2025 ESG

永續報告書

Sustainability Report

TAIWAN EXCELLENCE

和成欣業股份有限公司
HOCHENG CORPORATION

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Message from the Chairman

Over the past year, inflation caused by political conflicts such as the Russia-Ukraine war and trade confrontations has eased. Countries in Europe and the United States have also begun lowering interest rates to avoid affecting economic development. Although Taiwan's economy has grown on the strength of exports from the semiconductor and AI-related industries, traditional industries have declined significantly due to weak economic conditions and competition from mainland China, creating a sharp contrast between stronger and weaker sectors. The real estate industry, which is closely related to the Company, had shown signs of decline in the second half of 2023. However, the promotion of the New Youth Housing Loan preferential policy in the first half of 2024 instead drove substantial growth in real estate transactions and pushed domestic housing prices higher. As housing prices and mortgage levels remained high and the total amount of loans approached the statutory cap on banks' lending exposure to real estate, the Central Bank strongly required banks to control lending in September, after which real estate transaction volume began to decline. For example, in November 2024, transaction volume in Taiwan's six special municipalities decreased by approximately 3,588 units compared with November 2023, a decline of about 15.3%. Although domestic real estate prices remain volatile at high levels, with the government's tightened lending policy becoming normalized, the 2025 real estate market has clearly entered a sluggish phase, creating far-reaching and substantive impacts on the Company and related upstream and downstream industries. The significant contraction in domestic presale housing transactions last year has become a fact. The previous buying boom driven by price-chasing behavior and expectations has officially ended, and the market landscape is clearly unlikely to reverse in the short term. Facing the new global economic and trade order after following the conclusion of the U.S. election and the formation of a new policy direction, the contraction of Taiwan's real estate industry is a reality that must be addressed directly. In response to this established market trend, the Company must accurately grasp the following key matters affecting its operations and implement responses through the most prudent strategies:

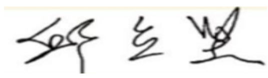
1. **Development of the geopolitical situation: After the U.S. election was settled, the Russia-Ukraine war and the Israel-Palestine war also appeared to be nearing an end. However, future U.S. international diplomacy and trade policies may change significantly after the new president takes office. Politically, U.S.-China strategic competition will affect Taiwan's future role and the stability of the regional environment. Economically, U.S. policy directions such as higher tariffs and requirements for domestic U.S. manufacturing will affect Taiwan's export-oriented industries, especially technology-related industries such as semiconductors. To serve the U.S. market, companies will need to decide whether to invest in the United States or make broader global investments, which will inevitably affect the share of domestic investment and the direction of Taiwan's economy.**
2. **Development and impact of AI technology: AI technology rose rapidly in 2024, leading some to call 2024 the first year of AI. The rise of AI has enabled many related domestic companies to flourish. Although the Company is not currently an AI-industry manufacturer, AI applications are still expanding rapidly and will quickly reshape operating technologies and business models across many industries. We must actively track and understand these applications, introduce them into the Company's manufacturing, production, and management processes when appropriate, and improve the efficiency of operations and management.**
3. **Development of related domestic industries: In recent years, Taiwan's real estate industry has experienced labor and material shortages during the pandemic and inflation in raw materials. With the support of the New Youth Housing Loan policy,**

the first wave of strong real estate sales emerged, also driving a sharp rise in domestic housing prices. What followed was the Central Bank's credit control measures, which created the risk of a sudden freeze in real estate transaction volume. None of these developments are desirable for the normal development of the industry. Facing the current contraction in housing transactions, the industry is relatively unlikely to grow in 2025. In addition to strengthening the functions and quality of sanitary ware products so that consumers recognize the Company, we must also evaluate R&D investment in different industries and new products for composite materials and ceramic technology products, expand the range of industries and product categories, and increase high-value-added product lines to provide consumers with better usage options.

Promotion and development of the UB product line: Taiwan has faced frequent labor shortages in recent years, along with an increasingly serious low birthrate. Sanitary ware construction is highly likely to move toward the Japanese model, replacing traditional item-by-item manual construction with unit bathroom (UB) module construction. This method reduces labor use and shortens construction periods, and it will gradually gain recognition from developers. The government has also gradually come to understand the benefits of this construction method and is attempting to use it in public buildings. The Company invested in this construction method many years ago. Although it did not achieve significant growth in the past because market timing was not yet mature, demand has now increased and the industry and government are actively promoting it. This is the best stage for market introduction. We encourage everyone to build on the existing foundation, introduce related new technologies and construction methods more actively, and lay a solid foundation for future development.

Finally, I sincerely wish all shareholders good health and every success.
Thank you.

Hocheng Corporation



Editorial Policy

To pursue corporate sustainability and enhance information transparency, Hocheng Corporation (hereinafter referred to as "Hocheng") issues the 2025 Sustainability Report (hereinafter referred to as "this Report"). Through this Report, we explain to stakeholders the measures taken and performance achieved by the Company under the goal of sustainable management, including building integrity governance, implementing environmental protection and occupational safety measures, and improving employee compensation and benefits. Hocheng hopes that stakeholders will continue to follow our progress and provide valuable suggestions, enabling the Company to take significant strides forward on the path toward corporate sustainability.

Reporting Boundary and Scope

The disclosures in this Report cover business information from January 1, 2025 to December 31, 2025. The scope of information includes Hocheng's head office, factories, and sales offices in Taiwan, as listed below.

Name	Current Address	Telephone
Head Office	1F, No. 398, Xingshan Rd., Neihu Dist., Taipei City	(02)2792-5511
Second Factory	No. 1, Bade Rd., Yingge Dist., New Taipei City	(02)2679-2294
Taoyuan Factory	No. 405, Fude 1st Rd., Neighborhood 6, Dafa Vil., Bade Dist., Taoyuan City	(03)362-3105
Bade Factory	No. 89 and No. 135, Houzhuang St., Dafa Vil., Bade Dist., Taoyuan City	(03)362-3105
Taipei Sales Office	No. 105, Binjiang St., Zhongshan Dist., Taipei City	(02)2502-1971
Keelung Sales Office	No. 4-1, De'an Rd., Zhongshan Dist., Keelung City	(02)2437-1411
Taoyuan Sales Office	No. 89, Houzhuang St., Dafa Vil., Bade Dist., Taoyuan City	(03)362-8101
Hsinchu Sales Office	No. 16, Ln. 440, Dexing Rd., Hukou Township, Hsinchu County	(03)569-2949
Miaoli Sales Office	No. 22-9, Shuiliuniang, Neighborhood 11, Shuiyuan Vil., Miaoli City	(037)234-911
Taichung Sales Office	No. 312, Ln. 16, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City	(04)2452-7560
Chiayi Sales Office	No. 136-20, Cuxi, Shuishang Township, Chiayi County	(05)235-3168
Yilan Sales Office	No. 7, Ln. 41, Sec. 3, Dafu Rd., Zhuangwei Township, Yilan County	(039)304-107
Nantou Sales Office	No. 37, Nangang 3rd Rd., Xinxing Vil., Nantou City	(049)225-3626

Basis of Preparation and Information Confirmation Method

◎ This Report was prepared in accordance with the Universal Standards of the GRI Standards 2021 issued by the Global Reporting Initiative (GRI). It also complies with the requirements of the Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and uses the Task Force on Climate-related Financial Disclosures (TCFD) framework and the Sustainability Accounting Standards Board (SASB) Standards. The appendices of this Report provide a GRI Standards content index and an SASB Standards index for stakeholders' reference.

◎ The financial data disclosed in this Report were audited and certified by KPMG Taiwan in accordance with the International Financial Reporting Standards (IFRS) and are presented in NT$ thousand. Environmental, employee, and occupational safety data were compiled by the responsible departments, confirmed by department heads, and presented using internationally accepted calculation methods. Where certain content spans different years or regions of operating activities, this is explained separately in the body of this Report.

◎ All of the Company's factories in Taiwan have obtained ISO 9001 and ISO 14001 certification. In addition, the Taoyuan Factory has obtained ISO 45001, ISO 50001, ISO 27001, and ISO 13485 certification, and the Company continues to maintain the validity of these certificates.

Publication Frequency

This is the fourth ESG report published by Hocheng. In the future, Hocheng will publish the report annually. To improve the transparency and accessibility of report disclosures, the complete electronic version of the Report can be downloaded from the Market Observation Post System and the Company's website; printed copies will not be issued separately.

Current publication date: August 2026.

Next scheduled publication: August 2027.

Feedback

If you have any comments or suggestions regarding the content of this Report, please contact us.

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1. Stakeholders and Identification of Material Topics

Stakeholder and Material Topic Identification Process

Step 1. Understand the organizational context

Refer to sustainability-related industry standards and review the organization's operating activities, business relationships, and stakeholder identification process to understand the overall organizational profile and related impacts, and identify sustainability stakeholders.

Step 2. Identify actual and potential impacts

Based on the overall organizational profile and business relationships, identify actual and potential impacts on the economy, environment, and society, and select 23 sustainability-related topics of concern.

Step 3. Assess the significance of impacts

Use stakeholder questionnaire voting to obtain scores for stakeholder impact and economic, environmental, and social impacts, and conduct a materiality analysis.

Step 4. Prioritize reporting

Rank the identified topics of concern, review their significance with the consultant, and ultimately select 12 material topics.

1.1 Sustainable Development Committee

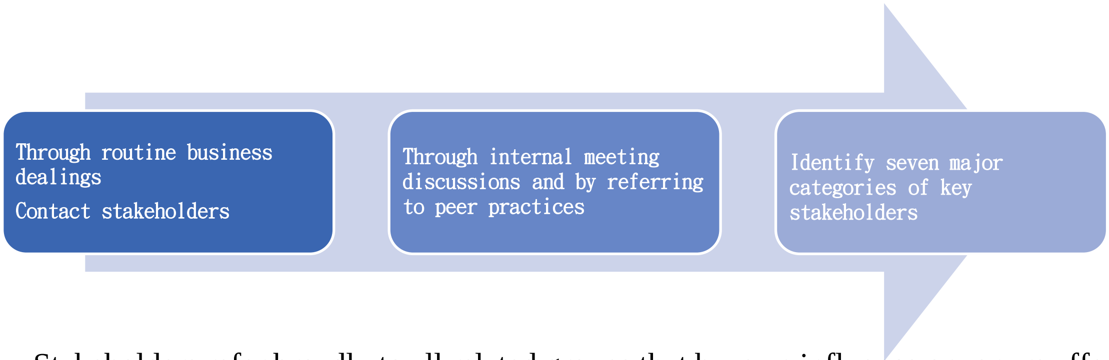
Hocheng's Board of Directors authorized the Chairman to establish the Sustainable Development Committee, chaired by the Chairman, to coordinate and lead the planning and promotion of the Company's sustainable development direction. The Sustainable Development Committee is responsible for formulating the Company's sustainable development policies and actively promoting their implementation within the organization, gradually embedding the concept of sustainable management into Hocheng's corporate culture so that sustainability thinking becomes an indispensable core consideration in daily operating decisions.

To comprehensively address the diverse issues involved in sustainable development, including environmental, social, and corporate governance (ESG) dimensions, the Sustainable Development Committee has established specialized working groups. Responsible departments systematically collect stakeholders' concerns and expectations regarding important issues such as environmental protection, occupational safety and health, supply chain management, labor and human rights, operating performance, and corporate governance. Upholding the core principle of respecting stakeholder rights and interests, the Company has established a stakeholder section on its official website to appropriately respond to material sustainability topics of concern to all parties and ensure effective and transparent communication channels. Hocheng reports ESG implementation results to the Board of Directors on a regular annual basis, continuously strengthening the Board's deep involvement in the Company's sustainable development efforts and ensuring that the ESG governance structure receives full attention and support from the highest decision-making level.

Organization Chart of the Sustainable Development Committee

Organization Members	Roles and Responsibilities
Chairperson (1)	Served by the Chairperson of the Board, responsible for convening committee members, approving ESG and sustainability initiatives, and reviewing and confirming sustainability strategies and related implementation plans.
Vice Chairpersons (2)	Served by the President and the Corporate Governance Officer, responsible for convening meetings, reviewing ESG and sustainability initiatives, and confirming and reviewing sustainability strategies and related implementation plans.
Secretary-General (1)	Appointed by the Chairperson and responsible for planning the ESG sustainability implementation schedule, coordinating and tracking the progress of each working group, and arranging sustainability training programs and external assurance activities.
Corporate Governance Working Group (1)	Appointed by the Secretary-General and responsible for collecting and compiling information related to corporate governance, sustainable operations, business ethics and integrity, operational performance, risk management, and other governance-related matters.
Environmental Sustainability Working Group (1)	Appointed by the Secretary-General and responsible for collecting and compiling information related to energy conservation, carbon reduction, water resource management, waste management, supplier environmental performance, and other environmental topics.
Social Responsibility Working Group (1)	Appointed by the Secretary-General and responsible for collecting and compiling information related to community engagement, charitable activities, compensation and benefits, labor-management relations, talent development, occupational health and safety, and other social responsibility topics.
Sustainability Information Disclosure Working Group (2)	Appointed by the Secretary-General and responsible for compiling, preparing, and publishing the ESG Sustainability Report.

1.2 Stakeholder Identification



Stakeholders refer broadly to all related groups that have an influence on, or are affected by, Hocheng's operating activities. In the stakeholder identification process, each department first conducts an initial screening of the types of stakeholders encountered in routine business dealings. The Company then comprehensively considers the frequency of interaction between each stakeholder and Hocheng, the degree of mutual influence, and their importance to each other. Through internal meeting discussions and by referring to peer practices, the Company ultimately identified seven major categories of key stakeholders that are of significant importance to Hocheng: employees, shareholders and investors, customers, suppliers and contractors, neighboring communities, government agencies, and media. This ensures that, in promoting sustainable development, the Company can fully consider and respond to the core concerns and expectations of all stakeholders.

1.3 Stakeholder Communication Channels and Key Concerns

Hocheng's major stakeholder groups naturally differ in their topics of concern due to their different identities and attributes. To ensure that all stakeholder groups can obtain information related to the Company's operations in a timely and comprehensive manner, each department actively maintains positive interactions with stakeholders through diverse communication channels. This enables the Company to promptly understand stakeholder needs and expectations, while also allowing stakeholders to gain a deeper understanding of the Company's actual operating conditions, thereby achieving transparent two-way information exchange. Each year, the Company regularly reports the communication status of major stakeholders to the Board of Directors, ensuring that the effectiveness and transparency of the interaction mechanism continue to receive attention and oversight at the highest governance level.

With respect to the identification of material sustainability topics, Hocheng's departments systematically collect topics of concern raised by major stakeholders during routine business dealings, and the Sustainable Development Committee consolidates these topics. At the same time, the Company refers to the GRI Sustainability Reporting Standards 2021 and peer ESG report disclosure practices. Through a rigorous analysis and consolidation process, the Company ultimately identified 12 material sustainability topics spanning corporate governance, environmental, and social dimensions. Hocheng is committed to ensuring that all sustainability information disclosures meet the GRI Standards' requirements for completeness and diversity, and to presenting the Company's true profile and concrete achievements in sustainable development to all stakeholders in a responsible manner.

