-Kuan Yang Hsueh-Ching Kao-Yang	Relative within 2nd degree of kinship	-
Xue-Hua Lin	9,524,388	2.79%	0	0%	0	0%	Zhong-Xiong Yang	Relative within	-

							Zhi-Xiong Yang Ren-Xiong Yang Mei-Hong Hu Shu-E Yang-Chen Hsueh-Ching Kao-Yang	2nd degree of kinship	
Ta-Kuan Yang	9,025,431	2.65%	88,000	0.03%	0	0%	Shu-E Yang-Chen	Relative within 1st degree of kinship	-
Ta-Ching Yang	8,204,669	2.40%	0	0%	0	0%	Mei-Hong Hu	Relative within 1st degree of kinship	-

**X. The total number of shares and the consolidated equity stake percentage held in any single reinvested enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company**

March 31, 2026

Unit: shares; %

Investee enterprise	Investment by the Company		Directors, supervisors, managerial officers, and investments controlled either directly or indirectly		Total investments	
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %
HSIN I READY MIXED CONCRETE CO., LTD.	6,072,000	55.20	4,231,708	38.47	10,303,708	93.67
Xin Ni Development Co., Ltd.	5,880,000	98.00	79,333	1.32	5,959,333	99.32
Soaring Power Corporation	46,586,667	66.67	0	0	46,586,667	66.67
TAIWAN OOPARTS CO., LTD	538,072	18.68	0	0	538,072	18.68
Qin Da Construction Co., Ltd.	5,200,000	19.90	958,888	3.67	6,158,888	23.57
TAIAN INSURANCE CO., LTD.	365,173	0.12	0	0	365,173	0.12
Pershing Technology Services Corporation	2,648,474	8.35	0	0	2,648,474	8.35
FUJITEC TAIWAN CO., LTD.	70,000	2.33	0	0	70,000	2.33
DA CHIANG INTERNATIONAL CO., LTD.	3,448,276	1.72	0	0	3,448,276	1.72
POWER DIGITAL CARD CO., LTD.	796,665	1.70	1,597,793	3.40	2,394,458	5.10
AMCOM COMMUNICATIONS, INC.	708,800	7.43	901,612	9.45	1,610,412	16.88

### Three. Capital Overview

#### I. Capital and shares

##### (I) Source of capital

April 18, 2026

Unit: Shares; \$NT

Date	Issuance price	Authorized capital stock		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Using property other than cash as payment of shares	Others
2017	10	540,000,000	5,400,000,000	359,955,650	3,599,556,500	-	-	5% cash capital reduction
2018	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	5% cash capital reduction
2019	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2020	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2021	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2022	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2023	10	540,000,000	5,400,000,000	341,158,868	3,411,588,680	-	-	Retirement of 799,000 treasury shares
2024	10	540,000,000	5,400,000,000	341,158,868	3,411,588,680	-	-	-
2025	10	540,000,000	5,400,000,000	341,158,868	3,411,588,680	-	-	-
2026	10	540,000,000	5,400,000,000	341,158,868	3,411,588,680			

April 18, 2026

Share type	Authorized capital stock			Note
	Outstanding shares	Unissued shares	Total	
Common shares	341,158,868	198,841,132	540,000,000	Listed shares

(II) List of major shareholders

April 18, 2026

Unit: person; shares

<b>Shares</b>	<b>Shareholding</b>	<b>Shareholding %</b>
<b>Name of major shareholder</b>		
Ren-Xiong Yang	36,108,783	10.58%
Zhong-Xiong Yang	35,028,048	10.27%
Zhi-Xiong Yang	34,982,166	10.25%
Mei-Hong Hu	20,668,448	6.06%
HTP CAPITAL Co., Ltd.	15,387,055	4.51%
Shu-E Yang-Chen	11,986,101	3.51%
Xue-Hua Lin	10,585,967	3.10%
Ta-Kuan Yang	9,524,388	2.79%
Ta-Ching Yang	9,025,431	2.65%
Da-Qin Yang	8,204,669	2.40%

(III) Dividend policy and implementation status

1. Dividend policy

If the Company has surplus earnings in a year at the conclusion of the year-end accounting close, in addition to paying income tax in accordance with the law, the Company shall first make up for the losses of prior years, then set aside 10% of the remaining earnings as legal reserve, and if necessary, provide for special reserve or keep them in retained earnings, and for the remaining earnings, together with the unappropriated earnings at the beginning of the period, the Board of Directors shall prepare an earning distribution proposal to be resolved by the shareholders' meeting to distribute shareholders' dividends.

In accordance with the regulations of the competent authorities, if the Company has unrealized losses on the decline in value of long-term equity investments, cumulative translation adjustments, or other deductions from shareholders' equity, the Company shall first appropriate a special reserve in the same amount before distributing earnings.

- (1) The amount of special reserve provided for deduction on shareholders' equity incurred during the current year should not exceed the sum of the after-tax earnings of the current year and the accumulated unappropriated earnings of prior years.
- (2) The amount of the deduction on shareholders' equity incurred during prior years shall not exceed the accumulated unappropriated earnings of prior years after deducting the amount set forth in Subparagraph 1.

If a reversal of the reduction on shareholders' equity occurs in a subsequent year, the reversed amount may be distributed as earnings. As the Company operates in a mature industry, unless there are actual needs for capital expenditures for future business development or financial planning, cash dividends, in principle, shall not be less than 10% of the dividends attributable to shareholders for the year.

2. Dividend distribution proposed at the shareholder meeting

At the shareholders' meeting, it was proposed to distribute a cash dividend of NT\$0.90 per share based on 341,158,868 outstanding shares.

- (IV) Effects of the intended stock grants proposed at the shareholders' meeting on the operating performance and earnings per share of the Company for the year: Not applicable.

(V) Remuneration to employees, directors

1. The percentage or scope of remuneration for employees and directors as per the Company's Articles of Incorporation

(1) If the Company makes profits, it should make an appropriation based on the profits before tax.

Employee remuneration: 1–3%; director remuneration: no more than 5%.

Of the employees' compensation referred to in the preceding paragraph, no less than 50% shall be appropriated for distribution to non-executive employees or for salary adjustment.

Non-executive employees refer to employees who are not managerial officers, and whose salary level is based on the salary level for non-executive employees as defined in the Regulations Governing Additional Deduction of Wage Expenses for Pay Raises of Employees by Small and Medium Enterprises.

(2) When the Company still has accumulated losses, it shall first retain an amount to offset such losses.

2. The basis for estimating employee and directors' remuneration for the current period, the calculation basis for the number of shares distributed as employee stock remuneration, and the accounting treatment for any differences between the estimated and actual distribution amounts are as follows:

3. The estimation basis for the current period is based on profit before tax, and is calculated in accordance with the percentage specified in the Company's Articles of Incorporation. The estimated amount is recognized as operating expenses for the current year. Any difference between the estimated and actual distribution amounts shall be adjusted and recognized in the profit or loss of the following year.

4. The Board of Directors approved the remuneration distribution proposal.

(1) Actual distribution of 2025 remuneration to employees and directors

On March 12, 2026, the Board of Directors approved to distribute the remuneration in cash:

- Employee compensation: NT\$ 9,227,346
- Director's remuneration NT\$ 18,454,693
- The amount of remuneration for employees and directors is the same as the expense recognized in the year without any difference.
- The proposed amount of stock-based profits sharing for employees and its proportion to the net profits after tax and total profits sharing amount to employees for the period: No stock-based profits sharing for employees was intended for the year, thus not applicable.

(2) Actual distribution of 2024 remuneration to employees and directors

On March 13, 2025, the Board of Directors approved to distribute the remuneration in cash:

- Employee compensation: NT\$ 12,483,644
- Director's remuneration NT\$ 24,967,288
- The actual payment of remuneration for employees, directors is the same in amount as the expense recognized without any difference.
- The amount of stock-based profits sharing paid to employees and its proportion to the net profits after tax and total profits sharing amount to employees for the period: No stock-based profits sharing for employees was intended for the year, thus not applicable.

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

**II. Issuance of corporate bonds: None.**

**III. Preferred shares: None.**

**IV. Issuance of global depository receipts: None.**

**V. Employee stock option plan and Employee restricted stock: None.**

**VI. Issuance of new shares in connection with mergers or acquisitions of shares of other companies: None.**

**VII. Financing planning and implementation: None.**

## Four. Operational Overview

### I. Business Activities

#### (I) Business Scope

1. Major businesses and their revenue proportions: Currently the Group is mainly engaged in the production and sales of cement and clinker, with a revenue proportion of 62.71%; the second is the production and sales of concrete, with a revenue proportion of 12.52%.
2. The Group's current products are: Portland Type I cement, Type I low-alkali cement, Type II low-alkali cement, Type II (MH) moderate heat cement, blended blast furnace cement, blended limestone cement, limestone, concrete, PII52.5, PO42.5, and PC42.5.

#### (II) Industry Overview

1. Current state and development of the industry (macro economic environment and industry trends)

##### (1) Taiwan

In 2026, Taiwan's housing market is expected to continue the subdued sentiment seen in 2025, showing a consolidating pattern characterized by lower transaction volume and stable or mildly declining prices. Most experts believe that, affected by the seventh wave of selective credit controls and the surge in new housing supply, the market has entered a cooling period. The number of transferred ownership registrations is expected to remain at a low level, with approximately 250,000 to 260,000 units nationwide. Transaction prices are expected to correct mainly in peripheral areas where prices had previously risen excessively, resulting overall in a structural adjustment marked by cooling market sentiment without a sharp downturn. Accordingly, the cement industry will enter a year of correction marked by oversupply and contracting demand. The key will be how to preserve prices as much as possible amid limited shipment volume while continuing low-carbon transformation in response to future environmental trends and maintaining market competitiveness.

It is anticipated that in 2026, in view of such factors as the cooling real estate market and low-carbon transformation, the Company's most important task will be not only to maintain market share, but also to focus on the low-carbon competitiveness of its products and diversified deployment. The Business Department will actively engage with customers, strive to secure major public construction projects, and offer project pricing as appropriate to maintain long-term stable shipment volume. It will also promptly report market information to the Nanshenghu Plant, assist in product improvement, and follow up on the progress of the installation of the limestone powder vertical roller mill, so as to seek profit opportunities amid rapidly changing domestic and international conditions and achieve the quality and operating targets for 2026.

## (2) Mainland

In 2025, although infrastructure investment supported cement demand, total cement demand still showed a contracting downward trend due to the continued decline in real estate investment. At the same time, the market faced regional divergence, and under the combined impact of oversupply and intensifying competition, cement prices fluctuated downward overall. The positive development was that, benefiting from the significant decline in coal costs in the first half of the year, industry profits recovered to a certain extent for the full year.

In 2026, on the demand side, cement consumption is expected to continue its downward trend. On the supply side, under the constraints of capacity management policies and ultra-low emission related policies, the process of eliminating excess capacity will accelerate. Although the industry faces pressure from transformation costs, transformation is a critical key to securing long-term development. Technological innovation, greening, and digitalization will become core competitive strengths and will reshape the future competitive landscape.

## 2. Correlations of upstream, midstream and downstream industries.

In terms of the raw material logistics chain, upstream players include limestone mining and cement manufacturing, including cement clinker production; midstream players include ready-mixed concrete, cement, and limestone distributors and logistics services; downstream players include construction companies, chemical industries using limestone, and civil engineering contractors engaged in building and infrastructure construction.

## 3. Development trends and competition of products

### (1) Taiwan

To meet the carbon reduction requirements of the Ministry of Environment's Voluntary Emission Reduction Program, the Company plans to produce and sell 3,000 metric tons of Type IL Portland limestone cement and 25,000 metric tons of Type IS slag cement in 2026. These products are intended to partially replace Type I cement for geotechnical grouting and general construction projects, thereby achieving carbon reduction benefits.

In addition, the Nanshenghu Plant also plans to install a limestone powder vertical roller mill this year for the production of limestone powder with a fineness of over 10,000 cm<sup>2</sup>/g. This will, first, eliminate the cost of externally purchasing limestone powder and reduce dependence on outside raw materials; and second, create diversified revenue streams, as the limestone powder produced may also be sold externally as a product. For ready-mixed concrete customers, it is expected to gradually replace fly ash, which is subject to unstable supply and significant price fluctuations, thereby creating a new source of revenue growth for the Company. The entire set of equipment is expected to be installed by the end of this year and to be placed into formal production next year.