Major Stakeholders	Importance to the Company	Topics of Concern	Communication Channels / Frequency	Communication Practice Statistics	Report Response Section
Government Agencies	● Government agencies supervise and inspect the Company's compliance practices for various regulations.	● Corporate Governance ● Ethics and Integrity ● Product Responsibility ● Regulatory Compliance and Economic Performance	● Competent authority policy briefing meetings / As needed ● Market Observation Post System / As needed ● Company website / As needed telephone contact ● Email	1. Official correspondence with competent authorities: 15 times in 2023; 16 times in 2024; 59 times in 2025 2. Telephone communications: 35 times in 2023; 32 times in 2024; 6 times in 2025	2.About Hocheng Corporation 3.Integrity Governance 4.Sustainable Environment 5. Social Care

			● Written correspondence		
Shareholders / Investors	● Shareholders are the Company's capital contributors. The Company protects shareholders' rights and interests, treats all shareholders fairly, and ensures that shareholders have full rights to be informed of, participate in, and decide on major Company matters.	● Economic Performance ● Corporate Governance ● Risk Management ● Regulatory Compliance ● Information Security Protection	● Annual General Shareholders' Meeting / Annually ● Investor section on official website / Monthly ● Market Observation Post System / As needed	1. Shares represented at the Annual General Shareholders' Meeting: 62.64% in 2023; 59.57% in 2024; 60.05% in 2025 2. Investor hotline calls received: 32 calls in 2023; 41 calls in 2024; 12 calls in 2025 3. Investor conferences held: one each in 2023, 2024, and 2025	2. About Hocheng Corporation 3. Integrity Governance 4. Sustainable Environment 5. Social Care
Suppliers / Contractors	● The Company's products and services rely on the stable supply of raw materials and components from many suppliers.	● Supplier Management (Environmental Protection and Human Rights) ● Procurement Policy (Green Procurement)	● Factory audits / Quarterly ● Face-to-face meetings / Monthly ● Telephone / As needed ● Email	1. Percentage of suppliers signing the CSR Environmental and Human Rights Commitment Letter: 70% in 2023; 75% in	3. Integrity Governance 4. Sustainable Environment 5. Social Care

	● The Company also uses its influence to require suppliers to avoid environmental pollution and human rights violations.	● Energy Conservation and Carbon Reduction		2024; 75% in 2025 2. Supplier meetings were held in 2023 and 2024; no supplier meeting was held in 2025	
Customers	● Customers are the main source of the Company's revenue, and the Company regards product quality, safety, and after-sales service as its highest commitment to customers.	● Corporate Governance ● Regulatory Compliance ● Operating Performance ● Innovation and R&D ● Green Products ● Product Responsibility ● Customer Relations ● Information Security Protection	● Regular review meetings with customers ● Customer visits by sales departments ● Telephone ● Email ● Written correspondence	1. Customer feedback mailbox on official website: 765 cases in 2023; 767 cases in 2024; 655 cases in 2025 2. Calls received by the customer repair service hotline: 83,640 cases in 2023; 86,742 cases in 2024; 95,755 cases in 2025 3. Customer satisfaction survey scores: 86 in 2023; 84 in 2024; 81 in 2025	3. Integrity Governance
Employees	● Employees are an indispensable driving force for the Company's operations, and the Company is	● Ethics and Integrity ● Operating Performance ● Compensation and Benefits	● Email ● Written correspondence ● Telephone ● Grievance Channels	1. Internal meetings: 84 meetings with 816 participants in 2023; 88 meetings with 890 participants in 2024; 128	3. Integrity Governance 5. Social Care

	committed to creating a workplace environment that supports employees' physical and mental health and diverse development.	● Labor-Management Relations ● Occupational Health and Safety		meetings with 1,266 participants in 2025 2. Employee mailbox: 0 cases received 3. Cases accepted through grievance channels 1 case	
Neighboring Communities	● The Company implements environmental control measures to prevent environmental pollution at operating sites that could reduce the quality of life in nearby communities.	● Environmental Regulatory Compliance ● Wastewater and Waste ● Environmental Issue Grievance Mechanism ● Community Investment	● Grievance Hotline ● Company Official Website ● Local Forums	1. Local interactive lectures held: 2 sessions with 85 participants in 2023; 2 sessions with 110 participants in 2024; 3 sessions with 35 participants in 2025	4. Sustainable Environment

Media	• The media represents the public in providing comments and suggestions to the Company, encouraging the Company to continue improving.	• Regulatory Compliance • Community Relations Maintenance • Social Welfare	• Press Conferences • Press Releases • Interviews and Features	1. Interior Design Expo - Corporate exhibition concept 2. United Daily News Mountain and Sea Action - seedling cultivation activity at the Taichung Dadu Mountain Forest Restoration Center 3. Taipei International Building, Construction Materials and Products Show	5. Social Care

1.4 Identification of Material Topics

Hocheng understands that accurately identifying material sustainability topics is the first step in formulating strategy. This year, led by the Sustainable Development Committee, the Company conducted an in-depth survey of 12 key material sustainability topics. The purpose was to use scientific tools and diverse communication channels to gain a concrete understanding of stakeholders' expectations and evaluations of each issue. In terms of procedure, the Company used an online questionnaire system and broadly invited major stakeholders, including colleagues, shareholders, customers, supply chain partners, neighboring communities, government agencies, and media, to participate. A total of 136 valid questionnaires with industry representativeness were collected. These data not only record in detail the level of concern of various parties regarding specific sustainability dimensions, but also serve as an important basis for the Company to assess external impacts across the value chain.

To implement a decision-making analysis that considers both internal and external perspectives, the Committee also invited senior executives with forward-looking industry insight to assess the degree of impact of each issue on the Company's environmental, social, and economic dimensions from an operational strategy perspective. Through the cross-consolidation of external concern levels and quantitative scores for internal impact, and after careful discussion by the Sustainable Development Committee, the Company ultimately identified the top 12 core issues for the year. These issues span the three axes of environmental management, social inclusion, and corporate governance, including occupational safety and health, employee relations and development, product responsibility, operating performance, innovation and R&D, market position, water and wastewater treatment, waste management, climate change and carbon emissions, basic human rights and freedom of association, sustainable supply chain management, and energy management. Together, these form the core of Hocheng's material topics for 2025.

In the subsequent chapters of this Report, we will explain the management approach and key disclosure items for each of the above material topics, faithfully reflecting the Company's governance performance. To ensure the balance and completeness of the information in the Report, the Company also proactively discloses its long-term efforts in social welfare and is committed to building a transparent and responsible communication platform.

The following is an overview of the material issues identified for the year:

2023 Material Topics	2024 Material Topics	2025 Material Topics	Comparison
Product Quality and Information Transparency	Operating Performance	Occupational Safety and Health	Up 4
Occupational Safety and Labor Health	Water and Wastewater Treatment	Employee Relations and Development	Up 6
Operating Performance	Climate Change and Carbon Emissions	Product Responsibility	Up 3
Innovation and R&D	Energy Management	Operating Performance	Down 3

Compensation, Benefits, and Employee Care	Occupational Safety and Health	Innovation and R&D	New
Protection of Labor Human Rights	Customer Health and Safety	Market Position	Up 1
Talent Training and Development	Market Position	Water and Wastewater Treatment	Down 5
Sustainable Supply Chain Management	Employment Relations	Waste Management	Up 3
	Sustainable Supply Chain Management	Climate Change and Carbon Emissions	Down 6
	Forced or Compulsory Labor	Basic Human Rights and Freedom of Association	Unchanged
	Waste Management	Sustainable Supply Chain Management	Down 2
	Anti-corruption	Energy Management	Down 8

Aspect	Material Topic	Describe the organization's policies or commitments related to the material topic (explain its importance)	Goals and targets (short-, medium-, and long-term goal setting and evaluation)	Management Evaluation Mechanism 1. Resources invested during the year (budget, manpower, implementation projects) 2. Specific results	Responsible Department / Grievance Mechanism	Policies / Commitments	Confirm the effectiveness of the management mechanism	Corresponding GRI Standards / Corresponding Section
Corporate Governance Aspect	Operating Performance	Improve the global sales and service network, respond promptly to customers' technical needs, and strengthen partner relationships. Reward shareholders through high-quality products and excellent operating performance, steadily	I. Short-term Goals: 1. Develop specialized construction methods, shorten construction periods through modular construction, reduce labor and construction-site waste, and transform the sanitary ware sales model.	R&D expenditures of NT$89,762 thousand and 20 product research and development results	1. Regularly hold investor conferences to maintain good communication with investors. 2. The official website discloses the investor service window to ensure multiple accessible reporting channels for complaints and contact.	1. Optimize factory layout. 2. Research and develop new products. 3. Integrate group resources to create maximum value.	1. All quarterly and annual financial reports are reviewed or audited by accountants. 2. Hold internal meetings every month to review performance and report business strategies to the board of directors every quarter. 3. No major violations of law occurred in 2025.	Economic Performance GRI 201 / 3. Integrity Governance

		expand production capacity, and move toward becoming a leading international manufacturer. Pursue maximum profit to strengthen confidence across the value chain and ensure long-term stable operations and sustainable development.	2. Promote the commercialization of smart toilets and military-grade composite materials; starting in 2025, actively develop semiconductor equipment components to enhance high-value-added production capacity. 3. Introduce AI technology into operations, marketing, and customer service, optimize management processes, and break down industry boundaries to						

			enhance competitiveness. II. Medium- and Long-term Goals: 1. Actively develop global markets and channels. 2. Strengthen logistics management and diversify supply chain risks. 3. Accelerate the development of new technologies and improve market share and talent training performance. 4. Implement ISO quality,					

			information security, environmental policies, and sustainability report policies.					
	Market position	The company is committed to enhancing its position in the markets in which it operates by supporting local economic development, providing fair wages and prioritizing the hiring of local labor. The policy focuses on building long-term relationships with local communities and ensuring wages and benefits meet or exceed	1. Short-term goals: 1. Increase the proportion of local employees and review the salary structure regularly. 2. High in major operating areas The proportion of senior management personnel will be promoted by local talents. 2. Medium and long-term goals: 1. Establish a comprehensive local talent cultivation plan.	The proportion of local employees, the ratio of salary to local minimum standards, and the proportion of localization of senior management.	Human Resources Department	1. Priority will be given to recruiting employees from locations where we operate. 2. Provide remuneration higher than the local minimum wage standard and review the salary structure regularly. 3. Encourage the localization of senior managers to improve their understanding and adaptability to the local market.	1. Review the minimum wage standards announced by government agencies every year, comply with relevant labor regulations, and make necessary salary adjustments. 2. The remuneration committee is held twice a year to continuously monitor changes in market salary	market position GRI 202 / 3. Integrity Governance 5. Social Care

		local minimum standards.					trends and make assessments and adjustments based on the needs of market competitiveness.	
	Innovation and R&D	The company is committed to product research and development and technological innovation, continues to expand product application areas, widens the gap with competitors, and consolidates its leading advantage.	1. Short-term goals: Use systematic development processes and R&D databases to develop high-standard products required by the market to enhance market visibility and competitiveness. 2. Medium and long-term goals: Obtain the opportunity of early introduction into the high-end	1. Add training courses for basic academic skills, implement R&D projects in the form of on-job training, maintain the project progress of new products or derivative products, and simultaneously improve the R&D capabilities of R&D	Product Development Strategy Office/Complaint Channel	The company has a complete R&D team and system, uses systematic development procedures to establish a product R&D database, develops diversified and high-standard new products, and coordinates with production and sales departments to jointly develop new products and enhance product opportunities and competitiveness.	1. In 2025, 9 patents were granted, an increase of 12.5% compared with the previous year. 2. The Company held 69 valid patents in total, a decrease of 14.8% compared with the previous year. 3. The number of imported client designs is 7.	3. Integrity Governance

			market, develop more advanced and high-standard products, and gradually play the role of a leader in new product specifications in the market.	personnel through intensive review meetings. Make good use of R&D and quality tools such as experimental planning method, Taguchi method, QFD, reliability testing, etc. to improve the quality and efficiency of new product development. At the same time, scientific and statistical methods are used to systematically analyze the relationship between the characteristic			4. Revenue contributed by new products accounted for 5%.	

				s of new products and materials and structural design, establish a database of materials, processes and product design, and improve the efficiency and quality of new product development through simulation calculation technology. 2. Use systematic development technology to improve the characteristics and quality of new products, provide immediate feedback on needs and				

				technical support, gain customer recognition and project opportunities, enter the international major manufacturer market, and become one of the world's major manufacturers.				
Environmental aspect	Energy management	Meeting the needs of consumers while also implementing energy conservation and carbon reduction has always been the goal pursued by the Company.	Short term goals: 1. Annual electricity savings reach 100,000 kWh. Mid- to long-term goals: 1. Continue to purchase energy-saving products 2. Implement energy-saving policies in the factory	1. Handle in accordance with ISO 50001 standards 2. Use energy-saving products to achieve power-saving effects	Environmental Safety Section (03)3623105 extension 3212	Implement continuous energy improvement/achieve energy optimization goals	A total of 72,190 kWh of electricity was saved in 2025.	energy GRI 302 / 4. Sustainable Environmenty

	Water and Wastewater Treatment	Whether it is the treatment of waste (sewage) water or the utilization of water resources, we adhere to the concept of maximizing use value and take into account the maintenance of the environment while producing.	Short term goals: Discharging water meets legal specifications Mid- to long-term goals: Adhere to the principle of increasing water circulation and increase the reuse rate of water resources	1. Operate in accordance with the water pollution prevention and control license 2. Equipped with waste (sewage) water treatment system	Environmental Safety Section (03)3623105 extension 3212	Systematic management, water resource recycling and reuse	Waste (sewage) water discharge values comply with relevant legal regulations	water and flowing water GRI 303 / 4. Sustainable Environment
	Climate change and carbon emissions	Implement a greenhouse gas inventory plan to understand the status of greenhouse gas emissions.	Short term goals: Scope 2 reduces emissions by 5% compared to the previous year. Mid- to long-term goals: Establish a comprehensive greenhouse gas management system to achieve real-	Conduct greenhouse gas inventory in accordance with ISO14064-1 standards	Environmental Safety Section (03)3623105 extension 3212	By reducing greenhouse gas emissions and actively responding to the challenges of climate change, policies focus on carbon footprint management.	Continuously maintain the effectiveness of the ISO 14001 environmental management system through regular review and achievement of annual carbon reduction targets.	emission GRI 305 / 4. Sustainable Environment

			time monitoring and transparent disclosure of annual emission data.					
	Waste management	Properly clean up waste and maintain environmental quality	Short term goals: Waste disposal volume decreased by 10% compared with the previous year Mid- to long-term goals: Improve the process technology and control the end of raw materials, and strengthen the environmental awareness of company colleagues to achieve the goal of waste reduction.	1. Implement source control and implement resource classification 2. Achieve domestic waste reduction goals	Environmental Safety Section (03)3623105 extension 3212	Reduce environmental damage and reuse resources	The waste disposal volume in 2025 will increase by 2.80 metric tons compared with the previous year.	waste GRI 306 / 4. Sustainable Environment

	Sustainable supply chain management	We are committed to promoting the connection between industry and supply chain, while ensuring that suppliers comply with social ethical standards and comply with national environmental protection policies and regulations in the process of providing products and services.	Short term goals: The Company expects to complete this target in 2026 by establishing a supplier environmental and social self-assessment form and achieving a 75% response rate for the form. Mid- to long-term goals: The response rate for supplier environmental and social self-assessment forms was 100%, and the supplier evaluation completion rate was 100%.	The manufacturer's assessment status statistical table is mainly for the on-time delivery performance and quality assessments , and is graded into four grades: Outstanding, Excellent, Grade A, and Grade B. Suppliers rated below Grade B will be sent an improvement notice. If there is no improvement for three consecutive months, the relevant departments will evaluate the supplier.	Responsible department: Environmental Safety/Quality Assurance/Technology/Purchasing. Procurement will convene relevant evaluation team members to respond and provide solutions.	Adhering to compliance with national laws and social norms, we are required to sign a supplier commitment letter, actively develop excellent suppliers, outsourcers and second sources, conduct interviews and evaluations in accordance with relevant evaluation methods, and formulate a supplier hierarchical management system.	In 2025, evaluations of 125 major suppliers were completed, all with excellent ratings. Another five suppliers violated environmental regulations: four violated the Air Pollution Control Act and one violated the Waste Disposal Act. All were fined, and after guidance, completed improvements within the required deadline and complied with national regulations.	Supplier Environmental Assessment GRI 308 / 4. Sustainable Environment