(2) Mainland

Current policies are focused on capacity reduction and the dual carbon goals. Accordingly, the key directions for development are as follows:

- Product differentiation: develop high margin specialty cement and low-carbon products.
- Cost leadership: reduce costs to the lowest level in the industry through technology and management.
- Future positioning: actively invest in frontier technologies such as carbon capture, utilization, and storage in preparation for the internalization of carbon costs.

Jiangsu Xinning has completed a number of ultra-low emission retrofit projects covering the entire cement production line process. Its air pollutant emissions, greenhouse gas verification, and energy consumption all comply with the standards required by government policies, and in August 2025 it also passed product carbon footprint labeling certification.

(III) Technology and R&D Overview

1. R&D expenses invested during the most recent year or during the current year up to the date of publication of the annual report (1Q2026) (more than NT\$5 million)

Unit: Thousand \$NT

Year	Item	Expenditure	Achievements
2025	Geological drilling operations for the third extraction site of the second quarry and safety assessment of the geologically sensitive area.	5,261	Investigation and study of the geological structure and texture of the quarry.
	Upgrading of storage facilities and material infeed and outfeed system equipment.	12,942	Increase effective inventory and improve material receiving and dispatch efficiency.

2. Successfully developed technologies or products in the most recent year and in the current year up to the date of publication of the annual report:

Improved manufacturing process, reduced the cost of raw materials, and mass produced Type I and Type II low-alkali cement and hydraulic cement.

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

1. Long-term business plan

(1) Taiwan

In the face of competition from domestic industry peers and imported cement, the Company focuses on enhancing product stability and service quality, avoids destructive price competition, and further strengthens customers' recognition of Hsing Ta Cement's brand image. At the same time, the Company actively cooperates with

customers in participating in public construction projects, so that the brand value becomes firmly established among government agencies and, in turn, enhances the confidence of private developers in the Company's products.

The Company sets its product prices at the median market level, neither the highest nor the lowest, and, by leveraging the advantages of product diversity and stable quality, enables the Hsing Ta brand to secure a place in the market.

## (2) Mainland

With the products and market positioning improved, Jiangsu Xinning New Building Materials Co., Ltd., a subsidiary in China, takes grade-PO 42.5 and grade-PII 52.5 cement in the "Xinning brand" as its leading products for the infrastructure construction market. With advanced skills, excellent service, high quality, strong production capabilities to ensure supply, and a complete service network, it serves the infrastructure construction market in Nanjing and Jiangsu.

- It is rigorous, pragmatic, and efficient in sales. With the company's advantages in product quality, it ensures adequate cement supply and service for clients, stabilizes its market share, and increases cement sales.
- It optimizes the structure of clients, expands sales channels, focuses on grade-42.5 and grade-52.5 cement, and sells products to clients mainly in the Jiangbei and Jiangnan regions, along with clients near Anhui and clinker clients, to ensure the normal operation of kilns, to strike a balance of production and sales and increase the company's profits.
- The Company proactively participates in bidding for key construction projects and, in line with market demand, produces low-alkali and retarding cement in a timely manner. By adopting a differentiated competitive strategy, the Company expands sales and enhances product recognition and corporate reputation. It also enhances sales personnel's training to improve their sales skills, adapts to market changes, stabilizes its sales teams, and strengthens market surveying, to keep abreast of market trends.

## 2. Short-term business plan

### (1) Taiwan

To mitigate the impact of market contraction on the Company's performance, the Company will more actively pursue large-scale public construction projects to maintain shipment volume and will formulate project prices based on customer needs. The Company will also include price negotiation conditions for customers with long-term contract demands (six months or more). If short term market price fluctuations arise, the Business Department will report them to the Company so that selling prices may be adjusted in a timely manner to avoid disconnect from market conditions and reduce the risk of operating losses.

(2) Mainland

Continue to follow up on important infrastructure projects at the provincial and municipal levels while maintaining market share.

- Join in the development and construction of the state-level Jiangbei New District, keep track of key projects such as Nanjing North Station and Jianning West Road, continuously strive to obtain the right to supply cement, and enhance the Company's product awareness and reputation.
- While continuing to provide supply services to existing directly supplied concrete batching plant customers such as Pudi and Yuquan, the Company will also seek to enter new customers such as concrete batching plants in the Jiangbei New Area, so as to increase the proportion of directly supplied customers.
- The Company will maintain ongoing communication and coordination with other cement producers to preserve stable market prices. While maintaining stable distributor customers, it will also focus on structural improvements and optimize the proportion and mix of customers.

## II. Market and production and sales overview

### (I) Market Analysis

#### 1. Sales area of major products cement and clinker

Market and proportion of sales of cement and clinker produced by the Group.

Taiwan accounted for about 51.43% of sales, while Nanjing, China, accounted for 48.57%.

##### (1) Taiwan

The Company's products mainly include Type I ordinary cement and Type IS slag cement, which are suitable for ready-mixed concrete plants, geotechnical improvement works in construction projects, and plastering applications.

Main target markets: Yilan, Keelung, Greater Taipei, and north of Taoyuan, accounting for more than 94% of sales.

Secondary target markets: Hsinchu, Miaoli, Taichung and Changhua, accounting for 6% of sales or less.

##### (2) Mainland

The Company's principal products are high-grade cement, primarily PO42.5 and PII52.5, which are suitable for batching plants, pipe pile manufacturers, and engineering customers within the region. In 2024, the Company supplied cement for high-speed railway projects, producing low-alkali PO42.5 and PII52.5 cement specifically for high-speed railway use. The sales regions are mainly concentrated in the Jiangbei and Jiangnan areas of Nanjing. Beginning in November 2025, in response to environmental protection requirements, logistics transport vehicles were replaced with new energy electric vehicles. With the reduction in logistics costs, the effective sales radius for cement products has expanded to more than 200 kilometers.

Main target market: including the areas near the plant, namely Nanjing Pukou District, Jiangbei New Area, and Liuhe District in the Jiangbei region, and Yuhuatai District, Binjiang, Hexi, and Jiangning in the Jiangnan region, accounting for approximately 95% of sales. Among these, the newly supplied cement for the North Riverside, Ninghuai, and Nanjing North Railway Station high speed railway projects accounted for 42% of sales volume in the primary target market.

Secondary target market: including the areas of Chuzhou, Lai'an, Tianchang, and Ma'anshan in Anhui Province, accounting for approximately 5% of sales.

## 2. Market share

### (1) Taiwan

In 2025, cement and clinker sales accounted for approximately 5.63% of the market in Taiwan.

### (2) Mainland

In 2025, the total annual demand for cement in Nanjing was about 8.5 million tons, and the Company's market share in Nanjing was about 18%.

## 3. Future supply and demand, and growth of the market

### (1) Taiwan

Various housing market cooling measures have slowed the growth of private construction projects. In addition, channels for the disposal of excavated soil remain constrained. It is therefore expected that demand in the cement market will decline slightly this year compared to last year. In northern Taiwan, apart from the Beitou Shilin Technology Park area, where the development projects related to NVIDIA's Asia headquarters have remained relatively active, other areas have experienced stagnant presale housing demand or extensions of building permit schedules. The good news is that public construction projects, such as the phased commencement of station works for the Taipei MRT Circular Line, together with the tendering of the fourth LNG receiving terminal for Hsiehho Power Plant, have provided a certain degree of support to the concrete market and established a minimum level of support for cement sales. Accordingly, performance should not fall too far behind last year.

On the supply side, it is estimated that the production and sales volume of domestic producers has been eroded by imported cement, and the market share of imported cement has reached 28%. Although the Cement Association has successfully applied for anti-dumping duties and a border carbon tax on imported cement clinker from Vietnam, it must still continue seeking anti-dumping duties and a Taiwan version of CBAM with respect to Indonesia and Japan in order to maintain fair competition between domestically produced cement and imported cement.

### (2) Mainland

On the demand side, due to the continued weakness of the real estate market, although major projects under the 15th Five Year Plan are expected to drive infrastructure investment, total cement demand in 2026 will still continue its mild downward trend. Annual consumption is estimated at approximately 1.85 billion metric tons, representing a year-on-year decrease of approximately 2.1%. On the supply side, under the combined effect of policy constraints, including capacity replacement, staggered production, and carbon emission quota management, together with market clearing, the elimination of excess capacity is expected to accelerate, which should help restore supply and demand balance and create an opportunity for cement prices to rebound.

### (3) Favorable factors

A. Taiwan

- With sufficient limestone ore source, the supply of the main raw materials can continue for a long time.
- The government is actively promoting various infrastructure programs, including the fourth LNG receiving terminal project at Hsiehho Power Plant, MRT Circular Line projects in various regions, and subsidies for the reconstruction of dangerous and old buildings and urban renewal projects. Cement sales volume is therefore expected to remain stable.
- The Nanshenghu Plant plans to install a limestone powder vertical roller mill. In addition to being used in the production of Type IL limestone cement to reduce the cost of externally purchased limestone powder, the limestone powder may also be sold externally in the future to replace part of the demand for fly ash.

B. Mainland

- The limestone stock of our subsidiary in China is abundant, and the quality of ore is high; the supply to the market should be adequate.
- The product quality is stable, the adaptability is high, the market sales channels are in a stable state, and the sales policy is basically accepted by customers.
- The transportation distance from the subsidiary in China to the state-level Nanjing Jiangbei New Area is relatively short. Thanks to the development of the Jiangbei New Area in recent years, we have certain competitiveness advantages in terms of the location in regional market.

(4) Unfavorable factors

A. Taiwan

- With carbon fees formally imposed this year, together with the possibility of electricity tariff increases, fluctuations in international raw material prices, and the removal of the 50% commodity tax reduction, cement costs may reach a record high.
- As private construction project development slows and the risk of developer defaults increases, the Company's cement sales strategy has turned more cautious and conservative.
- The market share of imported cement has exceeded 28%, posing competitive pressure due to lower prices and the absence of a border carbon tax.

B. Mainland

- The cement industry was formally included in the carbon emissions trading market in 2025, making environmental protection costs more rigid. In addition, energy and carbon related policies and regulations have become increasingly stringent, resulting in pressure from transformation costs.

- Affected by high inventories of commercial housing and an 8% to 10% decline in newly started floor area, cement consumption in the residential sector is expected to fall to below 580 million metric tons.
- Within 50 kilometers of China subsidiaries' locations are several large cement manufacturers, including Quanjiao Conch Cement Company Limited, Anhui Panjing Cement Co., Ltd., and Chuzhou Zhonglian Cement Co. Ltd., with a production capacity of about 13 million tons and similar products and highly overlapping client groups, so the competition in homogenous products is intense.
- Large cement groups, such as industry leaders China National Building Material and Anhui Conch Cement, are leveraging their capital advantages to expand into upstream and downstream cement related industries and accelerate regional mergers and acquisitions as well as overseas expansion.

(5) Countermeasures:

A. Taiwan

- Improve product quality and after sales service, in particular by securing cooperation from transport operators to meet customers' jobsite delivery needs, so as to boost shipment volume and service reputation.
- Produce and sell Type IL limestone cement and Type IS blast furnace cement in order to achieve the targets under the Ministry of Environment's Voluntary Reduction Plan and maintain the preferential rate so as to reduce carbon fee costs.
- Closely monitor market developments and, in coordination with customers, offer project pricing to secure government tenders and private construction projects, thereby maintaining market share and stable shipments.

B. Mainland

- In response to sustainability and environmental protection trends, Xinning Plant will continue to improve the ultra-low emission retrofit of the full production line process and refine environmental management.
- In response to changes in market conditions, the Company formulates competitive sales strategies, leveraging its stable product quality and high strength margins to promote high-grade cement (e.g. 52.5 and 42.5 grades), thereby achieving product differentiation.
- Continue to follow up on important infrastructure projects in the provinces and cities, strive to obtain cement supply rights, and enhance the Company's product popularity and reputation.
- While maintaining existing customer service and quality, we will actively seek to acquire new customers and optimize the customer mix and structure.