				If the supplier cannot be effectively improved after further inspections, the qualification will be disqualified. On-site supplier evaluation in 2025: 4 bronze ware manufacturers and 4 porcelain manufacturers have completed the evaluation results.				
Social aspect	Employee relations and development	Promote a harmonious workplace environment through transparent communication, fair negotiation and respect	Short term goals: 1. Labor-management meetings should be held at least once every three months. 2. Establish a standardized	1. Labor-management meetings shall be held at least once every three months, and temporary meetings may	Human Resources Department	1. Establish a regular labor-management meeting system to ensure that employees' opinions are fully expressed. 2. Notify employees in	Comply with government regulations to coordinate labor relations, promote labor cooperation, and prevent various labor	Employment Relations GRI 401 Labor-Management Relations GRI 402 training and education GRI 404 /

		for labor rights. The policy focuses on establishing an effective labor-management dialogue mechanism and ensuring that labor-management consultations cover all key issues.	notification process to ensure that major changes are notified three weeks in advance. Mid- to long-term goals: Establish a comprehensive labor relations management system to prevent and resolve disputes in an instant.	be held when necessary. 2. Our company has set up dedicated telephone lines, faxes, dedicated mailboxes, and e-mails for complaints about incidents. 3. Or other designated complaint channels, and the relevant information shall be publicly disclosed in a conspicuous place in the workplace, and the designated person or unit shall be responsible for the investigation		advance and negotiate before major operational changes. 3. Provide grievance channels to protect employees’ rights and quickly resolve labor issues.	problems before they occur.	5. Social Care

				and handling of complaint incidents.				
	Occupational safety and health	With the belief that employees are the Company's most important assets, Hocheng takes protecting the safety of workers as its primary goal, conducts hazard identification and risk assessment, and carries out risk reduction measures and emergency response. Ensure the work environment is safe and secure.	Short term goals: Strengthen occupational safety management, achieve a 100% completion rate for risk assessment operations, and keep minor accidents below 12 cases, moving toward the goal of zero accidents. Mid- to long-term goals: Continuously improve the occupational safety and health management system to achieve the goal of zero accidents.	1. Implement hazard identification and risk assessment, identify risks according to procedures and implement management measures. 2. Follow the management system specifications of ISO 45001:2018 version. 3. Regularly implement working environment monitoring including noise, dust, carbon dioxide, organic	Environmental Safety Section/03-362-3105#3212	1. Comply with relevant government occupational safety laws and regulations. 2. Practice the prevention and control of industrial safety hazards. 3. Strengthen communication with the community, customers and third parties to share occupational safety experience. 4. Implement education and training for all employees to enhance environmental safety awareness and emergency response capabilities.	Number of occupational accidents Number of improvement plans	occupational safety and health GRI 403 / 5. Social Care

				solvents and high-temperature working places to ensure work safety. 4. Conduct regular employee health examinations and promote health promotion activities to provide a healthy and friendly workplace environment. 5. Continue to conduct safety and health education and training and share accident investigation cases to strengthen employees' occupational		We are committed to continuous improvement to ensure sustainable operations, enhance the Company's image, and strive to improve the environment.		

				safety skills and knowledge. 6. Implement on-site operation safety, including factory inspections, contractor construction management, on-site machinery and equipment safety protection assessment, and personal protective equipment safety assessment.				

	Basic human rights and freedom of association	Ensure that all operations and supply chains are free of any form of forced labor, and conduct human rights reviews of all employees and suppliers.	Short term goals: Complete forced labor risk assessment and training for employees and key suppliers. Mid- to long-term goals: Establish a comprehensive human rights management system to ensure zero forced labor in the supply chain and pass international certification	Risk assessment coverage, training completion rate, number of forced labor incidents, and handling rate of reported cases.	(Supplier) Purchasing Group/03-362-3105#3238	Implement a zero-tolerance forced labor policy and prohibit any form of forced work or labor exploitation. Conduct human rights due diligence on new employees and suppliers to ensure voluntary labor. Establish an anonymous reporting mechanism to encourage employees and stakeholders to report potential violations.	Complete forced labor risk assessment and training for major suppliers, 70% in 2023; 75% in 2024; 75% in 2025.	Freedom of association and group consultation GRI 407 child labor GRI 408 Forced or Compulsory Labor GRI 409 / 5. Social Care
	Product responsibility	Committed to product innovation, leading market trends and meeting customer needs. Ensure product quality meets required standards.	Short term goals: Complete product safety risk assessment, and customer complaint handling rate reaches 100%. Mid- to long-term goals:	Safety assessment coverage, number of health and safety incidents, complaint handling time, customer satisfaction.	Sales Office Marketing Planning Section/03-3623105#1564 or 1165	Implement product life cycle safety assessments to ensure there are no health risks from the design to use stages. All products are regularly tested and certified to comply with domestic and	The sales office has established a customer feedback and complaint mechanism. The relevant data is as follows: 1. Customer comments mailbox acceptance on	Customer Health and Safety GRI 416 Marketing and Labeling GRI 417 / 5. Social Care

		Comply with environmental regulations and other requirements, engage all employees, prevent pollution, and continuously improve environmental performance. Formulate and implement environmental goals and continuously optimize the environmental management system.	1. Achieve products that pass health and safety assessment and achieve customer satisfaction of more than 90%. 2. Establish a comprehensive product safety management system to ensure zero major violations.			international safety regulations. Establish a customer feedback and complaint mechanism to quickly handle health and safety-related issues.	the official website: 2023: 765 cases in total 2024: 767 cases in total 2025: 655 cases in total 2. Number of calls received by the customer maintenance service hotline: 2023: 83,640 calls 2024: 86,742 calls 2025: 95,755 calls 3.Customer satisfaction survey scores: 2023: 86 points 2024: 84 points 2025: 81 points		

1.5 Sustainable Development Goals

Since the United Nations released the Sustainable Development Goals (SDGs) in 2015, this action blueprint covering 17 core goals and 169 specific indicators has become a universal language that leads global governments and enterprises towards balanced development. Hocheng deeply feels its responsibility as a corporate citizen and actively internalizes the spirit of the SDGs into its core business policies, and is committed to building a virtuous cycle of business models between economic growth, social inclusion and environmental protection.

In the course of its transformation, Hocheng has moved beyond a traditional business model focused solely on profit and evolved toward multidimensional sustainable management. The Company regards legal compliance and ethical governance as cornerstones, comprehensively strengthens precise management of resource circulation, carbon emissions, and water resource efficiency, and fulfills its commitment to employee well-being by building a diverse, equal, and friendly workplace. Its influence further extends to value chain management, as it works with supplier partners to establish high standards for environmental stewardship and social responsibility, ensuring that every product embodies goodwill toward the planet.

Hocheng will engage with global issues in a more active manner, continue to deepen various sustainability action plans, commit to continuously improve operational resilience, transform social responsibility into a key driving force for long-term corporate growth, and contribute key value to the global sustainability vision with firm practicality.

SDGs	Detailed goals	Hocheng responded
	1.4 Ensure that all men and women, especially poor and disadvantaged groups, have fair rights and access to economic resources.	1.4.1 Provide salary conditions and complete welfare measures that are better than the law and are market competitive, so that employees can work with dignity and improve the economic living standards of individuals and families. 1.4.2 Appropriately adjust employee salaries based on the Company's profitability to increase colleagues' attachment to the Company.

4 優質教育	4.5 Eliminate the education gap and ensure that disadvantaged groups have access to education and vocational training at all levels, including people with disabilities, indigenous people, and disadvantaged children. 4.7 Promote sustainable development education, sustainable lifestyle, human rights, gender equality, peace and non-violence.	4.5.1 Arrange functional training for employees with different business attributes to ensure that each colleague receives vocational training opportunities. 4.7.1 Plan courses on sustainable development, workplace gender equality, and labor rights, and encourage colleagues to participate.
5 性別平等	5.1 Eliminate any form of discrimination against women. 5.4 Recognize and value women's family care through social protection policies.	5.1.1 Do not use gender as a factor in employee appointment, assessment and promotion. 5.4.1 Provide employees, regardless of gender, with the right to apply for childcare leave.
6 潔淨飲水與衛生	6.3 Improve water quality, reduce pollution, eliminate garbage dumping, reduce the release of toxic chemicals and hazardous materials, and reduce the proportion of untreated wastewater. 6.4 Significantly increase the water use efficiency of industries and ensure sustainable fresh water supply and recycling to solve the water shortage problem. 6.a. Develop support for water and sanitation-related activities and programs, including water harvesting, desalination, wastewater treatment, recycling and reuse technologies.	6.3.1 Through water-saving measures and recycled water reuse, the total water consumption in the past three years was 464.98 million liters. 6.3.2 Regularly test the quality of discharged water. The water quality results in the past three years have all met the requirements of local regulations and regulations for discharged water.

8 體面工作和經濟增長	8.5 Achieve full and productive employment so that all men and women have a good job, including young people and people with disabilities, and achieve equal pay for equal work. 8.7 Prohibit child labor and eliminate oppressed labor. 8.8 Protect the rights and interests of workers and promote a safe working environment, especially for women and workers who perform hazardous work.	8.5.1 Do not use gender as a factor in employee appointment, assessment and promotion. 8.5.2 Appropriately adjust employee salaries based on the Company's profitability to increase colleagues' attachment to the Company. 8.7.1 Respect labor rights, including prohibiting child labor and prohibiting any form of workplace discrimination. 8.8.1 Maternal employees should appropriately adjust their duties in accordance with the law, reduce their workload, and effectively protect maternal employees. 8.8.2 Implement the occupational safety and health management system to effectively improve employee workplace safety.
9 產業創新與基礎建設	9.4 Upgrade infrastructure, transform industry and commerce so that they can develop sustainably, improve energy efficiency, and widely adopt clean and environmentally friendly technology and industrial processes. 9.5 Encourage innovation, increase the number of R&D personnel, and increase R&D expenditures.	9.4.1 A total of 555,855 kilowatt-hours of electricity was saved in the past three years 9.5.1 Increase the number of R&D teams year by year, and the annual R&D expenditures account for more than 3% of revenue.
10 減少不平等	10.2 Promote socio-economic and political integration regardless of age, gender, disability, religion, economic or other status. 10.3 Practices that ensure equal opportunities and reduce inequalities, including	10.2.1 The company's recruitment, assessment and promotion mechanisms do not use employees' physical or psychological differences as criteria for consideration. 10.3.1 There is a reporting channel for employees and a complete

	the elimination of discrimination.	reporting process to protect whistleblowers.
	12.5 Significantly reduce waste generation through prevention, reduction, recycling and reuse.	12.5.1 Continuously improve production processes and reduce waste output.
	16.6 Develop effective, accountable and transparent systems at all levels. 16.7 Ensure that decision-making at all levels responds to public opinion and is inclusive, participatory and representative.	16.6.1 Strengthen corporate governance, ensure that employees comply with the Company's specifications through internal control, and establish independent reporting channels and a complete reporting process. 16.7.1 Through communication with stakeholders, understand their requirements and expectations for the Company, and report to the board of directors regularly.

2. About Hocheng

2.1 Company Profile

Hocheng Corporation was founded by Mr. Chiu Ho-cheng in Yingge, New Taipei City, Taiwan in 1931. It has gone through more than ninety-four glorious years. Generations of Hocheng employees have worked together to gradually transform the Company from a local enterprise into a modern enterprise group with professional leadership and diversified operations, writing a page of admirable industrial development history.

In 1991, HCG stocks were officially listed and the operating headquarters was established in Taipei City. The company's business scope not only covers core areas such as bathroom, kitchenware and water supply copperware manufacturing, but also actively expands into diversified industrial fields such as construction, precision ceramics, stoves and residential equipment. It has also established cultural, educational and charitable foundations to deeply engage in social welfare undertakings, becoming a successful example of an enterprise that actively cares for the local area, gives back to society, and is active on the international stage.

For Hocheng employees, "high technology, integrity, satisfaction, world value, refinement, creativity, and Chinese cultural creativity" are not only the Company's highest operating principles, but also core beliefs deeply rooted in every business execution and personal work attitude. It is by adhering to and inheriting this belief that all employees can thrive with Hocheng. Starting from solid infrastructure, they continue to expand and exert their strength, creating sustainable competitive advantages for the Company, and achieving long-term and glorious career values for individuals.

◆Basic information

Company name	Hocheng Corporation
Stock code	1810
Headquarters location	1F, No. 398, Xingshan Road, Neihu District, Taipei City
Capital	NT$3,023,037,190
Revenue for the year (Unit: NT$ thousand)	**2025 consolidated revenue: 4,556,763 NT$ thousands**
Equity structure proportion	Domestic legal persons 22.15%, domestic individuals 74.34%, foreign institutions and foreign individuals 3.51%
Number of employees	There are 928 employees in Taiwan

Operation base	Taiwan, China, Philippines
Main products/services	Sanitary porcelain, water supply copperware, bathtubs and countertops, toilet seats, kitchenware, ceramic plates, ceramics, etc.
Main product sales volume	Sanitary porcelain: 1,642,828 NT$ thousands Water supply copperware: 1,080,145 NT$ thousands Toilet seat: 571,504 NT$ thousands Precision ceramics: 93,337 NT$ thousands Others: 1,169,949 NT$
Proportion of revenue by region	Taiwan (78.13%), China (4.57%), Philippines (16.97%), other countries (0.32%)
Area where products/services are provided	Taiwan, China, Philippines, Indonesia, South Korea, Malaysia, Brunei, Qatar, Singapore, Vietnam

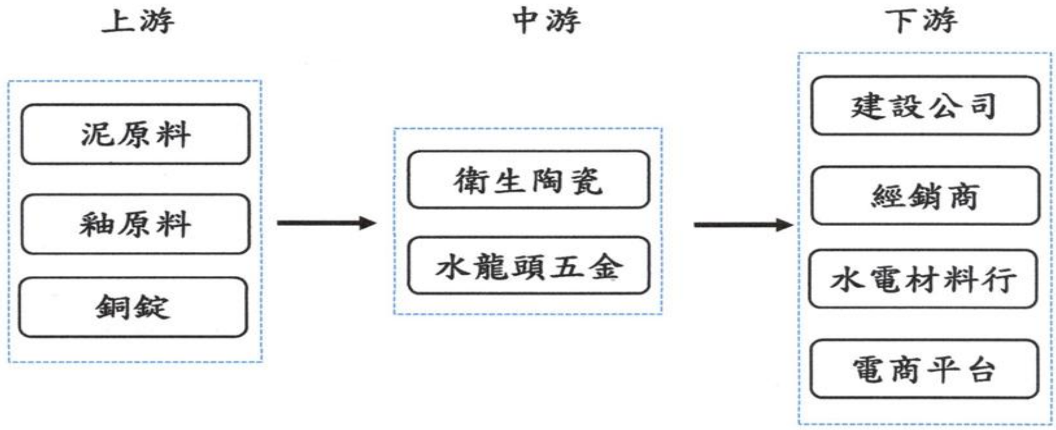
◆ **Business location**

全球和成

Please refer to the Company’s official website for product types and application areas of Hocheng

Product types and application areas https://reurl.cc/xlMmX4

The main products of Hocheng Corporation
Porcelain/Bronze



Upstream

Sources of porcelain raw materials: domestic and imported (Japan, South Korea and other countries), with stable quality and abundant sources.

Source of raw materials for copperware: foreign copper ingot manufacturers (South Korea, Japan and other countries), with stable quality and abundant sources.

Midstream

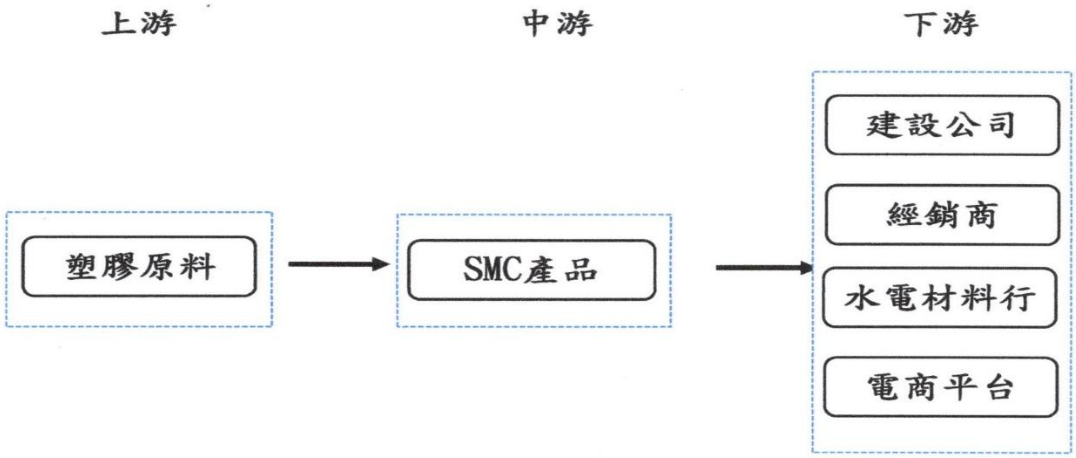
Sanitary ceramic products are made from original molds → plaster molds are made → slurry molding → green body bonding → green body repair → drying → glazing → fired products!

Faucet hardware products are formed by casting (faucet body molding) → processing (machine drilling or tapping) → polishing (surface polishing) → electroplating (surface coloring) → assembly of related components → water testing → packaging of finished products!

Downstream

Bathroom products such as sanitary ceramics and faucet hardware can be divided into product sales channels: construction companies/distributors/water and electricity material stores/e-commerce platforms to achieve end-consumer use!

SMC



Upstream

Plastic raw materials are supplied by domestic and imported raw material manufacturers, with stable quality and abundant sources.

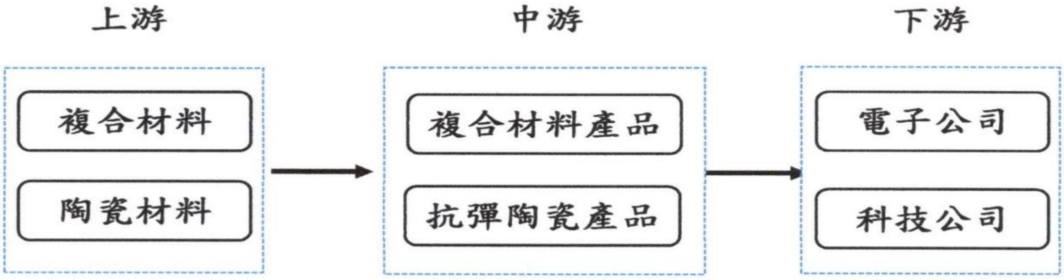
Midstream

SMC products are hydraulic molding machines that use metal molds and pressurizing equipment to heat and pressurize the plastic materials into finished products according to the metal molds!

Downstream

SMC products can be divided according to product sales channels: construction companies/dealers/water and electricity material stores/e-commerce platforms to achieve the use of end consumers!

Composite materials/ballistic ceramics



Upstream

Composite materials are supplied to domestic and imported raw material manufacturers with stable quality and abundant sources.

Ceramic materials are supplied to domestic and imported raw material manufacturers with stable quality and abundant sources.

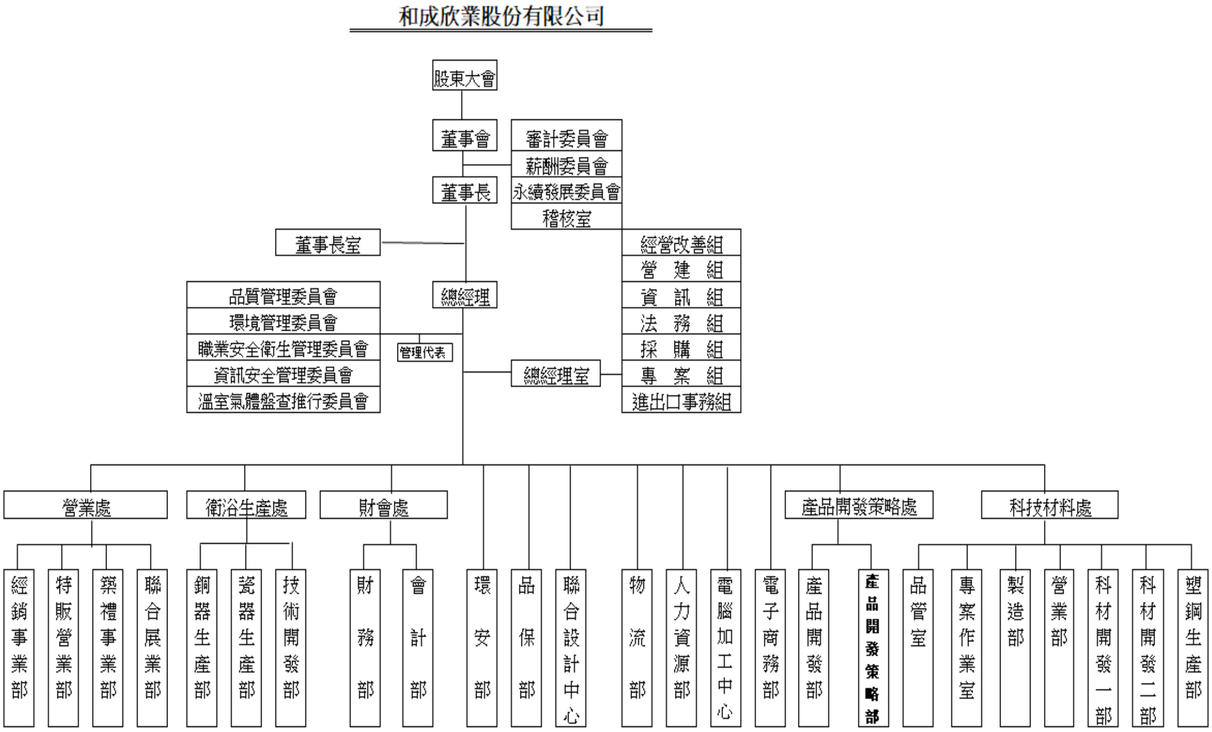
Midstream

Composite material products and anti-elastic ceramic products are formed using a hydraulic molding machine, which uses metal molds and pressurizing equipment to heat and pressurize the products. The composite materials and anti-elastic ceramic materials are formed into finished products according to the metal mold!

Downstream

Composite material products and anti-ballistic ceramic products can be divided into: electronics companies/technology companies according to product sales channels, in order to achieve the use of end consumers!

Organizational structure



Hocheng Company Pavilion

2.2 Business philosophy

Hi-tech and Harmony

Responsible and dedicated with "sincerity", contribute to society, meet challenges with the strictest self-requirements, pursue profits, and feed back to society with results, adhere to the lofty corporate goal of "take from society, use to society", and devote ourselves to the development of high-tech products and materials to create a harmonious living environment.

Gratification and Global Value

Serve customers with "satisfaction" to establish credibility; operate and develop with the most complete marketing system to expand export sales, and take "customer satisfaction, that is Hocheng's satisfaction" as our industry standard to create a new world value for sanitary ware products.

Compact, Creativity, and Creative Chinese Culture e

Leading the times and the industry with "creativity"; using the most advanced products as the backing of the vast consumer market; all production is based on providing a comfortable living environment for society; using the broad and profound Chinese cultural creativity as the basis for new product development and design, we create new products that surpass world standards.

Corporate vision

Providing high-tech, humanized residential equipment and heartfelt and considerate services. Hocheng Company continues to seek product and technological breakthroughs in bathroom, bathroom, kitchen and other residential equipment and building materials, and launches HCG caring services to provide complete customer service. It combines technology with ceramics and humanized functions and services to meet market and consumer needs.

Breaking new ground and creating a new experience of fashionable residential equipment. HCG has won numerous awards at home and abroad, and has been recognized by many international certifications. In the future, it will continue to lead the trend with products, create topics with marketing, and move towards technology, refinement and internationalization with its decisive and intelligent corporate nature and meticulous thinking.

Dedicated to the protection of the earth's environment and fulfilling corporate social responsibilities, environmental awareness has been formed. Consumers' demands for the concept of health and safety are increasing day by day. HCG provides safe, comfortable, water-saving, healthy bathroom, bath, kitchen and other residential equipment to consumers. It believes in caring for the earth and protecting the environment as its fundamentals. It adheres to the business philosophy of taking from the society and using it for the society, and fulfills its social responsibilities to achieve sustainable operations.

2.3 Award and management systems

（奧運羽球冠軍選手 李洋與王齊麟 頒獎）

MIT 微笑產品臺灣金選入選證書

Taiwan Golden Select of MIT Smile Product Certificate

和成欣業股份有限公司 以
AFC6699 智慧型超級馬桶座

參加臺灣製MIT微笑產品臺灣金選，經遴選後符合評審項目，
為2022 MIT微笑產品臺灣金選入選產品，特此證明。

MIT 微笑標章編號：02000523-00016

臺灣金選證書編號：2022TGS0030

局長

發證日期：111 年 12 月

This is to certify that

AFC 6699 Smart Toilet of
Hocheng Corporation

has been admitted to the "Taiwan Golden Select of MIT Smile Product", as proof whereof we issue this Certificate of Inclusion.

MIT certificate No.: 02000523-00016

TGS certificate No.: 2022TGS0030

Director General

Date of Issuance : DEC. 2022

Hocheng continues to improve and innovate the Company's processes, products and services, and meets the requirements that products do not contain harmful substances, providing customers with the highest value and most competitive solutions. Hocheng has obtained the ISO 9001 quality management system since 1997 and has successively obtained the ISO 14001 environmental management system, ISO 45001 occupational safety and health management system, ISO 50001 energy management system, and ISO 13485 medical equipment quality management system.

/ 和成欣業各營運據點通過證書 /

ISO 14001環境管理系統證書

ISO 9001品質管理系統證書

ISO 45001職業安全衛生管理系統

ISO 50001能源管理系統

IAPMO實驗室

台灣製MIT微笑產品證書

省水標章許可證書

省水標章許可證書

環保標章使用證書

節能標章使用證書

經濟部正字標記證書

經濟部正字標記證書

奈米標章使用證書

奈米標章使用證書

2.4 Participation in external organizations

In addition to improving the competitiveness of its own products, Hocheng also actively communicates with stakeholders from all walks of life. Through the opportunity of participating in industry-related associations, it has positive interactions with association members and understands the latest development trends of the industry.

External association name	Participation identity
Taiwan Ceramic Industry Association	Executive director
Quality Society of the Republic of China	Member
Changhua County Water Hardware Industry Development Association	Member
Taiwan Good Design Association	Member
Taiwan Bathroom Culture Association	Director
Taiwan Sustainable Green Building Alliance	Director
Taiwan Silver Hair Industry Association	Director
Taiwan Assistive Devices Long-term Care Industry Association	Executive director
Taiwan Good Design Association	Supervisor
Association for the Advancement of Industry and Commerce of the Republic of China	Member
Taiwan Nanotechnology Industry Development Association	Chairman
Taiwan Integrated Bathroom Industry Association	Executive director
Taiwan Industrial Technology Research and Development Foundation	Director
Reinforced Plastics Association of the Republic of China	Director
Taiwan Assistive Devices and Long-term Care Industry Development Association	Executive director

3. Integrity Governance

Sound corporate governance includes a sound board of directors, rigorous internal control system and stable financial control, etc., which not only helps reduce operating risks, but also enhances the Company's competitiveness and brand value. By establishing a corporate culture of integrity and responsibility, complying with laws and regulations, implementing honest operations, and establishing a good corporate governance structure, we can ensure the healthy development of company operations and protect the rights and interests of investors and other stakeholders.

The Company complies with Taiwan's Securities and Exchange Act and related regulations and has established a comprehensive corporate governance system. Its objectives are to strengthen the protection of shareholders' rights and interests, enhance the functions of the Board of Directors, respect the rights and interests of all stakeholders, and improve information transparency. The Board of Directors has adopted: (1) the Corporate Governance Best Practice Principles, which establish fair, impartial, and open director election procedures and strengthen the Board's management and supervisory functions through measures such as the appointment of independent directors; (2) the Procedures for Handling Internal Material Information and Preventing Insider Trading, which prohibit directors, managers, employees, and other insiders from using non-public market information for profit; (3) the Ethical Corporate Management Best Practice Principles, which are based on the business philosophy of integrity, transparency, and responsibility, establish integrity-based policies, and build sound corporate governance and risk control mechanisms to create an operating environment for sustainable development; and (4) the Sustainable Development Best Practice Principles, which support the practice of corporate citizenship, alignment with international trends, and active responses to stakeholders' risk assessments and countermeasures across environmental, social, and corporate governance dimensions in order to achieve sustainable management. In addition, the Company upholds the principles of accurate, timely, and fair disclosure, has established a complete information disclosure system, and provides information on operations, finance, the Board of Directors, and shareholders' meetings on the Company's website and the Market Observation Post System so that shareholders can obtain the latest Company information.

The Company has always attached great importance to corporate governance and continuously revises relevant rules to ensure operational transparency and compliance. These rules include the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Procedures for Handling Internal Material Information and Preventing Insider Trading, Board Performance Evaluation Rules, and Sustainable Development Best Practice Principles. The corporate governance officer is responsible for formulating these rules and, in addition to establishing integrity-related rules and procedures, is responsible for developing ethical management policies and preventive programs and supervising their implementation. These measures are intended to ensure lawful and transparent operations while protecting shareholders' interests and maintaining the Company's image.

Please refer to the above operating procedures

Market Observation Post System (MOPS) Company Website

3.1 Material Topic Management

Material topics	**Operating performance**
Importance to the Company	Improve the global sales and service network, respond to customer technical needs in a timely manner, and consolidate partnerships. We will reward shareholders with high-quality products and excellent operating performance, steadily expand production capacity, and move towards becoming a world-class manufacturer. Pursue maximum profits to enhance confidence in the value chain and ensure long-term stable operations and sustainable development.
Policies/Commitments	1. Optimize factory layout. 2. Research and develop new products. 3. Integrate group resources to create maximum value.
Target	1. Short-term goals: 1. Develop professional construction methods, shorten the construction period, reduce manpower and construction site waste through modular construction, and flip the sanitary ware sales model. 2. Promote the commercialization of smart toilets and military composite materials; actively develop semiconductor equipment components beginning in 2025 to increase high value-added production capacity.

	3. Introduce AI technology into operations, marketing and customer service, optimize management processes, and break down industry boundaries to enhance competitiveness. 2. Medium and long-term goals: 1. Actively develop global markets and channels. 2. Strengthen logistics management and supply chain risk dispersion. 3. Accelerate the development of new technologies and improve market share and talent training performance. 4. Implement ISO quality, information security, environmental policies and sustainability reporting policies.
Resources invested and specific results during the year	89,762 NT$ thousand invested in research and development, 20 product research and development results
Responsible department /grievance mechanism	1. Hold legal person briefings regularly to maintain good communication with investors. 2. The official website discloses the investor service window to ensure multiple accessible reporting channels for complaints and contact.
Evaluation mechanism/outcomes	1. All quarterly and annual financial reports are reviewed or audited by accountants. 2. Hold internal meetings every month to review performance and report business strategies to the board of directors every quarter. 3. No major violations of law occurred in 2025.