(II) Important applications and production process of major products

1. Important applications of major products

(1) Taiwan

A. Portland Type I Cement

Portland type I cement is suitable for general construction and engineering works without sulfate corrosion or temperature rise, such as: pavement, floor, reinforced concrete structures, roads, pipelines, stucco works and other pre-cast bodies, etc.

B. Portland Type I Low Alkali Cement

Portland Type I low-alkali cement has physical properties similar to those of Portland Type I cement. However, its total alkali content must be less than 0.6% ( $\text{Na}_2\text{O} + 0.658\text{K}_2\text{O}$ ). By reducing excessive alkali content, it minimizes the formation of alkali-silica gel during reactions, thereby preventing expansion and cracking in structures. It is therefore suitable for general construction applications requiring low alkali content.

C. Portland Type II Low Alkali Cement

The chemical composition of this cement is subject to more restrictions than that of Type I cement. The alkali equivalent content in the chemical composition must be less than 0.6%, and it has moderate resistance to sulfate corrosion, thus avoiding the swelling and cracking caused by the reaction of alkali with aggregates. It has lower dry shrinkage and better durability, and is suitable for underpasses, sewers, piers, breakwaters, harbors and other engineering works.

D. Portland II (MH) cement

Portland II (MH) cement is also called cement with moderate hydration heat and has similar properties to Portland II cement, but the sum of tricalcium silicate and 4.75 times tricalcium aluminate must be less than 100% for its chemical composition. Its slow hydration reaction, low expansion rate and relatively low heat of hydration heat can reduce water consumption and prevent alkaline reaction of aggregates. It has moderate sulfate resistance and moderate hydration heat. Its early strength is lower than that of Type I, but its late strength is higher. It is suitable for engineering works such as reservoirs, dams, rapid transit, elevated roads, and mass concrete.

E. Blended hydraulic cement IS Type (Portland blast furnace slag cement)

Blast furnace slag cement has the advantages of lower heat of hydration, higher late-stage compressive strength, durability and low cost, often used in foundation works of dams, bridges, tunnels, riverbanks and basements.

F. Blended hydraulic cement IL Type (Portland limestone cement)

Limestone cement, due to its finer particle size, exhibits higher early strength, while its later strength is comparable to that of Type I cement. In addition,  $\text{CO}_2$  emissions can be reduced by 8–12%. It is expected to replace Portland Type I cement as the most widely used product in the future.

(2) Mainland

A. General Silicate Cement Clinker

A hydraulic hard cement material with calcium silicate as the main mineral component, produced by having the raw materials mainly containing CaO, SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, Fe<sub>2</sub>O<sub>3</sub> ground into fine powder in appropriate proportions and burned until partially melted. The mineral content (mass fraction) of calcium silicate is not less than 66%, and the mass ratio of calcium oxide to silicon oxide is not less than 2.0. The alkali content of the Company's clinker is less than 0.6% and C<sub>3</sub>A is less than 8.0%, which is suitable for grinding various types of low alkali general silicate cement.

B. P II silicate cement (also known as Type II Portland cement)

General silicate cement clinker with 0-5% limestone or blast furnace slag has higher early and late strength, alkali content less than 0.6%, which can greatly reduce the occurrence of alkali aggregate reaction and have moderate resistance to sulfate erosion and strong resistance to weathering. The Company currently produces low-alkali Portland cement PII52.5, which is suitable for large-scale commercial buildings, bridges, docks and seaport facilities and other large-scale important engineering works.

2. Production process of major products

Raw materials such as limestone, clay, silica sand, iron slag and furnace stone are ground into fine powder in appropriate proportions and then calcined at high temperature in a rotary kiln to produce clinkers, and then ground into various cement products by adding appropriate gypsum and corresponding mixed materials in specific proportions.

(III) Supply of major raw materials

Category	Source of supply	Note
Limestone	Self-mining	<ul style="list-style-type: none"> <li>The main raw materials for cement production include limestone, clay, silica sand, iron slag, and gypsum; the fuel is coal. In addition to limestone, which is mined by the Company for its own use, other raw materials are primarily sourced locally, while any shortages will be purchased from outside.</li> <li>Long-term and short-term contracts are adopted to stabilize prices, and ensure that quantity and delivery time of suppliers can meet the Company's needs.</li> <li>The Company maintains a good collaborative relationship with suppliers, and the source of supply is safe.</li> </ul>
Clay	Purchased domestically	
Silica sand	For Taiwan, mainly purchased domestically or imported from Malaysia.	
	For Mainland, mainly purchased locally from Nanjing	
Iron slag	Mainly purchased locally, partly imported from Japan	
Gypsum	Mainly purchased locally, partly imported from Japan	
Coal chips	For Taiwan, imported from Russia	
	For Mainland, mainly purchased locally from Nanjing	
Furnace slag	Mainly purchased locally, partly imported	

	from Japan	
Dry fly ash	For Mainland, mainly purchased locally from Nanjing	
Slag powder	For Mainland, mainly purchased locally from Nanjing	

(IV) The names of suppliers and customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchases (sales) amount and proportion.

1. Information on major suppliers in the most recent 2 years

Unit: Thousand \$NT

		2025			2024				As of the previous quarter 2026			
Item	Name	Amount	As a percentage of net purchases for the year (%).	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%).	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year up to the previous quarter (%).	Relationship with the issuer
1	B	408,853	24.45	None	B	326,222	18.13	None	E	102,790	26.30	None
2	A	239,806	14.34	None	F	294,760	16.38	None	B	73,813	18.89	None
3	C	204,801	12.25	None	E	280,053	15.56	None	F	35,603	9.11	None
4	E	190,798	11.41	None	C	250,342	13.91	None	-	-	-	-
5	F	190,222	11.37	None	A	126,388	7.02	None	-	-	-	-
6	Others	437,915	26.18	None	Others	521,918	29.00	None	Others	178,626	45.70	None
	Net purchases	1,672,395	100.00	-	Net purchases	1,799,683	100.00	-	Net purchases	390,832	100.00	-

The ratio of the purchases from the three major suppliers to those from all suppliers has not changed much. The main reason is that the Company mainly produces cement, and the raw material belongs to the ore category. As the production process consumes a great deal of coal and electricity, the top three suppliers supply ore, coal, and electric power, respectively. To take into account the stability and adequacy of the supply of materials, there should be no great change in the purchase of said raw materials.

2. Information on major customers in the most recent 2 years

Unit: Thousand \$NT

Item	2025				2024				As of the previous quarter 2026			
	Name	Amount	As a percentage of net sales for the year (%).	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year (%).	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year up to the previous quarter (%).	Relationship with the issuer
1	Others	4,431,540	100.00	None	Others	4,656,290	100.00	None	Others	855,342	100.00	None
	Net sales	4,431,540	100.00	-	Net sales	4,656,290	100.00	-	Net sales	855,342	100.00	-

The Company maintains stable collaborative relationships with major sales clients. China is an extensive market and the market competition is fierce, so the increase or decrease in the ratio of sales to clients is due to the increase or decrease in sales caused by the supply and demand in the general market.

**III. The number of employees for the most recent 2 years, and the current year up to the date of publication of the annual report, their average years of service, average age, and education distribution.**

Date		2024	2025	The current year up to March 31, 2026
Item				
	Number of employees	711	684	675
	Average age	46.52	47.44	47.97
	Average years of service	12.22	13.18	12.99
Education profile	Doctoral Degree	0.00 %	0.00 %	0.00 %
	Master's degree	1.83 %	1.75%	1.63%
	University or college	31.08 %	30.41%	30.81%
	High school	33.61 %	34.36%	34.07%
	Below high school	33.47 %	33.48%	33.48%

**IV. Information on environmental protection expenditures**

In view of the rapid development of circular economy and technology, the Group actively promotes green energy and environmental protection, and is committed to environmental sustainability to implement corporate social responsibility. Also, the Company conducts business in compliance with various environmental protection laws and regulations while strengthening efforts in tree planting around mines, energy conservation, carbon reduction, and pollution prevention, improvement to processes, and waste treatment, to reduce the impact on the environment, implement various management of safety, health, environmental protection, and fulfill corporate responsibilities for environmental protection.

- (I) In 2025, expenditures on pollution control equipment or technologies amounted to NT\$107,989 thousand. Details are as follows:

Unit: Thousand \$NT

Item	Expenditure	Note
Update and maintenance of pollution prevention equipment	5,303	To ensure that emissions comply with environmental regulations and to improve treatment efficiency, the Company regularly upgrades and maintains its pollution control equipment, including dust collectors, denitrification (DeNOx) systems, and flue gas monitoring systems, thereby enhancing the effectiveness of pollution control and reducing environmental impact.

SCR denitrification retrofit project	64,564	1. Ammonia water consumption per ton of clinker was reduced from 3.8 kg to less than 2.5 kg. 2. NOx emission concentration was reduced to below 35 mg, and ammonia slip was controlled to below 5 mg.
High temperature fan replacement project	6,839	To address the increase in system resistance resulting from the SCR retrofit, improve fan efficiency, reduce clinker power consumption, and lower the unit consumption of the high temperature fan from 6.9 to 5.3.
#Roller press technical retrofit	4,545	For P.O42.5 cement, hourly output increased by 30 t/h, and unit power consumption decreased by 3 kWh.
#Roller press technical retrofit	4,454	For P.II52.5 cement, hourly output increased by 18 t/h, and unit power consumption decreased by 3 kWh.
Construction of the integrated environmental control platform and monitoring system	20,821	Real time online connection of data was achieved, and, by relying on the integrated control platform, closed loop management for abnormal monitoring data alerts and handling was realized.
Retrofit of the desulfurization tower demister	1,463	To improve desulfurization efficiency.

(II) Losses suffered due to environmental pollution during the most recent year and up to the date of publication of the annual report, including compensation and violations of environmental protection laws and regulations identified in environmental protection inspection results.

1. Date of disposition: July 23, 2025

Disposition number: Fu Shou Huan Ji Tzu No. 1140024345

Provision of the law violated: Article 23, paragraph 2, of the Air Pollution Control Act

Description of violation: On June 27, 2025, the Environmental Protection Bureau conducted a follow up inspection at the Plant in accordance with the Regulations Governing Air Pollution Control Facilities for Fugitive Particulate Pollutants from Stationary Sources and the results of the previous inspection, and found that improvements had not been completed and that there were a total of 30 deficiencies, in violation of Article 23, Paragraph 2 of the Air Pollution Control Act.

Description of deficiencies:

- (1) The automatic sprinkling system at Stockpile Yard X101 had insufficient spray coverage, and no dedicated water meter had been installed. The area covered by dust proof cloth at Stockpile Yard X205 did not reach 80% of the stockpile area.

- (2) The conveying equipment adopted an enclosed conveying system, but it was not completely enclosed or was damaged, resulting in material spillage.
- (3) Concrete pavement had been laid on the vehicle routes and relevant areas, but color differences were observed on the road surface. The road surface of Stockpile Yard X204 was paved with aggregate, but the paving thickness was insufficient and the surface was not kept wet.
- (4) Preventive measures were not adopted during loading and unloading operations.
- (5) The road surface was damaged, and dirt had caused color differences on the pavement.
- (6) The video image of Stockpile Yard X204 was blurred and could not be clearly identified.

Disposition: A fine of NT\$120,000 was imposed.

Corrective action: Improvements were required to be completed by August 6, 2025 in accordance with the official notice.

## 2. Date of disposition: September 15, 2025

Disposition number: Fu Shou Huan Ji Tzu No. 1140030767

Provision of the law violated: Article 23, paragraph 2, of the Air Pollution Control Act

Description of violation: On August 14, 2025, the Environmental Protection Bureau conducted a follow up inspection at the Plant in accordance with the Regulations Governing Air Pollution Control Facilities for Fugitive Particulate Pollutants from Stationary Sources and the results of the previous administrative disposition, Fu Shou Huan Ji Tzu No. 1140024345 dated July 23, 2025, and found that improvements had not been completed and that there were a total of 12 deficiencies, in violation of Article 23, Paragraph 2 of the Air Pollution Control Act.

Disposition: A fine of NT\$120,000 was imposed.