Material topics	Market position
Importance to the Company	The company is committed to enhancing its position in the markets in which it operates by supporting local economic development, providing fair wages and prioritizing the hiring of local labor. The policy focuses on building long-term relationships with local communities and ensuring wages and benefits meet or exceed local minimum standards.
Policies/Commitments	1. Priority will be given to recruiting employees from locations where we operate. 2. Provide remuneration higher than the local minimum wage standard and review the salary structure regularly. 3. Encourage the localization of senior managers to improve their understanding and adaptability to the local market.
Target	1. Short-term goals: 1. Increase the proportion of local employees and review the salary structure regularly. 2. The proportion of senior management personnel in major operating regions increase the proportion of local talent in management positions. 2. Medium and long-term goals: 1. Establish a comprehensive local talent cultivation plan.
Resources invested and specific results during the year	The proportion of local employees, the ratio of salary to local minimum standards, and the proportion of localization of senior management.
Responsible department /grievance mechanism	Human Resources Department
Evaluation mechanism/outcomes	1. Review the minimum wage standards announced by government agencies every year, comply with relevant labor regulations, and make necessary salary adjustments. 2. The remuneration committee is held twice a year to continuously monitor changes in market salary trends and make assessments and adjustments based on the needs of market competitiveness.

Material topics	Innovation and R&D
Importance to the Company	The company is committed to product research and development and technological innovation, continues to expand product application areas, widens the gap with competitors, and consolidates its leading advantage.
Policies/Commitments	The company has a complete R&D team and system, uses systematic development procedures to establish a product R&D database, develops diversified and high-standard new products, and coordinates with production and sales departments to jointly develop new products and enhance product opportunities and competitiveness.
Target	1. Short-term goals: Use systematic development processes and R&D databases to develop high-standard products required by the market to enhance market visibility and competitiveness. 2. Medium and long-term goals: Obtain the opportunity of early introduction into the high-end market, develop more advanced and high-standard products, and gradually play the role of a leader in new product specifications in the market.
Resources invested and specific results during the year	1. Add training courses for basic academic skills, implement R&D projects in the form of on-job training, maintain the project progress of new products or derivative products, and simultaneously improve the R&D capabilities of R&D personnel through intensive review meetings. Make good use of R&D and quality tools such as experimental planning method, Taguchi method, QFD, reliability testing, etc. to improve the quality and efficiency of new product development. At the same time, scientific and statistical methods are used to systematically analyze the relationship between the characteristics of new products and materials and structural design, establish a database of materials, processes and product design, and improve the efficiency and quality of new product development through simulation calculation technology. 2. Use systematic development technology to improve the characteristics and quality of new products, provide immediate feedback on demand and technical support, gain customer recognition and project opportunities, enter the international major manufacturer market, and become one of the world's major manufacturers.
Responsible department /grievance mechanism	Product Development Strategy Office/Complaint Channel
Evaluation mechanism/outcomes	1. In 2025, 9 patents were granted, an increase of 12.5% compared with the previous year. 2. The Company held 69 valid patents in total, a decrease of 14.8% compared with the previous year. 3. The number of imported client designs is 7.

	4. Revenue contributed by new products accounted for 5%.

3.2 Governance practices

The shareholders' meeting is composed of all shareholders. As the Company's highest decision-making body, it is responsible for deliberation and decision-making on major matters of the Company, and regularly listens to the operating reports of the board of directors to ensure that shareholders' rights and interests are fully protected and implemented. As the Company's highest governance body, all members of the board of directors perform their fiduciary obligations as good managers in accordance with the law. They are responsible for formulating the Company's overall operating policies, reviewing financial performance, and ensuring that the Company's operating activities continue to comply with the requirements of relevant laws and regulations. In order to further improve the corporate governance structure and enhance overall competitiveness, the board of directors has specially established an audit committee, a salary and remuneration committee and a sustainable development committee to strengthen the depth and breadth of governance functions through the operation mechanism of special committees. The board of directors has established an independent audit office, which is responsible for regularly performing internal audits and submitting complete reports of audit results to the audit committee and the board of directors to ensure the effective operation and continuous optimization of the Company's internal control mechanism, and jointly maintain the transparency and credibility of corporate governance.

Hocheng attaches great importance to the quality and depth of corporate governance, lists honest management and sustainable growth as its core business philosophy, and continues to strengthen the integrity of the corporate governance structure. The company adheres to the principle of information transparency, and has a sound and effective internal control system to fully protect the legitimate rights and interests of all stakeholders. It establishes internal control in accordance with the principles of public offering companies. The company considers the characteristics of the overall operating activities, carefully designs and implements the internal control system, and conducts reviews and adjustments at any time in response to changes in the internal and external environment to ensure that the design and execution of the internal control system continue to maintain a high degree of effectiveness, thereby improving the overall operating performance through a sound management mechanism and achieving the long-term goal of sustainable operations.

In terms of strengthening the operational effectiveness of the board of directors, the board of directors passed a resolution in May 2021 to appoint the financial director to concurrently serve as the director of corporate governance to provide the professional support required for board operations and assist directors to effectively perform their duties. The governance director is responsible for assisting directors in performing their duties, providing necessary information, arranging on-the-job training matters, and handling relevant procedures for the board of directors and shareholders' meetings in accordance with the law. At the same time, assist the Company in implementing and complying with relevant resolutions, and actively maintain investor relations to ensure that the rights and interests of shareholders and investors are properly taken care of.

In terms of transparent disclosure of financial information, the Company's financial statements are regularly entrusted to a professional accounting firm for verification and certification to ensure that the information required by various laws can be reported accurately and promptly. The company has established a complete spokesperson system, with responsible personnel responsible for disclosing the Company's major information to the outside world to ensure that shareholders All stakeholders can grasp the Company's financial and business-related developments in real time. Hocheng will continue to strive to improve the operational efficiency and information transparency of the board of directors, and gradually integrate sustainable governance strategies into the overall corporate governance structure to continue to consolidate the trust and recognition of the Company by all stakeholders.

Implementation Results of Corporate Governance Activities in 2025

- 12 hours of further professional courses related to corporate governance.
- Register in advance the date of the shareholders' meeting in accordance with the law, prepare meeting notices, meeting manuals, and minutes within the legal period, and handle registration changes when amending the articles of association or re-electing directors.
- Notify directors of the draft board agenda seven days in advance, convene a meeting and provide meeting materials, and complete board meeting minutes within twenty days after the meeting.
- Responsible for the release of important information regarding important resolutions of the board of directors and shareholders' meetings, ensuring the legality and accuracy of the content of important information to protect investors' trading information parity.

- Provide information on training courses for independent directors and general directors and assist in completing director training plans.
- Independent directors communicate regularly with certified accountants to understand the Company's financial operations.
- Evaluate and purchase appropriate directors' and managers' liability insurance.
- Report to the Board of Directors the results of the review on whether the qualifications of independent directors comply with relevant laws and regulations during their term of office.

3.2.1 Board of Directors

The board of directors shoulders the heavy responsibility of formulating the Company's overall business strategy and is responsible to all shareholders and all stakeholders. Board members must faithfully perform their business responsibilities, abide by the duty of care of good managers, and exercise their powers in a prudent and responsible manner. Except for matters that are clearly stipulated by the law or the Company's articles of association that should be resolved by the shareholders' meeting, the execution of the Company's business and the operational arrangements of various governance systems should be reviewed and resolved by the board of directors to ensure the rigor and standardization of corporate governance.

Regarding the director selection system, the Company's articles of association clearly adopt a candidate nomination system and select the most suitable candidates through a regular re-election mechanism based on the core principle of meritocracy. According to the provisions of the corporate governance code of practice, the board of directors should carefully consider the diversification policy in the composition of members, covering basic conditions and values, professional knowledge and skills and other diversified standards, and taking into account The number of directors who serve as company managers should not exceed one-third of the number of directors to ensure the independence and objectivity of the board of directors. All board members should have the necessary knowledge, skills and professionalism to perform their duties. The current directors of Hocheng have profound industrial professional capabilities and rich practical experience, and have in-depth grasp and insight into industry development trends.

In terms of the composition of the board of directors, there are currently a total of 7 directors, including 3 independent directors, with a three-year term. In accordance with legal requirements, the board of directors will hold at least one meeting every quarter, and a total of 5 board meetings were held in 2025, fully demonstrating the Company's continued emphasis on the operational effectiveness of the board of directors and the quality of corporate governance.

Board member structure statistics:

Diversity Statistics/Year			2023		2024		2025	
			Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Director	Gender	Male	7	100%	6	86%	6	86%
		Female	0	0%	1	14%	1	14%
	Age	Under 50	2	29%	0	0%	0	0%
		50～60	3	42%	5	71%	5	71%
		60 and above	2	29 %	2	29%	2	29%
	Educational qualifications	Graduate school	5	71%	4	57%	4	57%
		College	2	29%	3	43%	3	43%
		Other	0	0%	0	0%	0	0%

Note: Percentage of female directors = (number of female directors at the end of the year / number of directors at the end of the year) * 100%. Percentage of male directors = (number of male directors at the end of the year / number of directors at the end of the year) * 100%. % of female directors + % of male directors should be 100%

For the main experience (academic) qualifications, concurrent positions and list of major shareholders of the directors of Hocheng Company, please refer to the Company's official website and annual report.

Board attendance: A total of 5 meetings were held in 2025

Job title	Name	Number of times required to attend A	Actual Attendance (B)	Actual attendance rate (%)【B/A】	Remark
Chairman	Representative of Fulucun Investment Co., Ltd.: Qiu Li-jian	5	5	100%	Newly elected on June 26, 2024
Director	Wu Yue-long	5	1	20%	Re-election on June 26, 2024
Director	Representative of Fuhe Investment Co., Ltd.: Qiu Qi-xin	5	4	80%	Re-election on June 26, 2024
Director	Representative of Yuhong Co.,	5	3	60%	Re-election on June 26, 2024

	Ltd.: Qiu Shi-kai				
Independent director	Qiu Jing-ya	5	4	80%	Newly elected on June 26, 2024
Independent director	Fan Wei-yu	5	5	100%	Re-election on June 26, 2024
Independent director	Wang Min-qi	5	4	80%	Re-election on June 26, 2024

In order to establish a sound board operating system and strengthen the supervision function, while ensuring the independence and objectivity of independent directors, the Company's board of directors formulated and adopted the "Board of Directors Rules of Procedure" and "Rules on the Scope of Responsibilities of Independent Directors" to clearly define the scope of responsibilities of independent directors as a basis for daily operations. In terms of the implementation of the principle of avoidance of interests, all directors uphold high standards. To maintain a spirit of self-discipline, any board meeting involving an interest of the director or the legal person he represents must fully explain the important content of the interest at the meeting. If there is a risk of harm to the Company's interests, the relevant director should actively abstain from discussions and voting, and shall not exercise voting rights on behalf of other directors to ensure the fairness and independence of the board of directors' decision-making.

In terms of the board of directors' performance evaluation mechanism, the Company has adopted the "Board of Directors Performance Evaluation Method" to conduct internal performance evaluations of the entire board of directors, individual board members and functional committees every year. Self-examination is conducted through questionnaire self-evaluation, and the discussion unit compiles the evaluation results and reports to the board of directors. Every three years, an external professional independent organization or a team of external experts and scholars is appointed to conduct an objective external evaluation to review the governance quality and operational effectiveness of the board of directors from a more comprehensive perspective. The overall performance evaluation results of the board of directors can be used as an important reference for the selection and nomination of future director candidates. The performance evaluation results of individual directors can also be used as a reference benchmark for setting their personal salary and remuneration to ensure a reasonable connection between performance and remuneration. The 2025 board performance evaluation results were reported to the board of directors for discussion and approval on March 10, 2026. The evaluation results were rated as excellent, which fully confirmed the Company's board of directors' outstanding performance in governance effectiveness.

In order to effectively control the operational risks of the board of directors and enhance the willingness of professionals to serve as directors, the Company has purchased liability insurance for all directors, so that directors can have no worries when actively performing their duties. At the same time, it can effectively reduce and disperse the potential risks of significant damage to the Company and shareholders due to errors or negligence that may occur in the performance of their duties. In terms of the continuous improvement of directors' professional abilities, the Company fully considers various legal compliance and governance practical issues faced by directors when participating in the Company's operational decision-making, and actively encourages and properly arranges for all directors to participate in relevant professional training courses. As of 2025, all directors have completed a total of 42 hours of professional training courses, demonstrating the Company's great emphasis on improving the functional quality of the board of directors. The corporate governance manager also plans to further expand training courses related to corporate sustainable operations to continue to deepen directors' understanding and practical ability of sustainable issues. Hocheng firmly believes that under the leadership of a board of directors with a spirit of honest governance and rich industrial experience, the Company's overall operations will continue to grow steadily, maintain unique competitive advantages on the road to sustainable operations, and create long-term and sustainable value for shareholders and all stakeholders.

3.2.2 Functional Committee

In order to improve the supervisory function of the board of directors and strengthen the overall management mechanism, the Company has specially set up two functional committees: the audit committee and the salary and remuneration committee. Except for matters that should be exercised independently in accordance with regulations, each functional committee is responsible to the board of directors and submits the proposals reviewed to the board of directors for final resolution to ensure the integrity of the corporate governance structure and the rigor of the decision-making process.

Audit committee

The Audit Committee shoulders the important responsibility of assisting the Board of Directors in supervising the Company's accounting, auditing, financial reporting processes and financial control quality, and submits the evaluation results to the Board of Directors for review and discussion. According to the "Audit Committee Organizational Rules" approved by the Company's Board of Directors, the Audit Committee is established under the Board of Directors, with three independent directors serving as audit committee members, one of whom serves as the convener, and at least one must have an accounting or financial professional background to ensure the professionalism and objectivity of the committee's deliberations. The Audit Committee holds at least one meeting every quarter, and a total of 5 meetings were held in 2025. The actual attendance rate of all members was 87%, demonstrating the committee members' high level of commitment to the performance of their duties.

In terms of the internal communication and coordination mechanism, the internal audit supervisor holds regular closed-door meetings with all independent directors to conduct in-depth reports and exchanges on the implementation of the Company's internal audit. A total of 5 meetings were held in 2025, and the independent directors also held 4 special meetings with the accountants. The accountants made a complete report to the independent directors on the results of the financial report review, and conducted publicity and exchange of opinions on relevant laws and regulations, ensuring the transparency of financial information and the rigor of corporate governance through a multi-level communication mechanism.

Audit Committee Attendance: A total of 5 meetings were held in 2025

Job title	Name	Number of times required to attend (A)	Actual attendance (B)	Actual attendance rate (%)(B/A)	Remark
Independent director	Qiu Jingya	5	4	80%	A new appointment has been re-elected on June 26, 2024
Independent director	Fan Weiyu	5	5	100%	Re-election on June 26, 2024
Independent director	Wang Minqi	5	4	80%	Re-election on June 26, 2024

Salary and Compensation Committee

In order to establish a sound salary and remuneration system for directors and managers and ensure fairness and reasonableness between operating performance and remuneration, the board of directors of Hocheng passed the "Organizational Rules of the Remuneration Committee" and established a remuneration committee under the board of directors. At least one independent director should participate in the committee members. Currently, there are three members, two of whom are independent directors, to ensure the independence and objectivity of the committee's deliberations. A total of 2 committee meetings were held in 2025, and the actual attendance rate of all members was 100%, which fully demonstrated the high importance that committee members attach to the performance of their duties.

The main authority of the remuneration committee is to formulate and regularly review the performance evaluation and salary remuneration system and standards for directors and managers. When performing the evaluation, the committee must comprehensively consider a number of core principles: the Company's salary and remuneration policy must comply with relevant laws and regulations and be sufficient to attract outstanding talents; the remuneration of directors and managers should be based on Examine the general standards of peers, and comprehensively consider the time invested by the individual, the responsibilities assumed, the achievement of goals, the performance of other concurrent positions, and the Company's salary level for similar positions in recent years; at the same time, the correlation between individual performance and the Company's short- and long-term business goals, financial status, and future operating risks should be reasonably evaluated. The design of the remuneration system should not guide directors and managers to engage in behavior that exceeds the Company's risk tolerance in pursuit of personal remuneration. The proportion of short-term performance remuneration and the payment schedule of partial variable remuneration should be carefully determined based on the characteristics of the industry and the nature of the Company's business.

At the actual operational level, the Remuneration Committee abides by the duty of care of a good manager, faithfully performs its responsibilities such as formulating and regularly reviewing the policies, systems, standards and structures of performance evaluation and salary remuneration for directors and managers, and submits specific recommendations to the Board of Directors for review and discussion to ensure the integrity and transparency of the remuneration governance mechanism.

Attendance of the Salary and Remuneration Committee: A total of 2 meetings were held in 2025

Job title	Name	Number of times required to attend (A)	Actual attendance (B)	Actual attendance rate (%)(B/A)	Remark
Convener	Wang Minqi	2	2	100%	A new appointment has been re-elected on August 6, 2024
Member	Fan Weiyu	2	2	100%	Re-election on August 6, 2024
Member	Wang Ginseng	2	2	100%	Re-election on August 6, 2024

3.2.3 Internal audit

The core purpose of the Company's internal audit is to assist the board of directors and managers to comprehensively review potential deficiencies in the internal control system, evaluate the effectiveness and efficiency of various operating activities, and make timely and specific suggestions for improvement to ensure that the internal control system can continue to operate effectively and serve as an important reference for revising and improving the internal control system., in accordance with the "Principles for Establishing Internal Control Systems for Publicly Offered Companies", the Company comprehensively considers the overall operating activities of itself and its subsidiaries, establishes a complete internal control system, and continues to review and optimize in response to changes in the internal and external environment to ensure that the design and execution of the internal control system remain continuously effective.

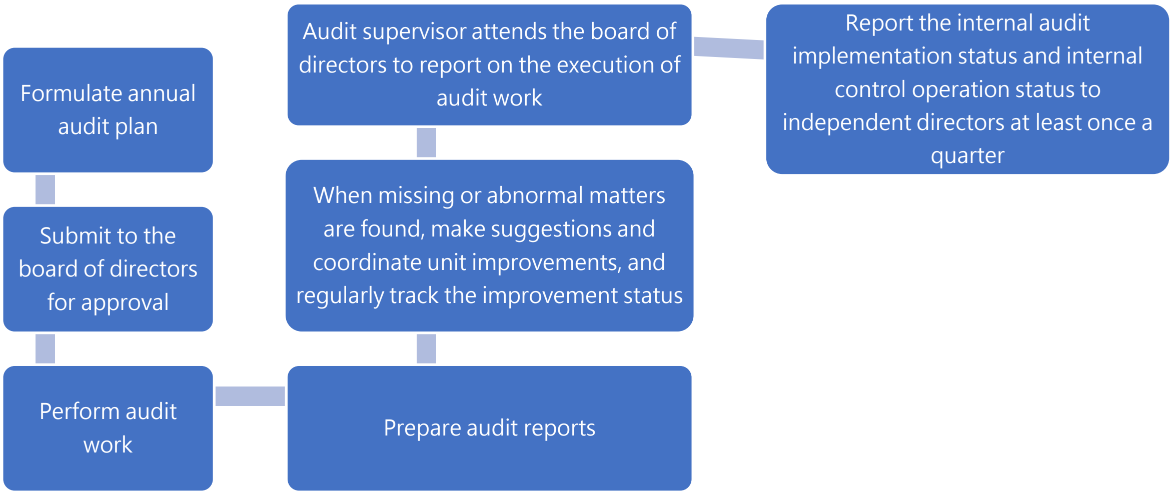
To ensure that auditors perform audit work from an impartial and independent standpoint, the Company has established an independent audit office under the Board of Directors in accordance with law, staffed by a total of three audit supervisors and auditors. The appointment and dismissal of the chief audit executive must be approved by the Audit Committee and then submitted to the Board of Directors for resolution. The appointment, dismissal, evaluation, and remuneration of internal auditors are submitted by the chief audit executive to the Chairman for approval, ensuring the independence and impartiality of the audit unit. The chief audit executive attends Board meetings as required to report on audit execution and provides independent directors with complete reports on internal audit implementation and internal control operations at each Audit Committee meeting.

In terms of the self-assessment mechanism, each internal department and subsidiary of the Company performs self-assessment at least once a year. The internal audit department reviews the self-assessment reports of each unit and reports on the improvement of internal control deficiencies and abnormal situations. This serves as the main basis for the board of directors and general manager to evaluate the effectiveness of the overall internal control system and issue a statement on the internal control system.

In terms of cultivating the professional capabilities of auditors, the qualifications of all auditors meet the various qualifications set by the competent authorities. The company actively arranges for auditors to continue their training and participate in professional training institutions designated by the competent authorities to receive audit-related business training in accordance with regulations. On-the-job auditors also complete the number of on-the-job training hours designated by the competent authorities every year to continuously improve and maintain audit quality and execution effectiveness. In 2025, auditors received training for 2 times, completing a total of 24 hours of professional training.

In terms of audit execution results, the audit office performed a total of 74 audit operations in 2025. There were no major deficiencies in the audit results, and all minor defects were improved and closed within the deadline. Through the continuous monitoring of auditors, the Company was able to effectively implement various operating systems, establish good governance practices and risk control mechanisms, and lay a solid foundation for the sustainable development of the enterprise.

Audit flow chart



3.2.4 Ethical integrity

Integrity management is an indispensable fundamental cornerstone for the sustainable development of an enterprise. It is crucial to establish a working environment and corporate culture that conform to ethical standards. Based on legal compliance, Hocheng lists integrity as the core of its core values and requires all colleagues to perform all business duties with integrity and law-abiding. When new employees join, the Human Resources Department takes the initiative to publicize the Company's internal integrity rules and cultivate colleagues' awareness of integrity from the source. At the same time, the management is required to set an example and take the lead in adhering to the principle of integrity. Through subtle demonstration effects, the Company's overall integrity culture atmosphere is gradually shaped.

At the system-building level, the Company designates the corporate governance officer as the dedicated unit responsible for promoting ethical management policies. This unit formulates important internal rules such as the Corporate Ethical Management Code and Operating Procedures, Corporate Governance Code, and Procedures for Handling Internal Material Information and Preventing Insider Trading, all of which are reviewed and approved by the Board of Directors. These integrity-related internal rules are published on the Company's official website for stakeholders to access at any time, and corresponding contact points are available to receive stakeholder comments and feedback. If employees have questions about these rules, they may consult the relevant contact points through channels such as email and telephone in addition to reviewing the official website.

Regarding the interest avoidance mechanism operated by the board of directors, if a director has an interest in a meeting matter with himself or the legal person he represents, he should explain the important content of the interest at the current board meeting, and if it is likely to cause damage to the Company's interests, he shall not participate in the discussion and voting of the matter, nor shall he represent the matter. Representatives of other directors exercise their voting rights to ensure the fairness and independence of the board of directors' decision-making. The company has established a complete internal control system covering accounting systems in accordance with relevant laws and regulations. The effectiveness of its design and implementation is evaluated and self-examined every year, and is independently reviewed by the audit unit.

In terms of the establishment of the reporting mechanism, the Company provides open and effective communication channels. Stakeholders can submit reports through the stakeholder area of the Company's official website or the human resources mailbox. The audit office will assign dedicated personnel to carry out investigations. In principle, the reporting party must be named. Submit and provide relevant evidence, including basic information such as the name of the person being reported, the time and place of the incident, and the circumstances involved; however, if the anonymous reporter has attached specific evidence, the responsible personnel of the audit office may also conduct follow-up investigations. When the responsible personnel and the reporter or if the person being reported is interested or has circumstances that may affect the fairness of the case, he should proactively inform and recuse himself, and let other personnel be responsible for the investigation. The entire investigation process must be handled impartially and strictly confidential to ensure that the identity of the reporter is not revealed. The company solemnly promises to protect all reporters from any form of improper treatment or retaliation, and requires all colleagues to be responsible for reporting any inappropriate behavior that violates ethics to the Company through reporting channels, and jointly safeguard the Company's core value of honest operation.

In terms of integrity regulations in business interactions, company colleagues should proactively explain the Company's honest business policies and relevant regulations to transaction partners during the business process, and clearly refuse to directly or indirectly provide, promise, request or accept improper benefits in any form or name. At the same time, they should carefully avoid transactions with agents, suppliers, customers or other business partners involved in dishonest behavior. Once a partner is found to have dishonest behavior, they should evaluate whether to list them as objects of refusal to truly implement the Company's honest business policy.

At the contract-signing level, before signing a contract with a transaction counterparty, the Company should fully understand the counterparty's ethical management status and include compliance with ethical management policies in the contract terms between the parties. The contract should, to the extent possible, cover relevant integrity clauses, including that if either party becomes aware that any personnel have violated prohibitions on receiving commissions, kickbacks, or improper benefits, it must immediately and truthfully inform the other party of the relevant personnel's identity, the method and amount provided or received, and provide evidence to cooperate with the investigation. If either party suffers damage as a result, it may claim damages in a corresponding proportion from the other party and deduct the full amount from the contract price payable. If either party is involved in dishonest conduct in commercial activities, the other party reserves the right to terminate or rescind the contract unconditionally at any time.

In order to further ingrain the concept of ethics and integrity into the hearts of colleagues, the corporate governance director plans to gradually implement online integrity training for in-service colleagues, and regularly arranges for senior managers to emphasize the importance of corporate integrity culture in meetings to continue to strengthen colleagues' awareness and practice of the value of integrity. The corporate governance director is responsible for verifying and evaluating whether the integrity prevention measures established by the management are operating effectively, and conducts regular evaluations on the compliance with relevant business processes, and reports implementation results to the board of directors at least every year. The audit office is responsible for supervising and reviewing the Company's overall integrity implementation and submitting a complete report to the board of directors.

In terms of specific action implementation, the Company will participate in the "Insider Equity Trading Legal Compliance Promotion Briefing" and the "2025 Insider Trading Prevention Promotion Seminar" organized by the Taiwan Stock Exchange in 2025. The course content covers insider trading regulations and prevention practices, insider trading supervision and practice, as well as important topics such as internal control and insider trading prevention and common deficiencies. Through internal control and internal audit Through continuous supervision and inspection of the system, the Company has identified major corruption risks such as violation of business secrets, misappropriation of public funds, theft of company property and collection of kickbacks or improper benefits, and continues to strengthen the corresponding prevention mechanism. As of the end of 2025, the Company has not detected or received any reports related to violations of professional ethics, which fully confirms the specific results achieved by Hocheng's long-term commitment to building a culture of integrity.

Multiple reporting channels	**Number of cases accepted in the year**
Company official website	0
HR mailbox	0

3.3 Risk management

Hocheng's risk management structure takes each responsible department as the core body and systematically promotes various risk management operations. Each department first conducts a comprehensive assessment of the probability of occurrence of potential risks, and then develops specific and complete risk response strategies for specific high-risk projects based on the assessment results. Through careful prior planning and effective risk control mechanisms, it ensures that the Company's various operating activities can be steadily promoted, thereby achieving the Company's long-term goal of sustainable operations.

Risk management structure of Hocheng Corporation

Risk projects	Responsible departments	Risk business matters
Operational and market risks	General Manager's Office Various business offices Relevant departments	● According to the Company's strategy, we implement product research and development, production and sales, and are committed to improving production technology, improving quality and reducing costs to increase the Company's profits.
Financial and Liquidity Risk	Finance and Accounting Department	● Interest rate and exchange rate hedging, bank quota management and relationship maintenance, etc.
Customer credit risk	Various business offices	● Establishment and review of customer credit limits, management and collection of accounts receivable.
Legal risks	Legal team	● Review contracts, company authorizations, reduce corporate legal risks, and protect the Company's tangible and intangible assets.
Environmental, safety and health risks	Environmental Safety General Affairs Department	In view of the safety and health hazards and specific risk factors that may be caused by the working environment, we will implement safety and health management and improve management performance with safety and health policies as the core.
Risk category	**Risk statement**	**Risk management strategy**
Sustainable Environment	Greenhouse gas emissions continue to increase	● In response to global climate change, the Company will introduce greenhouse gas inventory-related operations in the future, continue to reduce and manage greenhouse

		gas emissions, implement environmental justice, and fulfill its responsibility to jointly protect the global environment.
	Wastewater discharge continues to increase	● In order to ensure that the discharged water from the factory meets the legal discharge standards, waste (sewage) water treatment facilities are built in the factory area. In addition to regularly entrusting qualified operators to conduct water quality discharge testing operations and reporting relevant information in accordance with the law, each factory has a qualified water pollution discharge permit.
	Increased waste disposal/lower recycling rates	● To reduce damage to the surrounding environment, general industrial waste produced by the manufacturing process is entrusted to manufacturers approved by the Environmental Protection Agency for removal and treatment. Through process technology improvements and source reduction management strategies, waste output is reduced.
	Lack of water and electricity	● Water shortage: In view of the possible impact of water shortage, in addition to continuing to promote and implement water-saving policies, we also set up a water recycling and reuse system in the factory to increase water recycling efficiency and continue to develop water-saving products. ● Shortage of electricity: The factory adopts power-saving equipment and gradually replaces power-consuming equipment.
	Violation of environmental regulations	● An emergency response team has been established. When the Central Weather Administration issues a typhoon warning, the team commander activates the emergency response team and initiates the appropriate response measures.
Operating performance	Product liability (facing recall/removal from shelves)	● All third-party manufacturers conduct third-party evaluation to ensure the manufacturer's quality, delivery time, and cooperation, and to increase product quality. ● All products are inspected by the Quality Assurance Department for incoming materials, processes, and shipments to ensure quality homogeneity. ● Optimize product quality control and return and exchange mechanisms. ● Strictly comply with relevant government regulations to avoid violations.

	Raw material prices rise/ supply chain disruption	● Suppliers sign a letter of commitment, and suppliers are evaluated on-site and on-site to reduce single procurement sources, ensure source stability, support local procurement, and develop excellent suppliers and second sources.
	Regulatory compliance	● Regularly check the updates of regulations every month and check whether the Company complies with relevant laws and regulations. As internal control requirements have become stricter, relevant legal management measures have been formulated, which have been reviewed and approved by the board of directors.
	Information security	● Information security policy - review, communication, internal audit, and external audit of the information security policy once each. ● Information security organization - a management review meeting is held every year to ensure the Company's sustainable operation and information security. ● Human Resources Security - Check every year whether the number of information security training hours meets the requirements. ● Asset management - inventory information assets every year, classify and label them, and conduct risk assessments. ● Access control security - an annual inventory of important system accounts and permissions. ● Physical and Environmental Security - Check compliance with computer room access regulations. ● Operational security - Regularly monitor whether important servers meet standards, whether vulnerability scans are performed, whether data backup meets regulations, and whether anti-virus software virus codes are updated. ● Communication security - check whether the firewall settings are consistent and whether policies and rules are regularly reviewed. ● Security of system development and maintenance - whether important systems are tested before being updated/launched.

		● Supplier relationship - whether all suppliers have signed confidentiality agreements and whether the services provided comply with the contract. ● Information security incident management - whether information security incidents are reported in accordance with regulations, and whether the same information security incident occurs more than three times. ● The information security aspect of operations continuity management - whether to conduct operations continuity plan drills, risk assessments and operational impact analysis every year. Compliance - Whether it complies with intellectual property rights regulations and completes the annual inventory of laws and regulations.