Corrective action: On August 14, 2025, before the follow up inspection by the Environmental Protection Bureau of Yilan County regarding the corrective status of the previous administrative disposition, the results still failed to meet the required standards. Accordingly, on September 24, the Plant separately submitted an Improvement Plan for Air Pollution Control of Fugitive Particulate Pollutants from Stationary Sources, with completion scheduled for January 31, 2026, and the plan was approved by the Environmental Protection Bureau.

Description of the improvement plan is as follows:

- (1) Installation of piping and support frames. (To expand the sprinkling coverage.)
- (2) Installation of movable sprinkler head equipment. (To expand the sprinkling coverage.)
- (3) Installation of a booster motor and pump water extraction device. (To expand the sprinkling coverage.)

Description of completion of improvements: The facilities under the improvement plan were completed and function tested on schedule. On January 29, 2026, Environmental

Protection Bureau personnel conducted an on-site inspection at the Plant and determined that the improvements had been completed.

(III) Future countermeasures and possible expenditures

1. Future corresponding measures

(1) Taiwan

- Step up management and maintenance of production equipment and environmental protection facilities to reduce the possibility of pollution.
- Continue to strengthen the training of operators on the prevention, control and response to noise, air and water pollution and strictly enforce the operation regulations.
- At present, all possible pollution sources have been equipped with pollution prevention and control equipment, and personnel are regularly trained to deal with abnormal situations in order to completely eliminate pollution.
- Pursuant to the Climate Change Response Act, the Nanshenghu Plant, a regulated entity of the Ministry of Environment within the Group, regularly discloses greenhouse gas emission-related information each year. This information has been verified by third-party institutions such as SGS, AFNOR, and DNV, and registered on the Ministry of Environment's National Greenhouse Gas Registry Platform.
- The Company participates in the voluntary greenhouse gas reduction policy and has received technical guidance from the Industry Development Administration on energy saving and carbon reduction, achieving initial results in improving process equipment and reducing energy loss. In response to greenhouse gas reduction requirements, the Company will continue to renew and replace equipment, improve production processes to increase unit output and reduce energy consumption per unit of output, and regularly hold meetings to review process energy efficiency.
- Using the average for 2018 through 2022 as the base period, the Company has set a target of reducing carbon emissions by 4.9% by 2030. In 2025, the reduction rate had already reached 4.28%, meeting the interim target under the Voluntary Reduction Plan.
- Carbon fee collection
- The Company's "Voluntary Reduction Plan" was approved by the Ministry of Environment on December 17, 2025. In addition, on January 19, 2026, the Company submitted its status as an "enterprise with high carbon leakage risk" for review. Upon approval, the carbon fee calculation will be eligible for the application of an "emissions adjustment coefficient," which is 0.2 in the first phase, equivalent to a 20% charge, thereby easing the impact of carbon fees on the Company's costs.
- Reuse processing policy

- Proper disposal of self-generated waste and implementation of resource sorting and reuse. Using 2022 as the baseline year, the Company has set a target of achieving an annual reduction rate of 3% in the volume of industrial waste commissioned for treatment compared to the baseline year. In line with the circular economy policy, reusable industrial by-products or wastes will be transformed into alternative raw materials and properly processed and mixed in accordance with law, so as to reduce the energy consumption of raw material mining and carbon emissions, and to put into action the environmental protection concept of reusing global resources.
- Reduce water consumption
- The Nanshenghu Plant is the Company's principal water consuming unit. Process water is used mainly to replenish evaporative losses from cooling water. The Company completed the full recycling project for process water and obtained a "Waste (Sewage) Water Storage Permit" from the Environmental Protection Bureau of the Yilan County Government in December 2016, thereby providing the legal basis for zero discharge of process water and achieving the targets of "zero discharge" and "100% storage and recycling." The Company has also set, with 2022 as the baseline year, a quantified management target of maintaining an annual process recycled water substitution rate above 60%.

(2) Mainland

- Committed to the social responsibility goals of environmental protection, culture, poverty alleviation, and community interaction; adopt green production and green lifestyles as the goal of environmental sustainability; start from ecological vegetation projects, energy conservation and carbon reduction, addition and update of pollution prevention and control equipment to waste recycling and treatment to reduce the impact on the environment.
- Jiangsu Xinning Plant has completed a number of ultra-low emission retrofit projects and will continue to carry out further retrofits in the future to improve the ultra-low emission transformation of the entire production line process. At the same time, it will continue to implement comprehensive monitoring of environmental protection work in order to comply with the policy requirements for various indicators.
- In terms of energy saving and consumption reduction, the entire production line has undergone energy system optimization. Through a series of energy saving technical retrofits, energy efficiency levels have been improved. At present, the indicators for comprehensive coal consumption and comprehensive energy consumption per unit of clinker product, as well as energy consumption per unit of cement product and electricity consumption in the cement preparation section, have all reached Grade 1, while the comprehensive electricity consumption per

unit of clinker product meets Grade 2. Equipment optimization and technical improvements will continue in the future.

- The cement industry was officially included in the carbon emissions trading market in 2025, and the annual greenhouse gas allowances will be calculated and determined in accordance with the latest “Two Guidelines” issued by China. In the future, we will continue to strengthen the management and maintenance of production equipment and environmental protection facilities at each production unit in order to reduce greenhouse gas emissions and enable Jiangsu Xinning Plant to maintain stable operations within its emissions allowances.
- Provide more trainings on environmental protection awareness for all employees, upgrade environmental management techniques and further elevate the environmental management level of the Company; make complete environmental protection files, including environmental assessment reports, environmental engineering acceptance reports, pollution source monitoring reports, pollution emission standards, environmental protection laws and regulations, environmental protection technical information and other environmental statistics, and report to the local environmental protection administrative department on a regular basis to ensure that the emission of pollutants meets the standards and keep in good shape total amount control of pollution emission.

## 2. Future possible expenditures

- (1) Expenses for replacement, renewal, and upgrade of existing anti-pollution equipment.
- (2) Environmental taxes on pollutants discharged/emitted (air pollution fee).
- (3) Skills training for environmental management personnel.
- (4) Road maintenance and vegetation costs.
- (5) Fees for environmental protection facility testing and pollutant discharge/emission monitoring.
- (6) Carbon fee collection.

## Expected future expenditures for environmental protection

Item	Performance
Urea (for DeNOx use)	To reduce nitrogen oxide emissions.
Update and maintenance of pollution prevention equipment	Reduce the emission of pollutants and fulfill corporate social responsibility.
Mesh spraying planting project for residual wall and platform 820–830 on the south side	Implement the vegetation and water and soil conservation work and work with the government’s vegetation policy to proactively restore and reduce the impact on the landscape.
Raw mill energy saving and consumption reduction upgrade project	Reduce power consumption in raw meal process by 1 kWh.
Preheater resistance reduction retrofit	Reduce resistance in the preheater system, lower the draft load of the high temperature fan, and reduce power consumption.
Automatic control retrofit for calciner temperature and kiln hood negative pressure	Use automatic control to adjust kiln tail coal consumption, improve the timeliness and stability of kiln tail coal adjustment, and reduce coal consumption.
Installation of a stepped combustion furnace for alternative fuels in the calciner	Improve the thermal stability of the calciner, increase the substitution efficiency and heat utilization efficiency of alternative fuels, reduce coal consumption per unit of clinker, and reduce carbon emissions.
Inclined drag conveyor dust collection retrofit	Provide dust collection and dust suppression for the clinker inclined drag conveyor pit and corridor in support of the ultra-low emission program.
Fire safety retrofit for the solid waste corridor and preheater	Install fire protection facilities in the solid waste corridor and preheater to eliminate potential safety hazards.
Efficiency improvement retrofit for grate cooler cooling fans	Retrofit low efficiency cooling fans to reduce clinker power consumption, improve cooling performance, and lower clinker temperature.

It is estimated that the total environmental protection expenditure will be NT\$80,119 thousand in the future to improve the stability of the existing equipment operation and optimize the emission quality.

## V. Labor Relations

In addition to enhancing the welfare and working environment for employees under various labor, safety and health laws and regulations, the Group has also established various evaluation, training, retention and utilization systems to improve the quality of human resources and transfer of work experience, and planned various salary and bonus benefits to meet the

expectations of employees and society, in order to build up the momentum for future competitiveness.

(I) The Group's employee benefits, education, training and retirement systems and their implementation

1. The Group sets out employee benefits in accordance with regulations with variations from region to region. The main contents include emergency relief, bereavement aid (including dependents), wedding support, birthday gift certificate, education scholarship for children, childcare allowance, New Year's gift certificate, transportation subsidy, meal allowance, staff dormitory, model worker recognition and staff travel subsidy, movie tickets, group accident insurance for employees, etc.

2. Employee development and training

The Group regularly organizes training programs for new recruits and various professional training programs. The human resources department plans employee training programs every year, focusing on the functional needs of different departments and levels, and organizes internal and external training programs in conjunction with the Company's development strategy to provide supervisors and employees with ample opportunities for training, covering professional skills and development of talents in accounting, production, computer, finance, and law, etc. Depending on the actual needs, each department can also participate in vocational training programs offered by government agencies and social organizations to improve the connection between professional functions and social trends.

In 2025, HSING TA employees had a total of 3,781.5 hours of training, with 557 participants;

HSIN I employees had a total of 125 hours of training, with 125 participants;

Mainland Xinning's employees had a total of 533 hours of training, with 2,018 participants.

3. Retirement systems

The Company has the "Regulations on HR Management" to provide for the appointment, service, evaluation, reward and punishment, promotion and termination of employees, and the "Regulations on Employee Bereavement" to take care of employees and their families. The Company has a Supervisory Committee of Labor Retirement Reserve in accordance with law, which meets from time to time as necessary to review the appropriation and utilization of pension funds to fully protect the retirement rights of employees.

The "Labor Pension Act" became effective on July 1, 2005. Employees who were previously employed and are still employed may choose to continue being subject to the pension provisions of the "Labor Standards Act" (the old scheme) or to be subject to the pension scheme of the Act, while retaining their length of service prior to the application of these provisions. Employee pensions are paid based on years of service and the average salary for the six months before retirement. After July 1, 2005, only the pension scheme under the Labor Pension Act (the "new scheme") applies to new employees.

For employees who choose to be subject to the Labor Standards Act (old scheme), the

Company contributes a monthly retirement reserve, as per the results of the actuarial report, to a dedicated account in the Trust Department of the Bank of Taiwan, and their pension payments are made from this dedicated account.

In line with the new scheme of labor pension appropriation, the Company contributes 6% of the total monthly salary of employees who choose to apply the Labor Pension Act (new scheme) to their individual accounts with the Bureau of Labor Insurance.

(1) Employee retirement criteria:

Retirement can be divided into self-initiated retirement and mandatory retirement, and the criteria are as follows.

Criteria for self-initiated retirement:

- Have worked for at least 15 years and have reached the age of 55.
- Has completed at least 25 years of service.
- Have worked for at least 10 years and have reached the age of 60.

Criteria for mandatory retirement:

- Have reached the age of 65.
- Is mentally or physically incapacitated and no longer fit for duty

The age specified in the preceding paragraph may be adjusted by the employer upon application to the central authority for special jobs that are dangerous or require strong physical strength. But not less than 55 years old.

(2) Employee retirement procedure:

- Retirement application

Employees who apply for self-initiated retirement should fill out the “Separation (Suspension) Application Form,” while mandatory retirement shall be initiated by HR unit in accordance with regulations.

- Retirement review

The HR unit according to hierarchy submits to the supervisor at each level for review and to general manager for approval.

- Retirement process

- Before employees retire, they must complete the handover process in accordance with the separation procedures, and their immediate supervisors must oversee the transfer of the employees’ works and company properties, and reimburse all borrowings.

- Pension payment

Employee pension is paid within 30 days from the date of retirement.

In accordance with the pension insurance system stipulated by the government of the People’s Republic of China, the Mainland Xinning Plant provides monthly pension insurance benefits to local employees at 16% of their basic salary, and each employee’s pension is managed and arranged centrally by the government.

#### 4. Protective measures for working environment and employee personal safety

(1) Specific measures for safety and health management

- Policy and administration of occupational safety and health management system  
With “Safety First, Prevention of Injuries and Diseases, Compliance with Laws and Regulations, and Continuous Improvement” as the spirit of the safety and health management system, the Company has established and implemented an effective and preventive safety and health management system for all employees to follow and continuously improve in order to achieve the safety and health goals. Comply with domestic safety and health laws, and strive to meet international safety and health standards. Strengthen relevant safety and health education and training to improve employee’s awareness of workplace hazards and prevent occupational injuries and diseases. Establish a good communication mechanism and build a harmonious relationship. Continuous audit, review and supervision, timely correction of unsafe factors to enhance operational safety.
- Set out safety and health policy  
Establish a “Safety and Health Work Rules” as the basis for consensus on safety and health measures in the Company. In order to achieve the goal of zero disaster, the plan is revised every year based on risk assessment and meeting discussions, in addition to complying with the requirements of corporate social environment and government labor regulations, and continuously facilitate the overall improvement of safety and health performance through the PDCA method.
- Hazard identification, risk assessment and corresponding measures  
Based on the hazards discovered during the inspection, each unit formulates an improvement management plan after review and evaluation, which serves as the basis for formulating the annual safety and health management plan and the safety operation standards, so as to reduce the risk of hazards in the business unit year by year and achieve the ultimate goal of zero disaster.
- Operating environment monitoring  
In accordance with the measures for the implementation of labor working environmental monitoring, qualified working environment monitoring organization is entrusted to monitor dust, noise and other chemical and physical factors in the working environment, and determine whether the monitoring results meet the provisions of law, and if there are abnormalities in the monitoring results, they need to be improved and corrected to protect the safety of personnel.
- Health care and management  
In accordance with the labor health protection rules, health inspections are carried out, and there are medical staff in the factory. Special inspections such as lung function are carried out for workers working under special health hazards such as dust. After the results of special health inspections, differential management is

implemented with follow-up for employees with abnormal inspection data to help them pay attention to their health conditions and take up healthy lifestyle habits.

- Audit management of safety and health responsibility area  
A three-level audit management system is adopted to implement internal audit (internal self-audit) and external audit (audit by the audit department and competent authority) according to employee's responsibility area. In addition to requiring all employees to thoroughly carry out safety and health management, also ensure that the safety and health management system operates smoothly and well.
- Implement automatic checks  
Considering that employees may suffer physical injury due to unsafe operations, equipment, or management factors when working in various environments, processes, and operations, the Company actively promotes self-inspections with the aim of identifying potential hazards, implementing improvements, and achieving effective control.
- Occupational health and safety management system  
Through the occupational safety and health management system, fully utilize the autonomous management function of safety and health, continuously improve occupational safety and health performance, and reduce risks to safety and health, so as to ensure labor safety and health and boost competitiveness in the industry.

(2) Implement operation safety control

- Operation application control  
According to legal requirements and actual operation needs, special operation controls and work permits are implemented for elevated operations, fire operations, confined space operations, etc. for workers to follow.
- Regular inspection and certification of hazardous machinery and equipment  
All hazardous machinery and equipment must be inspected and qualified regularly. Operators must obtain professional licenses in accordance with law to operate and need to receive regular on-the-job retraining.
- Analysis and investigation of occupational accidents and false alarms  
Analyze and investigate all injuries, non-injuries and false alarms and track ex post improvements to eliminate potential hazards.
- Amendment to safety operation standard  
All amendments to safety operation procedures are led by unit chiefs, who guide workers actually conducting related operations to participate in amendment discussions. Through continuous and comprehensive reviews, the safety operation procedures can effectively be carried out on the operation shop floor so that the perception of hazards of operating personnel is enhanced and improper accidents due to failure to follow the procedures are eliminated.

- Improvement of traffic in the plant  
In order to ensure the safety of all intersections in the plant, will continue to discuss improvement measures and introduce improvement projects, and strengthen traffic safety educational propaganda and eliminate unsafe driving behaviors.
  - Machine and equipment switch control  
To prevent hazards associated with accidental start-up of equipment, the Company has conducted a comprehensive inspection and labeling of all on-site switches and established lockout/tagout (LOTO) procedures for power isolation during maintenance and shutdown operations, thereby preventing entanglement and pinch hazards during equipment maintenance or shutdown.
  - Firefighting equipment inspection and filing  
In addition to regular self-inspection of fire-fighting facilities and equipment, continuous improvements are also made every year.
5. In order to encourage the professional services of our employees and to support their lives after retirement, the Group has established labor retirement and employee bereavement schemes to take care of employees and their families.
- (II) Agreements between management and employees of the Group and measures to protect the rights and interests of employees
1. Labor-management agreement  
To create a harmonious labor-management relationship, the Company convenes labor-management meetings regularly to ensure employees' safety, well-being, and health. It establishes a channel for consultation and grievance with smooth employees grievance channels. Therefore, the labor-management relationship has been harmonious since the establishment of the Company without material labor disputes. All employees work hard with loyalty to the Company.
  2. Measures for the protection of employee rights and interests  
In addition to formulating the "Employee Work Rules" in accordance with the laws and regulations to clearly regulate the working conditions and protect the rights and interests of employees, the Company has also facilitated the "Labor-Management Meetings," and established the "Employee Welfare Committee," and the "Employee Complaint Channels" in accordance with the laws and regulations. The Company's Nanshenghu Plant entered into a collective bargaining agreement with enterprise Union for a period of 3 years (from June 19, 2024 to June 18, 2027), which will be renewed before the expiration of the agreement, and a labor-management supervisory meeting will be held every 3 months, during which labor representatives can propose employee welfares (improvement of factory food, adjustment of flexible rest days, and increase of bonus). In 2025, four regular meetings were held, and the resolutions passed were submitted to the Head Office for approval to have the related welfares adjusted for the current year. Employees' rights and benefits can be

addressed fairly and reasonably through the aforementioned channel. The Company and its employees have been working together in good faith to create a win-win situation, and so far there has not been occasions that gave rise to damage to the rights and interests of the employees, and the Company has been awarded by the Ministry of Labor's "Award as an Experienced Mediator of Labor Disputes and Collective Bargaining Agreements" in 2018 and 2019 consecutively. Please refer to the Chapter "Labor-Management Communication" of the Company's Sustainability Report for more details.

- (III) Losses (including violations of the Labor Standards Act found during labor inspections) incurred due to labor-management disputes in the most recent year and in the current year up to the date of the publication of the annual report and disclosure of the estimated amount of current or future potential losses and corresponding measures:

In the most recent 3 years, the Group had no labor-management disputes and there is no potential cause of labor-management disputes. However, the Company will continue to maintain close communication and coordination with labor unions and actively enhance welfare measures and improve working environment to promote harmonious labor relations with a view to eliminating the possibility of labor-management disputes.

- (IV) Code of conduct or ethics for employees

The Company has established the "Ethical Corporate Management Principles," "Code of Business Conduct with Integrity" and "Code of Conduct for Employees" to regulate the ethical conduct of all employees. For relevant contents, please refer to the website: <http://www.hsingta.com.tw> → Investor Service → Corporate Governance → Regulations and Systems.

- (V) Losses and penalties due to labor safety and health in the most recent year:

1. Date of disposition: August 26, 2025

Penalty document number: Letter Lao-Zhi-Zhou-Zi No. 1140254063.

Violation of the law: Paragraph 1 of Article 6 and Paragraph 2 of Article 43 of the Occupational Safety and Health Act

Description of violation: The live terminal, secondary side, of the AC arc welder in Cement Silo No. 9 was not provided with a protective enclosure or insulated covering to prevent electric shock. Workers were therefore exposed to the risk of electric shock through contact, including contact through a conductive body, or proximity during operation or passage.

Disposition: A fine of NT\$110,000 was imposed.

Corrective action: Corrective Action Notice and Disposition Form No. 1140820-1 was issued, and the Packaging Section insulated the live terminal of the arc welder.

2. Date of disposition: September 22, 2025

Penalty document number: Letter Lao-Zhi-Zhou-Zi No. 1140254493.

Violation of the law: Paragraph 1 of Article 6 and Paragraph 2 of Article 43 of the Occupational Safety and Health Act

Description of violation: During bricklaying work inside the rotary kiln, workers manually transported refractory bricks (kiln bricks). Because persons engaged in dust-cleaning work unrelated to the transportation operation were not prohibited from entering the area, an occupational accident occurred in which a refractory brick fell during handling and struck a person unrelated to the handling operation. With respect to the standard operation for dismantling and relining bricks in the rotary kiln, safety measures for other workers were not taken into consideration in the handling operation for kiln bricks.

Disposition: A fine of NT\$100,000 was imposed.

Corrective action: Corrective Action Notice and Disposition Forms Nos. 1141007-01 and 1141008-01 were issued. The Burning Section conducted education and awareness training for its employees and revised the contents of the Standard Operation for Rotary Kiln Dismantling and Bricklaying, NUWC017.

3. Date of disposition: December 3, 2025

Penalty document number: Letter Lao-Zhi-Zhou-Zi No. 1140255394.

Violation of the law: Paragraph 1 of Article 6 and Paragraph 2 of Article 43 of the Occupational Safety and Health Act

Description of violation: During maintenance work on a fixed crane at a height of more than two meters, the maintenance personnel did not properly use safety belts. Personnel of the Electrical Section had not received education and training on fall prevention for work at height or on the prevention of caught in and entanglement hazards during maintenance work. When assigning workers to perform fixed crane maintenance, the Company failed to designate an operation supervisor to carry out supervisory and command duties, resulting in an occupational accident in which a worker was struck by the fixed crane and sustained a foot injury. No clear standard operating procedures had been established for fixed crane maintenance operations.

Disposition: A fine of NT\$200,000 was imposed.

Corrective action: Corrective Action Notice and Disposition Forms Nos. 1141204-1, 1141204-2, 1141204-3, and 1141204-4 were issued. The Electrical Section conducted education and training for its employees, strictly required the proper use of full body safety harnesses and safety helmets, and required on-site supervisors to assume responsibility for direction and supervision. The relevant requirements have been incorporated into the revised Safety Operating Standards for Electrical Maintenance of Overhead Cranes (NUWC046).

## **VI. Cyber security management**

- (I) Cyber security risk management framework, policy, specific management plans, and resources put in cyber security management:

1. Cyber security and risk management framework

(1) The goal of information security:

Establish a safe and reliable computerized operating environment to ensure the security of company data, systems, equipment, and networks to protect the Company's interests and all units' sustainable operations of the information systems.

(2) Information security management measures

To strengthen the Company's internal information security management, that is, to ensure the confidentiality, integrity, and availability of information, and cyber security, the Company has formulated the Computer Operations Management Regulations to regulate the security maintenance of information and data. The Company has established a management system for the access, generation, use and storage of various IT data, and regulated the behaviors concerning information security that employees must follow when using computer information systems for business purposes. The Company protects information assets from improper use, leakage, tampering, destruction to ensure the security of information collection, processing, transmission, storage, and circulation.

(3) The scope of information security

- Personnel management and information security information promotion
- Cyber security management
- System access control
- Computer system security management
- Email data security management
- Physical and environmental security management
- System development and maintenance security management
- Information security audit

2. Information security policy

Establish a safe and reliable information operating environment to ensure the security of company data, systems, equipment, and networks to protect the Company's interests and all units' sustainable operations of the information systems. Maintain the stability of the Company's business operations and avoid operating losses from system interruptions or information security incidents.

3. Specific management plan

(1) Information security specific plan

- Establish firewall settings and connection rules.
- Use anti-virus software to reduce the chance of computer virus infection.
- Email security controls to prevent malicious emails and spam.
- Data backup: Daily data backup and remote storage to ensure data security.
- Data recovery: At least one data recovery drill is organized a year to ensure the effectiveness of backup procedures and data so as to prevent the risks when disasters occur, and to ensure the smooth connection of all information systems.

(2) Information security audit and review

- The Company conducts one “Information Security Audit” and two “Information System Internal Control Self-Assessment” each year by external parties and internal auditors.
- Review reports on internal information application systems, office automation, network information and information security protection measures are presented in management meetings from time to time, and provide tools related to operation, management and decision-making to reduce information security and to manage such risks.