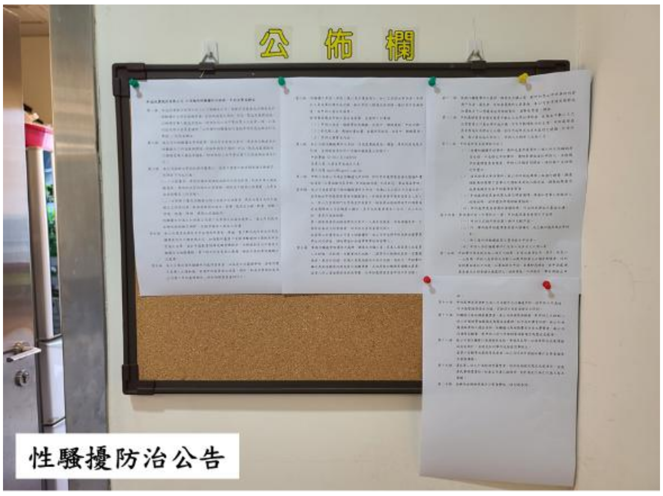
3.4 Regulatory Compliance

Hocheng regards compliance with laws and regulations as the core principle of sustainable business operations. Facing the increasingly stringent and diversified regulatory environment, we have established a dynamic regulatory risk monitoring system. Through real-time interaction with regulatory authorities and professional legal research, each functional department accurately grasps the pulse of regulatory revisions, and combines systematic internal and external education and training to transform legal norms into workplace knowledge for all colleagues, ensuring that the Company's various operating activities are always in line with international trends and local legal sources.

In terms of organizational governance structure, the Company strictly supervises the financial structure and internal control system through the operation of functional committees. By implementing the "Corporate Governance Code of Practice" and "Board of Directors Performance Evaluation Methods", it not only ensures that board members can deeply participate in key decisions, but also Assign a dedicated corporate governance manager to provide professional legal and practical advice for board resolutions, and strengthen the professional functions and transparency of the governance level. In the future, Hocheng will continue to optimize governance evaluation performance, deepen the legal compliance awareness of all employees, and consolidate a sound leadership structure with integrity and resilience.

In order to build a transparent and equal two-way communication culture, Hocheng firmly believes that the voice of the grassroots is an important driving force for organizational improvement. By setting up a dedicated employee feedback mailbox and establishing a smooth information uploading mechanism, frontline feedback is transformed into specific plans to promote organizational transformation. In terms of ethical management, the Company adheres to the core value of "integrity and integrity" and has built a system that covers system formulation, rigorous implementation, regular self-examination and reporting. Protecting the legal compliance firewall, the management leads by example and requires all colleagues to strictly abide by the "Code of Integrity Business" and the "Employee Handbook" to ensure that equal opportunities, avoidance of conflicts of interest, confidentiality protection and whistleblower privacy are in compliance with the highest business ethics standards. We regularly perform internal control self-assessments and audit reviews every year to ensure the effectiveness of various defense mechanisms with empirical thinking and implement our integrity commitments to stakeholders.

In the process of promoting a diverse and inclusive workplace, Hocheng is committed to building an environment free from fear and mutual respect. We strictly comply with legal requirements such as the "Gender Equality at Work Law" and the "Sexual Harassment Prevention Law", and actively prevent and control any form of gender discrimination and workplace harassment through clear prevention, complaint and handling procedures. We give every employee equal space to display their talents and ensure that every diverse force within the organization can jointly drive the sustainable value of the Company under a highly respected protective net.



In the process of deepening legal compliance, Hocheng is committed to transforming legal knowledge into the daily responsibilities of colleagues. We adopt a hierarchical and precise training strategy to tailor diversified learning paths according to the business characteristics of different departments and ranks, from basic general knowledge for new employees to targeted training for senior colleagues. Physical courses, internal publicity and external training planned for specific responsibilities ensure that every partner can grasp the legal bottom line closely related to their business. We make full use of visual posters in the factory and internal corporate information platforms to provide real-time regulatory guidance and create a learning environment where "the law is always there, know the law and abide by it".

In 2025, Hocheng showed fruitful results in education and training: a total of 24 levels of internal training were held, with a total of 122 hours, attracting 5,965 people to participate, showing a high sense of full participation; in terms of external professional training, the total number of hours reached 1,046 hours, and a total of 91 people were trained, among which audit supervisors and corporate governance supervisors were specially recommended for further training, with a total of 91 training hours. 24 hours a day, aiming to connect with the latest governance trends and regulatory developments, and strengthen the compliance resilience at the top of the organization.

In the field of environmental and occupational safety and health, Hocheng implements compliance obligations throughout the entire life cycle of products through sound supervision and measurement mechanisms and performance management methods. It relies on the rigorous operation of the environmental and occupational safety management system and introduces a management cycle to identify potential risks from the source and implement preventive control in real time, effectively blocking operational risks before they occur.

In terms of overall compliance performance in 2025, Hocheng adheres to the zero-tolerance standard and has no major illegal records in key aspects such as corporate governance, securities trading, environmental protection, labor rights, occupational safety and customer privacy protection. In the fields of product responsibility and marketing labelling, it also maintains excellent performance with zero deficiencies, and concretely implements its integrity commitment to stakeholders.

3.5 Operational performance

Operating results for the past three years:

Consolidated report

Unit: NT$ (Thousand)

Year / Project	2023	2024	2025
Operating income	4,870,787	4,856,946	4,556,763
Operating costs	3,670,621	3,645,999	3,380,555
Operating profit	1,200,166	1,210,947	1,176,208
Operating expenses	1,207,704	1,208,866	1,225,460
Operating profit (loss)	(7,538)	2,081	(49,252)
Non-operating income and expenses	73,721	93,660	103,812
Net profit before tax (net loss)	66,183	95,741	54,560
Income tax expense	44,106	34,536	37,104
Net profit (net loss) for the current period	22,077	61,205	17,456
Earnings per share	0.06	0.19	0.05

Individual report

Year / Project	2023	2024	2025
Employee salaries and benefits	423,780	696,280	679,294
Payment to investors	1,361	77,725	57,438
Make payments to the government	224,603	98,274	90,663
Community investment	1,442	1,123	443

Note:

1. Payments to investors refer to dividends paid to all shareholders, plus interest paid to lenders (including interest on any form of debt and borrowing) and unpaid dividends payable to shareholders of special shares.
2. Payments to the government refer to all taxes (including business tax, income tax, property tax) and fines.
3. Employee benefits in "Employee Salary (Including Employee Benefits)" include labor and health insurance expenses/pension expenses, etc., and the total amount of benefits provided to employees in the form of money (excluding education and training, protective equipment costs or other cost items directly related to employees' job responsibilities); the other "employee benefit amount" refers to the welfare expenses

allocated to the Welfare Committee by the Company for employees, such as: employee travel, health examinations, three-day gift boxes, etc., the total amount of benefits provided to employees in non-monetary forms.

4. Community investment refers to cash contributions and in-kind donations.

Financial aid

Hocheng actively responds to national policies and, through close cooperation with government agencies at all levels, transforms external resources into assistance in promoting corporate transformation and employee well-being. From the financial data of the past three years, the amount of government subsidies received by the Company has shown a steady increase year by year. From 2023 It has grown significantly from NT$ 1,040 in 2025 to NT$ 245,311 in 2025. This significant growth trend reflects that Hocheng's operations are highly aligned with multiple policy goals such as environmental sustainability, economic development and labor security, and that subsidy resources are accurately invested in corporate upgrading.

In the 2025 subsidy package, Hocheng demonstrated its specific practice of low-carbon operations and resource efficiency. Through the policy support of the Ministry of Finance and the Water Resources Department, it actively implemented vehicle replacement and energy-saving equipment updates, and introduced efficient water-saving solutions in the manufacturing process. It received multiple project subsidies for vehicle scrapping, energy saving, and water saving respectively. The company also attaches great importance to human capital and social security, through the relevant programs of the Taoyuan City Government and the Ministry of Labor, we have secured resources such as employment subsidies and paternity leave wage subsidies, with the aim of creating a more inclusive and friendly workplace environment. Through the injection of these government resources, Hocheng has not only optimized the financial performance of the Company, but also substantially fulfilled its commitment to environmental protection and social responsibility, and achieved a win-win sustainable value for both the Company and the policy.

2023	2024	2025
1,040	144,046	245,311

Unit: NT$

Project	Subsidy unit	Subsidy amount
Car scrappage subsidy	Ministry of Finance	50,000
Employment subsidy	Taoyuan City Government	85,000
Water saving subsidy	Water Resources Department	44,395
Energy saving subsidy	Ministry of Finance	32,400
Paternity leave pay subsidy	Ministry of Labor	33,516
Total		245,311

Unit: NT$

3.6 Products and Services

Hocheng continues to work hard in quality management and technological innovation, demonstrating excellent industrial competitiveness. The copperware factory has successively obtained ISO 9001 quality management system and ISO 14001 environmental management system certification, and cooperated with the Industrial Bureau of the Ministry of Economic Affairs to promote the Productivity 4.0 industrial upgrading plan. Among them, the faucet grinding and polishing automated production line was the first pioneer case to be completed in China, greatly improving the applicability and convenience of production automation. At the product research and development level, the copperware factory successfully developed lead-free faucets and passed the CNS 8088 national standard, and obtained the CNS orthographic mark certification; the disposable toilet products are the first manufacturer in the country to pass the electronic warm water toilet inspection and MIT smile mark certification. Related products have also passed the water saving mark and environmental protection mark certification, demonstrating the Company's leading position in product environmentally friendly design.

The porcelain factory has also made great achievements in management system certification. It has obtained a total of 9 major management system certifications, covering ISO 9001 quality management, ISO 14001 environmental management, ISO 45001 occupational safety and health, ISO 50001 energy management, ISO 17025 laboratory management, ISO 13485 medical equipment, GMP good manufacturing standards, ISO 27001 information security management and CAPA American auto parts verification, among which ISO The 27001 information security management system certification has made Hocheng one of the first three companies in the traditional industry to obtain this certification, fully demonstrating the Company's forward-looking vision and high self-requirements in information security management.

In terms of industrial cooperation and market layout, Hocheng signed a memorandum of alliance and cooperation with the Metal Industry Research and Development Center to work together to improve the research and development speed and smart energy-saving efficiency of sanitary ware appliances. With the common goal of increasing the international market share of domestic sanitary ware products, we established a market demand-oriented industrial alliance, hoping to jointly promote the overall development of the domestic sanitary ware equipment industry and improve its international competitiveness. The company also actively strengthens customer recognition and implements quality control at all stages of the product life cycle to ensure that each product meets the highest quality standards. Hocheng's business scope covers the manufacturing, processing, sales and maintenance of general sanitary porcelain, water supply copperware, bathtubs, kitchen appliances and bathroom accessories. It continues to deeply explore the bathroom equipment market with a full range of products and services.

Business products are as follows:

- Sanitary porcelain: various toilets, water tanks, washbasins, column bases, lower body basins, waste basins, urinals and other related items etc.
- Water supply copperware: ordinary faucets, single-handle faucets, high-end art faucets, thermostatic faucets, water tank accessories, chemicals makeup mirrors, automation equipment, treatment-free toilet seats, etc.
- Bathtubs and countertops: SMC bathtubs, massage bathtubs, automatic clothes Drying racks, shower sliding doors, marble countertops, etc.
- Others: toilet seats, kitchen utensils, scientific materials, etc.

3.6.1 Innovation R&D

Research and development results in 2024

Item	Product items	Item	Product items
1	ETON 2.0 series development	11	Application of PVD technology for round tube faucets
2	LEGATO 2.0 series development	12	Development of wall-mounted urinal flusher
3	Development of new ultramarathon	13	Healthy toilet development
4	Light smart toilet development	14	Children's toilet development
5	Goffen series AFC6699 flushing technology adjustment	15	Application development of new materials for bathroom cabinets
6	Fall detection system development and application		
7	Development of wood grain safety handrails		
8	Development of household urinals		
9	Development of wall-mounted urinals		
10	Bathroom accessories development		

Research and development results in 2025

Item	Product items	Item	Product items
1	Development of ETON 2.0 series toilet C4511	11	Super marathon/treatment-free remote control development
2	LEGATO 2.0 series development	12	AFC6695 sunken water tank design
3	Development of new super toilet	13	L7000 series bathroom cabinet design and development
4	Light smart toilet development	14	Mirror cabinet design and development
5	Development and application of network-based fall detection system	15	Brand new treatment-free design
6	Development of wall-mounted urinal flusher (+ electronic paper technology)	16	AFC230 modified design

Item	Product items	Item	Product items
7	New sensor sensing technology application development	17	Design and development of side countertop cabinet and basin product line
8	Healthy toilet development	18	Tankless toilet design and development
9	Children's toilet development	19	ALPS series washbasin design and development
10	Berlolini bathroom cabinet design and development	20	Design and development of light energy healthy shower head

Future research and development plans:

Scheduled development projects in 2026

Item	Product items	Item	Product items
1	Development of wall-mounted urinal flusher (+ electronic paper technology)	11	AFC1626 exquisite toilet upgrade + modification
2	New sensor sensing technology application development	12	New mirror cabinet development and design
3	Healthy toilet development	13	Sensor product (faucet, soap dispenser) redesign design
4	Super marathon/treatment-free remote control development	14	Commercialization of Guangjing series products
5	AFC6695 sunken water tank design	15	Stainless steel faucet facelift and upgrade
6	Brand new treatment-free design	16	Development and design of new countertop basin
7	AFC230 modified design	17	P-type toilet/super horse development and design
8	Tankless toilet design and development	18	LF6188 facelift and upgrade
9	ALPS series washbasin design and development	19	Commercialization of acrylic bathtubs and multi-sided basins
10	Design and development of light energy healthy shower head	20	Bathroom accessories development and design

Number of patents obtained in the past three years			
Statistics/Year	2023	2024	2025
Number of patents obtained	15	8	9
Cumulative number of valid patents	70	81	69

Manpower and expenses invested in R&D in the past three years Unit: NT$ thousand/person			
	2023	2024	2025
R&D expenses	109,406	100,377	89,762
R&D manpower	18	19	21
Ratio of master's degree or above/R&D personnel	3/18	3/19	3/21

3.6.2 Customer relations

Each factory of Hocheng has successively obtained quality management system certification, actively deepened customer recognition, and implemented strict quality control at each stage of the product life cycle to ensure that products always maintain excellent quality standards. The company upholds the core spirit of serving customers wholeheartedly and is responsible for overall business planning Undertake, product R&D and manufacturing, quality management, delivery and fulfillment, cost control and after-sales service and other business links, and regularly conduct customer satisfaction surveys. In response to questions and feedback raised by customers, we can quickly and accurately propose effective responses and overall solutions.

In terms of improving customer service efficiency, the Company uses a complete customer service process to immediately grasp the processing progress when receiving customer problems or quality complaints, and maintains close contact with customers, effectively shortening the time gap between internal and external communication, and greatly improving the overall service efficiency and response speed. The company has long been committed to the core concepts of integrating life with wisdom, the value of technological innovation, benefiting people through health, energy conservation and social contribution, and the ultimate in artistic achievements, and continues to create a quality service experience that is highly recognized by the public.

Facing the difficult environment of severe market conditions and fierce competition in 2025, in order to further consolidate customers' confidence in products and deepen the cooperative relationship between the two parties, Hocheng actively organized factory visits. A total of 116 visits were held throughout the year, with a total of 1,030 visitors. The in-depth interaction of on-site visits effectively improved the Customers' recognition and trust in the Company have made the cooperative relationship between the two parties closer and more stable. The company also holds remote online meetings from time to time. Through multiple interactive forms such as technical exchanges and demand seminars, it continues to deeply understand and grasp the actual needs and valuable feedback of customers, laying a solid foundation for the long-term and stable cooperative relationship between the two parties.