4. Resources put in cyber security management

- Cyber security equipment includes firewall, email virus protection, and spam filtering.
- The system is monitored daily by responsible personnel to prevent hackers from intruding and stealing the company’s information.
- We raise employees’ awareness of information security from time to time.
- In order to strengthen the information security mechanism and the information security situation and communication between the industry, the Company joined the Taiwan Computer and Network Crisis Management and Cooperation Center (TWCERT/CC) in March 2025 to obtain the latest information security threat information and protect information immediately, and to take action to prevent information security attacks immediately.
- We raise employees’ awareness of information security from time to time.
- Implementation in 2025: Information security education sessions were conducted 12 times.
- Information and communication security related courses are held periodically to raise employee information security awareness.
- Implementation in 2025: Information security personnel training was conducted with total of 21 participants and 50 hours.
- In 2025, the Company updated network equipment and optimized the email system to strengthen network security protection.
- The system and equipment renewal is expected to be completed in early 2026.

(II) In the most recent year and up to the publication date of the annual report, the losses suffered as a result of major information and communication security incidents, the possible impacts, and the responsive measures. If it cannot be reasonably estimated, please explain the fact that it cannot be reasonably estimated:

In the most recent year and as of the date of publication of the annual report, the Company has not suffered losses due to major information security incidents.

## VII. Important contracts

Contract nature	Party	Dates of commencement and expiration of the contracts	Principal contents	Restriction clause
Engineering contracts	Kaishin Engineering Co., Ltd.	2018.02.14 - Completed	Contract for the land development project	None
Purchase and sales contracts	Jiangsu Electric Power Company Nanjing Power Supply Company	2025.01.01 - 2025.12.31	Electricity bill	None
Purchase and sales contracts	Nanjing China Coal Energy Transportation and Sales Co., Ltd.	2025.01.01 - 2025.12.31	Raw material coal	None
Purchase and sales contracts	Jiangsu Guoneng Power Fuel Co., Ltd.	2025.01.01 - 2025.12.31	Raw material coal	None
Purchase and sales contracts	Jiangsu Shunyi Road Environmental Protection Technology Co., Ltd.	2025.01.01 - 2025.12.31	Phosphorus slag, coal ash from incinerators, RDF materials	None
Purchase and sales contracts	Nanjing Tianbeiyi Building Materials Co., Ltd.	2025.01.01 - 2025.12.31	Mineral powder, sandstone, iron tailing sand	None
Purchase and sales contracts	Zhenjiang Nuohao Building Material Co., Ltd.	2025.01.01 - 2025.12.31	Sandstone, phosphorus slag, coal ash from incinerators	None
Purchase and sales contracts	Nanjing Nangang Jiahua New Building Materials Co., Ltd.	2025.01.01 - 2025.12.31	Mineral powder	None
Purchase and sales contracts	Jiangsu Runtian Building Material Co., Ltd.	2025.01.01 - 2025.12.31	Grinding aid	None
Purchase and sales contracts	Runtian (Nanjing) New Material Technology Co., Ltd.	2025.01.01 - 2025.12.31	Mineral powder	None
Purchase and sales contracts	Nanjing Liyu Supply Chain Management Co., Ltd.	2025.01.01 - 2025.12.31	Industrial gypsum, fly ash, wet fly ash	None
Purchase and sales contracts	Jurong Chunfan Chemical Co., Ltd.	2025.01.01 - 2025.12.31	Ammonia	None
Purchase and sales contracts	Jiangsu Tubang Technology Co., Ltd.	2025.01.01 - 2025.12.31	Ammonia	None
Purchase and sales contracts	Nanjing Anjite Mine Engineering Co., Ltd.	2025.01.01 - 2025.12.31	Mining engineering works and vegetation project	None
Purchase and sales contracts	Shandong Xunfei Building Materials Co., Ltd.	2025.01.01 - 2025.12.31	Refractory brick	None
Purchase and sales contracts	Yixing City Jiaxing Refractories Co., Ltd.	2025.01.01 - 2025.12.31	Construction materials	None
Purchase and sales contracts	Jiangsu Changyou Special Steel Machinery Co., Ltd.	2025.01.01 - 2025.12.31	Grate plate, anchor	None
Engineering contracts	Nanjing Fuyou Pipeline Engineering Co., Ltd.	2025.01.01 - 2025.12.31	Integrated management of water supply network	None
Engineering contracts	Jiang Su Tian Mu Construction Group Limited Company.	2025.01.01 - 2025.12.31	Grate plate, anchor	None
Engineering contracts	Jiangsu Jinma Engineering Co., Ltd.	2025.01.01 - 2025.12.31	Inspection and repair	None
Engineering contracts	Shanghai Laser Power Equipment Co., Ltd.	2025.01.01 - 2025.12.31	Kiln outlet electric dust collection	None

<b>Contract nature</b>	<b>Party</b>	<b>Dates of commencement and expiration of the contracts</b>	<b>Principal contents</b>	<b>Restriction clause</b>
Engineering contracts	Zhejiang Dawei High-tech Co., Ltd.	2025.01.01 - 2025.12.31	SCR denitrification retrofit project for the clinker production line	None
Engineering contracts	Jiangsu Shengming Circular Technology Co., Ltd.	2025.01.01 - 2025.12.32	SCR denitrification retrofit project for the clinker production line	None
Engineering contracts	Taisheng Construction Co., Ltd.	2025.01.01 - 2025.12.31	Thermal insulation and anti-corrosion	None
Engineering contracts	Jiangsu Jinma Engineering Co., Ltd.	2025.01.01 - 2025.12.31	Renovation project	None
Engineering contracts	Nanjing Huazhang Construction Engineering Group Co., Ltd.	2025.01.01 - 2025.12.31	Green mine fire escape road reconstruction	None
Engineering contracts	Nanjing Anjite Mine Engineering Co., Ltd.	2025.01.01 - 2025.12.31	Green mine fire escape earthwork	None
Engineering contracts	Nanjing Yunxiu Construction Engineering Co., Ltd.	2025.01.01 - 2025.12.31	Green mine planting and landscape work	None
Engineering contracts	Tangshan Yifeng Furnace Engineering Co., Ltd.	2025.01.01 - 2025.12.31	Furnace construction	None

## Five. Review and analysis of financial status and financial performance and risk

### I. Financial position

Unit: Thousand \$NT

Item \ Year	2025	2024	Increase (decrease) amount	Change Percentage (%)	Note
Current assets	5,857,661	6,377,807	(520,146)	(8.16)	
Property, plant, and equipment	2,565,790	2,625,304	(59,514)	(2.27)	
Intangible assets	6,867	14,306	(7,439)	(52.00)	(Note 1)
Other assets	3,010,820	2,261,817	749,003	33.12	(Note 2)
Total assets	11,441,138	11,279,234	161,904	1.44	
Current liabilities	1,009,921	911,464	98,457	10.80	
Non-current liabilities	149,271	165,976	(16,705)	(10.06)	
Total liabilities	1,159,192	1,077,440	81,752	7.59	
Equity attributable to shareholders of the parent	8,364,879	8,298,713	66,166	0.80	
Capital stock	3,411,589	3,411,589	0	0.00	
Capital surplus	15,962	15,724	238	1.51	
Retained earnings	5,007,238	4,957,509	49,729	1.00	
Other equity	(69,910)	(86,109)	16,199	(18.81)	
Treasury shares	0	0	0	0	
Non-controlling interests	1,917,067	1,903,081	13,986	0.73	
Total equity	10,281,946	10,201,794	80,152	0.79	
Analysis and explanation of changes in the increase or decrease percentage in the most recent 2 years					
Note 1: Mainly due to the impairment of intangible assets of subsidiaries in mainland China.					
Note 2: Mainly due to the increase in time deposit purchases by mainland China subsidiary.					

## II. Financial performance

Unit: Thousand \$NT

Item \ Year	2025	2024	Increase (decrease) amount	Change Percentage (%)	Note
Operating revenues	4,431,539	4,656,290	(224,751)	(4.83)	(Note 1)
Operating gross margin	708,434	991,648	(283,214)	(28.56)	(Note 1)
Operating profits	423,144	651,364	(228,220)	(35.04)	(Note 1)
Non-operating income and expense	105,922	60,354	45,568	75.50	(Note 2)
Net income before tax	529,066	711,718	(182,652)	(25.66)	(Note 1)
Net income for the period	382,272	524,281	(142,009)	(27.09)	(Note 1)
Other comprehensive income (loss)	29,853	175,018	(145,165)	(82.94)	(Note 3)
Total comprehensive income for the period	412,125	699,299	(287,174)	(41.07)	(Note 1)
Net income attributable to shareholders of the parent	351,163	469,398	(118,235)	(25.19)	(Note 1)
Net income attributable to non-controlling interests	31,109	54,883	(23,774)	(43.32)	(Note 1)
Comprehensive income attributable to shareholders of the parent	372,971	590,400	(217,429)	(36.83)	(Note 1)
Comprehensive income attributable to non-controlling interests	39,154	108,899	(69,745)	(64.05)	(Note 1)
Earnings per share (Unit: NT\$)	1.03	1.38	(0.35)	(25.36)	(Note 1)
<p>Analysis and explanation of changes in the increase or decrease percentage in the most recent 2 years</p> <p>Note 1: The sales costs increased, resulting in a decline in gross profit and net profit.</p> <p>Note 2: Mainly due to the increase in gain or loss on financial asset valuation.</p> <p>Note 3: Mainly due to exchange differences on translation of foreign financial statements of subsidiaries in Mainland China.</p>					

### III. Cash Flow

#### Cash flow analysis

Unit: Thousand \$NT

<b>(I) Analysis of change in cash flow in the most recent year:</b>					
Cash balance, beginning of period	Net cash inflow from operating activities during the year	Cash outflow for the year	Cash balance	Remedies for cash shortage	
				Investment plan	Financing plan
3,021,873	773,686	(1,434,890)	2,360,669	-	-
<p>Analysis and explanation of change in cash flow in the most recent year:</p> <ol style="list-style-type: none"> <li>1. Cash inflow from operating activities increased compared to the previous period: Due to the decrease in inventory in the current period.</li> <li>2. Cash outflow from investing activities increased compared to the previous period: Due to the increase in financial assets measured at amortized cost compared to the previous period.</li> <li>3. Cash outflow from financing activities decreased compared with the previous period: Due to the decrease in cash dividends paid</li> </ol>					
<b>(II) Analysis of change in cash flow in the coming year:</b>					
Cash balance, beginning of period	Net cash inflow from operating activities during the year	Cash outflow for the year	Cash balance	Remedies for cash shortage	
				Investment plan	Financing plan
2,360,669	1,904,563	(1,647,336)	2,617,896	-	-
<p>Analysis and explanation of change in cash flow in the coming year</p> <ol style="list-style-type: none"> <li>1. Operating activities: Due to the increase in the Company's profit.</li> <li>2. Investing activities: Purchase of fixed assets, construction of plant and equipment, increase in foreign investment, etc.</li> <li>3. Financing activities: Due to the payment of cash dividends.</li> </ol>					

#### IV. Effect of major capital expenditures on finance and business matters in the most recent year

(I) Major capital expenditures and source of fund

The Group's capital expenditure for 2025 was implemented by way of self funding in accordance with the budget plan and has no impact on the Group's finance and business matters.

Unit: Thousand \$NT

Item		Source of fund	Expenditure for 2025	Utilization of capital
				Estimate for 2026
Taiwan	Process equipment renovation and improvement project	Self-funding	-	66,335
Mainland	Ultra-low emission items	Self-funding	131,235	83,174
	Coordinated disposal of general solid waste from cement kilns project	Self-funding	27,888	-
	Mine park project	Self-funding	41,932	-

(II) Impact on business from expected potential benefits

1. While taking into account both the circular economy and carbon reduction process improvements, and in line with the government's energy saving and carbon reduction policies, the Company produces carbon reducing products.
2. Protecting the environment of mines, carrying out ecological environmental governance with plant as the main focus (plant restoration) in mines from the economic structure, industrial layout, comprehensive planning, renovation and management of mines, promoting safe mining and planting and greening of mines, improving and restoring environmental quality, achieving environmental friendliness, and promoting harmony between the environment and economic and social development is of great significance to sustainable development and fulfilling corporate social responsibilities.

#### V. Reinvestment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year.

(I) Reinvestment policy for the most recent year:

The Company makes reinvestments based on its long-term strategy with business diversification to generate profit margins. The relevant units provide professional investment plans by evaluating future prospects, market profile, competitiveness, market share, business strategy, competition analysis, and current industry status of investment

projects, etc., so that the management can judge and analyze the pros and cons of various investment projects when making the investment decisions, evaluate each investment project, and select feasible investment projects. In recent years, Mainland subsidiaries have remained the pivot of the Company's reinvestment.

(II) Main reasons for profit or loss, improvement plan:

The Company's current reinvestment projects are primarily focused on Jiangsu Xinning New Building Materials Co., Ltd. in the Nanjing area of Mainland China. Cement demand in Mainland China has remained depressed for many years. Although the government has implemented a number of capacity control policies, some industry participants have not fully complied with them. As a result, the problem of excess capacity was still not effectively resolved in 2025, and price coordination among industry participants also failed to achieve the expected results, causing cement prices to fluctuate downward overall. The positive development was that, due to the decline in coal prices in the first half of 2025, overall profit in 2025 increased slightly compared to the previous year.

As the government continues to strengthen policies related to capacity control and environmental protection, the cement market in 2026 will be a year in which challenges and opportunities coexist. The core driving force behind market development will shift from a purely macroeconomic cycle to the dual drivers of policy-based capacity reduction and green, low-carbon transformation. In 2025, Jiangsu Xinning Plant completed a number of ultra-low emission projects, enabling the Plant to comply with various policy indicators and requirements and avoid elimination. At the same time, it has continued without slackening to refine and plan production line retrofits, not only doing its part for the environment, but also creating competitiveness for Jiangsu Xinning Plant.

In 2025, the Company recognized investment income of NT\$70,063 thousand from long-term equity investments accounted for using the equity method.

(III) Investment plan for the coming year:

1. Taiwan

- (1) Continue to carry out the long-term plan for the activation and development of the Guanxi land.
- (2) The Company has entered into a joint development and unit allocation agreement with Chuan Kun Construction Development Co., Ltd. for the land located at Nos. 602-1 and 603, Subsection 2, Chengzhong Section, Zhongzheng District, Taipei City. The estimated value of the land for the project is approximately NT\$450 million. The project is currently ongoing.

2. Mainland China: There are no investment plans for the coming year.

## VI. Risk analysis and assessment

- (I) The impact of the changes in interest rate and exchange rate, and inflation on the Company's profitability and future corresponding measures:

1. Interest rate changes:

The Company's interest rate risk mainly comes from the loan in U.S. dollars. Because of the debt with floating interest rates, changes in market interest rates will cause fluctuations in the cash flow. The loan in U.S. dollars has been repaid in February 2020, and the Company currently has no bank loan, so the interest rate changes have limited impact on the Company's profit or loss.

2. Changes in exchange rate:

The Group is a transnational business, so it is subject to exchange rate risks arising from exchanges different from functional currencies between the Company and its subsidiaries, mainly USD and CNY. The Company's products are all for domestic sales so there is no exchange problem in terms of revenues. Some imported raw materials are mainly paid in USD, and any significant fluctuations in the USD exchange rate will have an impact on the Company's financial status. The Company adjusts its USD stocks in accordance with changes in market exchange rates, and carries out spot foreign exchange transactions in a timely manner to reduce exchange risks. However, as exchange gains and losses are still subject to exchange rate fluctuations of USD and CNY, the Company will continue to monitor changes in market exchange rates in order to be able to respond in a timely manner. Exchange loss this year was NT\$7,089 thousand, accounting for 0.16% of revenues and 1.85% of net income after tax. Exchange rate changes have limited impact on the Company's operations.

3. Inflation:

The 2025 average consumer price index issued by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, increased by 1.66% year on year. At the end of February 2026, war broke out in the Middle East involving the United States, Israel, and Iran, causing disruption to the global energy market. As the war continues, the decline in global oil supply and the sharp rise in crude oil prices may intensify global inflationary pressures. Regarding the impact of rising oil prices on Taiwan's economic growth rate and CPI, the Directorate-General of Budget, Accounting and Statistics stated that if the conflict ends quickly, the impact will be limited; however, if the conflict is prolonged, the Executive Yuan's price stabilization task force will adopt responsive measures. This year's CPI may exceed the 2% inflation warning threshold, but there should be no concern over runaway inflation, and the impact on the Company's profit or loss should be limited.

4. Future countermeasures:

For foreign currency deposits and borrowings, in addition to coordinating the effective

allocation of various funds, pay close attention to information related to economic and financial changes, strengthen the training of financial personnel to analyze the sensitivity of changes in interest rates and exchange rates, and keep abreast of global Business outlook to effectively manage changes in interest rates and exchange rates.

The Company’s risk management is carried out by the Finance and Accounting Department in accordance with its policies. It is responsible for identifying, evaluating and hedging financial risks by working closely with various operating units within the Group. The Company has set out written principles for overall risk management, and also provides written execution policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of remaining liquidity.

- (II) Policies on high-risk, highly-leveraged investments, lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and future corresponding measures:
1. The Company’s financial operations are based on the principle of conservatism and stability, and there are no high-risk, high-leverage investments.
  2. Currently, the Company has not lent any funds to others, and the counterparties of the endorsements/guarantees are all subsidiaries. The balance of the endorsements/guarantees was NT\$321,176 thousand as of both December 31, 2025 and March 31, 2026. In addition to strengthening the supervision of subsidiaries, the Company complies with the relevant laws and regulations of the Financial Supervisory Commission and the Company’s “Operating Procedures for Lending Funds to Others” and “Operating Procedures for Endorsement and Guarantee” to reduce the risk of lending funds and guarantees. Currently, subsidiaries are in normal financial condition and are contributing to the Company’s non-operating income without incurring losses.
  3. The Company is not currently engaged in derivative transactions.
  4. The Company follows its internal “Operating Procedures for Lending Funds to Others” and “Operating Procedures for Endorsement and Guarantee.” In addition, a record book is maintained for each transaction and subject to regular review to manage transaction risks.
- (III) Future R&D plans and the estimated expenses:  
The Company will continue to improve operation rate, save energy and reduce waste, invest in reuse and evaluation of environmental protection equipment, increase the production of low temperature cement, and expect to invest approximately NT\$96,944 thousand in R&D in the future.

Item	Performance
Limestone powder equipment	Production of low-carbon products

Item	Performance
Promotion Plan for the Transformation of the Chemical Industry	Transformation of low-carbon manufacturing process
Raw mill energy saving and consumption reduction upgrade project	Reduce power consumption in raw meal process by 1 kWh.
Preheater resistance reduction retrofit	Reduce resistance in the preheater system, lower the draft load of the high temperature fan, and reduce power consumption.
Automatic control retrofit for calciner temperature and kiln hood negative pressure	Use automatic control to adjust kiln tail coal consumption, improve the timeliness and stability of kiln tail coal adjustment, and reduce coal consumption.
Installation of a stepped combustion furnace for alternative fuels in the calciner	Improve the thermal stability of the calciner, increase the substitution efficiency and heat utilization efficiency of alternative fuels, reduce coal consumption per unit of clinker, and reduce carbon emissions.
Inclined drag conveyor dust collection retrofit	Provide dust collection and dust suppression for the clinker inclined drag conveyor pit and corridor in support of the ultra-low emission program.
Fire safety retrofit for the solid waste corridor and preheater	Install fire protection facilities in the solid waste corridor and preheater to eliminate potential safety hazards.
Efficiency improvement retrofit for grate cooler cooling fans	Retrofit low efficiency cooling fans to reduce clinker power consumption, improve cooling performance, and lower clinker temperature.
Estimated total R&D expenses	NT\$96,944 thousand

(IV) The impact of important domestic and foreign policy and legal changes on the Company's finance and business and corresponding measures

The operations of the Group are conducted in compliance with applicable laws and regulations. The financial and business impacts of important domestic and foreign policies of the competent authorities relating to corporate governance, the Company Act, the Securities and Exchange Act, and other matters, together with the Group's corresponding response measures, are set out below:

1. The Company raises directors', managers', and employees' awareness of applicable laws and regulations amended by the competent authorities from time to time.
2. Strengthen the Audit Committee's function of supervising the Company's financial data. The Company's financial statements for each period are submitted to the Audit Committee for

discussion and approval starting from 2022 and should be submitted to the Board of Directors for deliberation.

3. In order to continuously strengthen the functions of the Board of Directors, the Board of Directors of the Company resolved on March 14, 2023 to amend the Company's "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors," so that, in addition to the annual evaluation of the performance of the Board of Directors, an evaluation of the performance of the functional committees will be carried out starting from 2024. The Company has filed and reported the results of the 2025 Board performance evaluation to the Board of Directors.
4. The Company is among the first batch of entities subject to carbon fee collection by the Ministry of Environment. Based on a preliminary estimate using the general rate of NT\$300 per metric ton, the annual carbon fee cost would be approximately NT\$170 million. To mitigate the financial impact, the Company's "Voluntary Reduction Plan" was approved by the Ministry of Environment on December 17, 2025. In addition, on January 19, 2026, the Company submitted its status as an "enterprise with high carbon leakage risk" for review. Upon approval, the carbon fee calculation will be eligible for the application of an "emissions adjustment coefficient," which is 0.2 in the first phase, equivalent to a 20% charge, thereby easing the impact of carbon fees on the Company's costs.
5. Although Scope 2 purchased electricity is not the Company's primary source of carbon emissions, in response to the energy transition trend and in fulfillment of corporate social responsibility, the Company has installed solar power generation facilities across all available plant areas in accordance with applicable requirements, supplying electricity to Taipower for wheeling use. At the same time, the Company has also implemented a year by year green electricity procurement plan to improve energy use efficiency and increase the proportion of renewable energy, thereby gradually reducing dependence on traditional energy sources.
6. The Company has voluntarily disclosed the carbon footprint inventory of all cement products at the Plant in accordance with ISO 14067 and completed third-party verification by the British Standards Institution in February 2025. Among these products, Portland Type I cement obtained the Ministry of Environment's Carbon Label in February 2026, further strengthening the market competitiveness of the Company's low-carbon products.
7. The Company has completed the parent company's (including Headquarters, Nanshenghu Plant and the mining areas) full-scale greenhouse gas inventory since 2022, and has conducted annual audits and third-party verification in accordance with the regulations. In addition, in accordance with the requirements of the Financial Supervisory Commission and the "Sustainable Development Action Plan for TWSE and TPEX Listed Companies," the Company has completed the 2025 greenhouse gas inventory for the subsidiaries included in the consolidated financial statements, and expects to complete third-party assurance for the

entire organization in 2027, thereby gradually establishing a complete and compliant carbon management system.

8. As the Mainland China government has imposed increasingly stringent environmental regulations on the cement industry, particularly through the promulgation of policies such as the “Opinions on Promoting the Implementation of Ultra-low Emissions in the Cement Industry,” enterprises are required to carry out ultra-low emission retrofits. The Mainland China subsidiary, Jiangsu Xinning, is located in Nanjing and is subject to the more stringent supervision of the “Nanjing List of Air Pollutant Emission Limits for Key Enterprises,” which is stricter than the Jiangsu provincial standards. Accordingly, in 2025 Jiangsu Xinning made substantial investments to complete the kiln end SCR denitrification retrofit and the construction of the integrated environmental protection platform. As a result, the average nitrogen oxide emission concentration was reduced to 47.06 mg/m<sup>3</sup>, while the sulfur dioxide and particulate matter emission indicators also performed significantly better than the applicable local standards. In addition, the Company has completed the enclosure retrofit for organized and fugitive emissions and the clean transportation retrofit through the use of new energy vehicles. It has also passed the ultra-low emission environmental protection assessment, thereby ensuring stable production under high-level emergency control measures through its technological retrofit capabilities.
9. The Mainland China government continues to strengthen enforcement of “The norm of energy consumption per unit products of cement” (GB16780-2021). Jiangsu Xinning achieved significant energy savings in 2025. The indicators for comprehensive coal consumption per unit of clinker product, comprehensive energy consumption per unit of clinker product, and electricity consumption in the cement preparation section all reached the national Grade 1 benchmark, while the comprehensive electricity consumption per unit of clinker product met the Grade 2 benchmark. All indicators complied with the benchmark standards prescribed by Jiangsu Province and the energy conservation planning requirements for cement enterprises imposed by the Nanjing municipal government.
10. The cement industry in Mainland China was formally included in the national carbon emissions trading market in 2025, and the management platform was changed to the National Carbon Market Management Platform. Jiangsu Xinning completed its greenhouse gas reporting in March 2025 and successfully passed the third-party verification commissioned by the Department of Ecology and Environment of Jiangsu Province in June. In December 2025, in accordance with the national allowance allocation requirements, Jiangsu Xinning completed its first year compliance for carbon dioxide allowances on the national carbon market platform, totaling 766,934 tons. The 2025 greenhouse gas quality control plan was also rigorously prepared and reported in accordance with the latest “Two Guidelines,” ensuring that carbon asset management complies with national legal requirements.

- (V) The influence of changes in technology (including cyber security risks) and the industry on the Company's financial business and countermeasures:

1. Changes in technology

With changes in the industry and the development of digital technology, the Mainland China plant has accelerated the advancement of a smart cement plant. In 2025, it had substantially completed the construction of the "Integrated Environmental Protection Control Platform," successfully connecting such systems as access control, environmental monitoring, and pollution control facilities, thereby achieving comprehensive digital monitoring. Through technical retrofit of the roller press, hourly cement output was significantly increased and unit power consumption was reduced. At the same time, the introduction of an AI optimized batching system and intelligent monitoring equipment effectively reduced unit production costs by approximately 8% to 12%. In addition, the Company continues to explore opportunities for energy savings and consumption reduction. In 2025, the energy efficiency indicators for clinker and cement, measured on a per unit product basis, reached the national Grade 1 benchmark level. The Company is also actively exploring new low-carbon technologies, such as stepped furnaces for alternative fuels, and leveraging digitalization to improve efficiency, thereby enhancing its core competitiveness in an environment of contracting demand.

The changes in technology (including cyber security risks) and the industry did not impact the Company's financial business. Please refer to "VI. Cyber security management" on pages 120-122 of this annual report for information on our information security risk management.

2. Industrial changes:

The cement manufacturing industry is a highly capital-intensive, highly energy-consuming traditional industry, and is also a very important basic industry for people's livelihood, so it still needs to maintain a stable production capacity. Under the conflict between environmental conservation and industrial development, introduce green manufacturing process for energy saving and carbon reduction, and completely capture, recycle and reuse pollutants generated in the manufacturing process. The high-temperature combustion of cement rotary kilns can be used by other industries to convert wastes into resource for reuse, and the waste treatment fees will become an important income, creating a circular economy and demonstrating the contribution of cement manufacturing to the environment to achieve sustainable development. This requires collaboration between the government and enterprises in investing financial and R&D resources, as well as regulatory easing in waste management, to promote the continuous improvement of the industry as a whole. In addition, in line with the Mining Act, efforts should be made to develop alternative raw materials for cement production, thereby achieving a proper balance between environmental protection and industrial development.

- (VI) The impact of change in corporate image on corporate crisis management and corresponding measures

In response to the potential reputation risks and crisis management challenges brought by changes in corporate image, the Company has established multiple preventive and response mechanisms. First, the Company strengthens brand communication and information transparency by regularly disclosing financial, environmental, and governance information in annual reports, the Company's website, and sustainability reports, in order to strengthen stakeholder trust. The Company also uses ESG as a risk assessment item. Through carbon disclosure, environmental label applications, social participation and supply chain management, the Company builds a sustainable image. In addition, the Company actively promotes internal risk awareness, regularly organizes employee education and training and compliance courses, strengthens the crisis prevention awareness and response ability of all employees, and the management leads the Company to implement a corporate governance culture. Finally, through the stakeholder management system, we maintain a stable communication and cooperation relationship with all parties, and can quickly integrate resources, alleviate the public and stabilize trust in the event of a crisis, effectively reducing the impact of corporate image changes on operations and finances.

- (VII) Expected benefits and possible risks of mergers and acquisitions and corresponding measures

The Company currently has no merger and acquisition plans; if there is a suitable M&A option, it will make a reasonableness evaluation by analyzing the investment benefits and costs and related possible risks and rewards, and envisioning the corresponding measures to address the related risks.

- (VIII) Expected benefits and possible risks of plant expansion and corresponding measures:  
The Company currently has no plan for plant expansion.

- (IX) Risks of concentrations of purchases or sales and corresponding measures:

1. Purchase:

In order to gain price advantage and ensure stable quality, the Company adopts a rather concentrated purchasing method for some bulk raw materials. However, in order to reduce the risk of sudden supply interruption, in addition to maintaining safety stocks, it also has friendly contacts and regular transactions with other manufacturers.

2. Sales:

The Company currently has no risk of over-concentration in the proportion of sales from any single customer and has established long-term and stable cooperative relationships with customers. Combining the competitive advantages of these customers with those of the Company can ensure the Company's long-term stable growth, and diversifying customer

base can help achieve the purpose of diversifying risks and reducing the significant impact of a single or a small number of customers on the Company. Meanwhile, the Company regularly reviews the credit status of each customer and distributor, which significantly reduces the risk of bad debts.

- (X) Where the Company's directors or major shareholders holding more than 10% of the Company's shares transfer or replace their shares in a large quantity, it may cause changes in the management rights, and investors may have concerns about the Company's operating conditions, which may result in fluctuation in the Company's market prices of securities. The transfer of equity by the Company's insiders is filed as per the relevant regulations of the competent authority, and there was no massive transfer of equity this year.
- (XI) The Company has a stable shareholding structure, and the likelihood of changes in the Chairman or senior management is very low. In the event of a change in control of the Company resulting in the replacement of the Chairman or senior management, if suitable successors cannot be recruited in a timely manner, it may adversely impact the Company's operations. In the event of the above-mentioned personnel replacement, the Company strives to recruit appropriate professional managers who identify with the Company's corporate culture and work to achieve the Company's business goals, to cope with the risk of changes in the management rights. At present, the Company's business strategy, business policy, and Board of Directors are operating well without major changes in management rights, and there should be no risk of major changes in management rights.
- (XII) The impact on the Company and risks of change in management rights and corresponding measures:  
The structure of the Company's major shareholders is stable and the Company's business strategy, business policy, and Board of Directors are operating well, so there should be no risk of major changes in management rights.
- (XIII) Litigation or non-litigation events (if the Company, its directors, supervisors, general managers, de facto persons in charge, major shareholders with more than 10% stake, or subordinate companies have been convicted by final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the handling of the case as of the date of publication of the annual report shall be disclosed): None.

(XIV) Other major risks and corresponding measures:

1. Organizational structure of risk management

Part-time risk management unit	Functions
Remuneration Committee	Under the Board of Directors. According to the Remuneration Committee Charter, formulate and regularly evaluate the performance and remuneration system and standards for directors and managerial officers.
Audit Committee	Under the Board of Directors. The main responsibilities as per the Audit Committee Charter are to supervise: 1. Fair presentation of the Company’s financial statements. 2. The appointment (dismissal), independence and performance of attesting CPA. 3. Effective implementation of internal control. 4. Compliance with the relevant laws and regulations. 5. Management and control of the Company’s existing or potential risks.
Sustainability and Risk Management Committee	It is under the Board of Directors and serves as a body for the review and oversight of risk management. Responsible for reviewing the Company’s risk management policies, strategies, major risk issues and implementation results, as well as supervising the effectiveness of responses to climate-related risks and opportunities. The Committee reports the implementation results to the Board of Directors on a regular basis, to ensure that the risk management system can fully handle the various risks faced by the Company, and guide the allocation of resources to achieve the corporate sustainable development goals.
Audit Department	Responsible for promoting and revising the internal control systems, evaluating the potential risks of each unit’s business, and preparing and implementing risk management-oriented annual audit plans.
Finance and Accounting Department	Responsible for financial operation strategy, investment strategy, financing strategy and dividend strategy, budget control management, account handling and tax planning to ensure the reliability and transparency of financial reporting and compliance with relevant laws and regulations in order to reduce operational risks of the Company.
Business department	Responsible for marketing strategy, customer credit and understanding of market trends and striving for the achievement of operational objectives and reduction in business risks.
Safety and Health Management Office	Formulate an occupational safety and health management plan and guide its implementation by the relevant departments. Responsible for the identification, evaluation, and control of workplace hazards, the establishment of occupational safety and health standards, and

Part-time risk management unit	Functions
	the monitoring of the working environment to reduce workplace hazards and employee safety risks.
Administration Department	Responsible for purchasing and contracting, and establishing a hedging mechanism for price changes and insufficient supply of raw materials to reduce the risk of purchasing operations.

## 2. The impact of climate change on production management and countermeasures

### (1) The impact of climate change on production management:

Climate change has become a global crisis. This issue will also impact the daily life of the public. Global climate risks may cause oil and electricity prices to rise, transportation costs to rise, energy tax, carbon tax, and environmental protection laws to become more stringent, and derived investment costs, etc. to directly impact the economy and operations of enterprises.

### (2) Countermeasures:

To mitigate the impacts of climate change, the Group has proactively implemented response measures. Climate-related considerations have been incorporated into its production and operations, and phased environmental targets have been established to meet increasingly stringent national emission standards and reduce greenhouse gas emissions, thereby mitigating the impact of global warming and fulfilling its responsibility to address this global challenge.

- A. Improve production efficiency to reduce unit product electricity consumption and heat value, and it is expected to reduce coal consumption and carbon dioxide emissions.
- B. Avoid greenhouse gases that are generated due to the large amount of fuel required for long-distance transportation through local and short-distance procurement of raw materials and supplies.
- C. Seek a variety of possible resources and materials for reuse to replace natural resources and reduce the fuel and electricity consumption for mining of raw materials.
- D. During the production process, the Group seeks to identify and adopt low-carbon alternative raw materials, inputs, and fuels to reduce carbon emissions, thereby lowering direct emissions associated with the use and production of mineral raw materials and achieving carbon reduction benefits.
- E. The Company has established a factory in Suao Town to complete the construction of the solar power generation system on the existing buildings and empty land, and cooperated with excellent manufacturers to plan and implement

the system. The system hardware was completed in 2022. The system is operating steadily and provides some electricity for the plants to use.

- F. The Company has completed the electrostatic bag modification project by end of 2025. The production process emission channels were successfully optimized and changed from the original “static electrostatic dust collection device” to a “bag-type dust collection device.” The concentration of particulate pollutants was significantly and substantially reduced from 30 mg/m<sup>3</sup> to under 10 mg/m<sup>3</sup>.
- G. Jiangsu Xinning had fully completed the kiln end SCR denitrification retrofit and the optimization and maintenance of wastewater treatment equipment by the end of 2025. In 2025, the system operated stably and delivered significant results. By strengthening the online monitoring system at the kiln end, the Plant ensured that the emission concentrations of all pollutants remained below the limit values under the Jiangsu provincial local standards on a round-the-clock basis. In addition, it continued to promote technical retrofits for energy saving and consumption reduction and improve energy utilization efficiency, thereby implementing the Group’s low-carbon transformation goals through concrete actions.

**VII. Other important matters: None.**

## **Six. Special Disclosures**

### **I. Information on the Company's Affiliates**

The Company has, in accordance with regulations, disclosed the relevant information of the “Consolidated Business Report,” “Consolidated Financial Statements,” and “Affiliates Report” of affiliated companies – prepared pursuant to the requirements of the Financial Supervisory Commission – on the MOPS (Market Observation Post System) under the section “Three Reports of Affiliated Enterprises” at: [https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10#](https://mopsov.twse.com.tw/mops/web/t57sb01_q10#). It can be accessed through Home > Single Company > Download of Electronic Documents > The Area of Three Reports of Affiliated Enterprises. Please enter the company code “1109” to view.

**I. Private placement of securities during the most recent year or during the current year up to the date of publication of the annual report: None.**

**II. Other matters requiring supplemental explanations: None.**

**III. If any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, has occurred during the most recent year or during the current year up to the date of publication of the annual report: None.**

HSING TA CEMENT CO., LTD



Chairman: Zhi-Xiong Yang



May 31, 2026