3.6.3 Information security protection

Hocheng attaches great importance to information security management and officially established the "Information Security Organization" in 2021. In the same year, it introduced the ISO 27001 standard and obtained the ISO/IEC 27001:2013 certificate through SGS verification. In 2024, it was re-verified by SGS and obtained ISO/IEC again. 27001: 2022 certificate, valid from June 14, 2024 to June 14, 2027, continues to demonstrate the Company’s professional standards and rigorous attitude in information security management.

In terms of organizational structure, the information security team under the general manager's office is responsible for the Company's daily information security maintenance operations. It also has an information security audit team that performs internal information security audits at least once a year to ensure the continued and effective operation of the information security management mechanism. The information security implementation team regularly conducts organizational panorama every year. Analyze, systematically collect and analyze internal and external issues, and gain an in-depth understanding of the requirements and expectations of various stakeholders for information security (covering laws, regulations and contractual obligations), formulate information security policies and goals accordingly, identify core business processes and the needs of stakeholders, and conduct comprehensive risk management operations.

Regarding the annual management review mechanism, the information security execution team will make a complete report to the information security committee convener on the effectiveness measurement results of information security objectives during the annual management review meeting. The review content covers panoramic analysis, information asset inventory, risk assessment, operational continuity plan drills, and information security publicity. It conducts educational training, anti-virus software virus code update inspection, authorized account review, firewall policy review and other non-compliance matters and corrective measures, as well as supervises measurement results, audit results and the achievement of information security objectives, and then external audit units such as SGS conduct independent verification of the information security management system.

Through the complete construction of the information security management system and the implementation of the risk management structure, the Company can fully protect the confidentiality, integrity and availability of information, effectively prevent risks such as improper use of assets, data leakage, tampering, damage or loss that may be caused by human negligence, deliberate destruction or natural disasters, ensuring that the Company's operations are not disrupted and its rights and interests are fully protected. The company did not have any major information security incidents in 2025, which fully proves the stability and maturity of Hocheng's information security management system.

4. Sustainable Environment

Facing the severe challenges brought about by climate change, Hocheng continues to promote its core business while actively thinking about how to effectively reduce the impact of operating activities on the environment. The company has formulated a comprehensive climate response strategy based on its own industry characteristics, and has set a number of specific environmental goals and indicators covering carbon emissions, water resources management, and waste reduction. It is committed to systematically reducing the burden on the environment from all stages of the product life cycle. At the specific action level, Hocheng actively introduces environmentally friendly design concepts through continuous process improvement and the implementation of source management measures, comprehensively optimizes the efficiency of energy and resource use, and vigorously develops green energy-related industries to achieve the long-term goal of green and sustainable operations. Looking forward to the future, Hocheng will continue to deepen the practice of environmental responsibility, develop harmoniously and co-prosperously with the natural environment while developing steadily, and jointly move towards a low-carbon and sustainable future.

4.1 Material Topic Management

Material topics	Energy management
Importance to the Company	Meeting the needs of consumers while also implementing energy conservation and carbon reduction has always been the goal pursued by the Company.
Policies/Commitments	Implement continuous energy improvement/achieve energy optimization goals.
Target	Short term goals: 1. Annual electricity savings reach 100,000 kWh. Mid- to long-term goals: 1. Continue to purchase energy-saving products 2. Implement energy-saving policies in the factory
Resources invested and specific results during the year	1. Handle in accordance with ISO 50001 standards 2. Use energy-saving products to achieve power-saving effects
Responsible department/grievance mechanism	Environmental Safety Section (03)3623105 extension 3212
Evaluation mechanism/outcomes	A total of 72,190 kWh of electricity was saved in 2025.

Material topics	Water and Wastewater Treatment
Importance to the Company	Whether it is the treatment of waste (sewage) water or the utilization of water resources, we adhere to the concept of maximizing use value and take into account the maintenance of the environment while producing.
Policies/Commitments	Systematic management, water resource recycling and reuse
Target	Short term goals: Discharging water meets legal specifications Mid- to long-term goals: Adhere to the principle of increasing water circulation and increase the reuse rate of water resources
Resources invested and specific results during the year	1. Operate in accordance with the water pollution prevention and control license 2. Equipped with waste (sewage) water treatment system
Responsible department/grievance mechanism	Environmental Safety Section/(03)3623105 extension 3212
Evaluation mechanism/outcomes	Waste (sewage) water discharge values comply with relevant legal regulations

Material topics	Climate change and carbon emissions
Importance to the Company	Implement a greenhouse gas inventory plan to understand the status of greenhouse gas emissions.
Policies/Commitments	By reducing greenhouse gas emissions and actively responding to the challenges of climate change, policies focus on carbon footprint management.
Target	Short term goals: Scope 2 reduces emissions by 5% compared to the previous year. Mid- to long-term goals: Establish a comprehensive greenhouse gas management system to achieve real-time monitoring and transparent disclosure of annual emission data.

Resources invested and specific results during the year	Conduct greenhouse gas inventory in accordance with ISO14064-1 standards
Responsible department/grievance mechanism	Environmental Safety Section (03)3623105 extension 3212
Evaluation mechanism/outcomes	Continuously maintain the effectiveness of the ISO 14001 environmental management system through regular review and achievement of annual carbon reduction targets.

Material topics	Waste disposal
Importance to the Company	Properly clean up waste and maintain environmental quality
Policies/Commitments	Reduce environmental damage and reuse resources
Target	Short term goals: Waste disposal volume decreased by 10% compared with the previous year Mid- to long-term goals: Improve the process technology and control the end of raw materials, and strengthen the environmental awareness of company colleagues to achieve the goal of waste reduction.
Resources invested and specific results during the year	1. Implement source control and implement resource classification 2. Achieve domestic waste reduction goals
Responsible department/grievance mechanism	Environmental Safety Section/(03)3623105 extension 3212
Evaluation mechanism/outcomes	The waste disposal volume in 2025 increased by 2.80 metric tons compared with the previous year.

Material topics	Supply chain management
Importance to the Company	We are committed to promoting the connection between industry and supply chain, while ensuring that suppliers comply with social ethical standards and comply with national environmental protection policies and regulations in the process of providing products and services.
Policies/Commitments	Adhering to compliance with national laws and social norms, we are required to sign a supplier commitment letter, actively develop excellent suppliers, outsourcers and second sources, conduct interviews and evaluations in accordance with relevant evaluation methods, and formulate a supplier hierarchical management system.
Target	Short term goals: The Company expects to complete this target in 2026 by establishing a supplier environmental and social self-assessment form and achieving a 75% response rate for the form. Mid- to long-term goals: The response rate for supplier environmental and social self-assessment forms was 100%, and the supplier evaluation completion rate was 100%.
Resources invested and specific results during the year	The manufacturer's assessment status statistical table is mainly for the on-time delivery performance and quality assessments, and is graded into four grades: Outstanding, Excellent, Grade A, and Grade B. Suppliers rated below Grade B will be sent an improvement notice. If there is no improvement for three consecutive months, the relevant departments will evaluate the supplier. If the supplier cannot be effectively improved after further inspections, the qualification will be disqualified. On-site supplier evaluation in 2025: 4 bronze ware and 4 porcelain companies have been completed, and the evaluation results are consistent.
Responsible department/grievance mechanism	Responsible department: Environmental Safety/Quality Assurance/Technology/Purchasing. Procurement will convene relevant evaluation team members to respond and provide solutions.
Evaluation mechanism/outcomes	In 2025, evaluations of 125 major suppliers were completed, all with excellent ratings. Another five suppliers violated environmental regulations: four violated the Air Pollution Control Act and one violated the Waste Disposal Act. All were fined, and after guidance, completed improvements

	within the required deadline and complied with national regulations.

4.2 Energy management

As a leading manufacturer in Taiwan's sanitary ware industry, Hocheng has built a comprehensive product line covering sanitary porcelain, water supply copperware, kitchen cabinets, etc. with Taoyuan Factory (porcelain production), Bade Factory, Second Factory (bronze production) and cabinet and plastic steel business divisions as its core bases. We are well aware of the dependence of industrial production on energy and the environment. Therefore, maximizing energy efficiency is regarded as the primary strategy for climate action. By optimizing production processes, prioritizing replacement with high-efficiency and energy-saving equipment, and systematically introducing renewable energy applications, we are committed to implementing low-carbon transformation in diversified business areas and transforming environmental sustainability commitments into specific operational performance.

Based on energy data from the past three years, Hocheng Corporation has demonstrated an outstanding energy management system. Total energy consumption steadily decreased from 225,510 GJ in 2023 to 191,888.66 GJ in 2025. Despite the further expansion of the reporting boundary during the year to include Second Factory, the Taoyuan Factory, the Bade Factory, and sales offices, overall electricity and natural gas consumption continued to decline through precise energy management. Energy intensity, a key indicator of energy efficiency, also improved year by year, decreasing from 69.28 GJ per NT$ million in 2023 to 64.60 GJ per NT$ million in 2025. This not only reflects improved energy efficiency in the production departments relative to revenue generated, but also demonstrates that Hocheng Corporation has successfully linked its energy management strategies with operational performance while expanding the scale of its business, laying a solid foundation for achieving its decarbonization vision.

Quantitative indicators	Unit	2023	2024	2025
Electricity usage	kWh	14,767,000	14,362,600	14,174,607.204
	GJ	53,161.20	51,705.36	51,028.586
Gasoline usage	L	12,612	13,923	175,139.967
	GJ	411.87	454.68	5,715.728
Diesel usage	L	58,532	44,811	125,588.79
	GJ	2,057.14	1,574.91	4,413.893
Natural gas usage	m3	4,511,372	4,066,741	3,471,703
	GJ	169,880.22	153,137.20	130,730.45
Total energy consumption	GJ	225,510.44	206,872.15	191,888.66
Turnover	NT$ thousands	3,255,265	3,132,034	2,970,491
		69.28	66.05	64.60

Energy intensity	GJ/NT$ million			

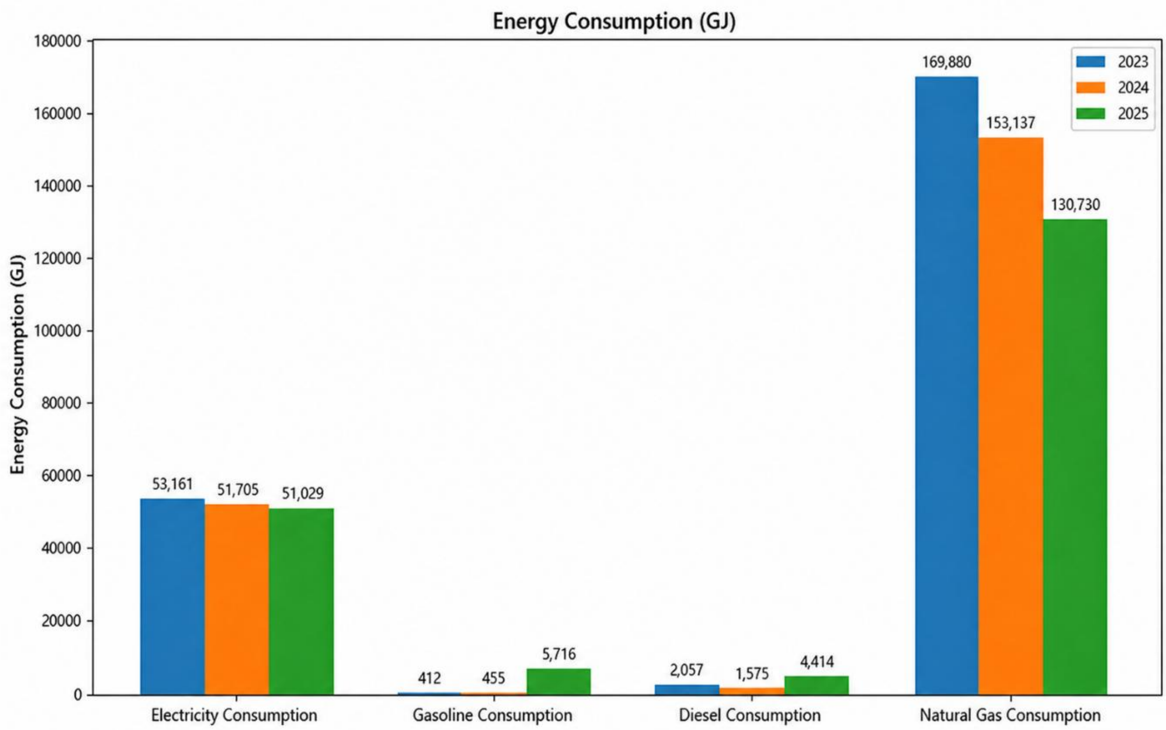
Note: 1. The energy conversion coefficient and fuel calorific value are based on the "Greenhouse Gas Emission Coefficient Management Table" announced by the Ministry of Environment (formerly the Environmental Protection Administration) Version 6.0.4. The calorific value of electricity adopts the base conversion factor of 1 kWh = 0.0036 GJ.

2. The calculation basis for the calorific value of various fuels is: gasoline 7,800 kcal/L, diesel 8,400 kcal/L; energy unit

The conversion standard is 1 kcal = 4.184 kJ (1 GJ = 1,000,000 kJ).

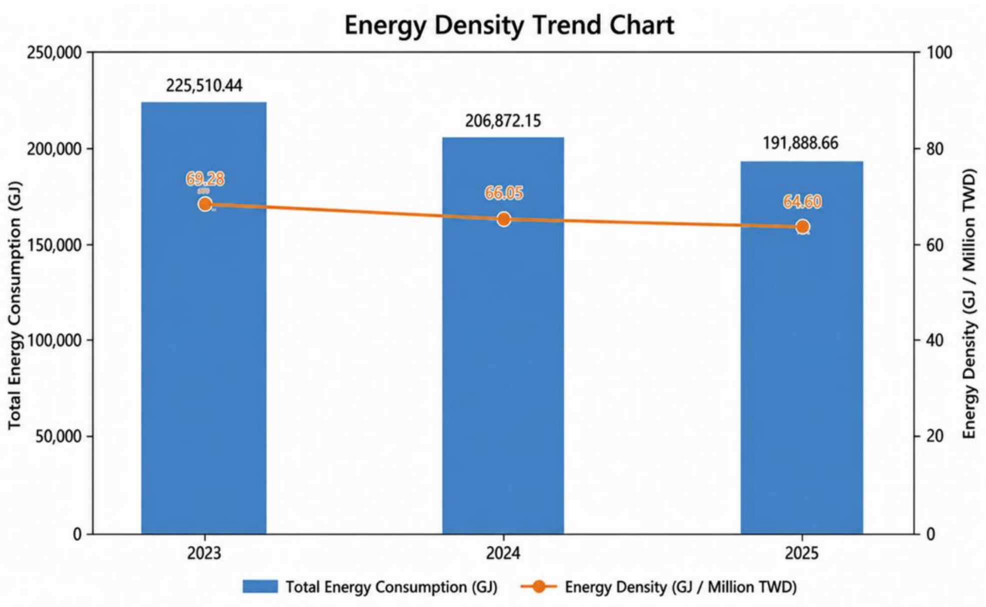
3.Energy intensity calculation formula: Total energy consumption GJ / Total annual revenue million new units currency.

4. Statistical boundary description: The scope of the inventory from 2023 to 2024 includes the Porcelain Production Department (Taoyuan Factory) and the Bronze Production Department (Second Factory); starting from 2025, the inventory boundary has been expanded to cover the Second Factory, Taoyuan Factory, Bade Factory and the business offices of each operating base.



4.2.1 Energy intensity

The energy intensity trend chart specifically shows Hocheng's substantial progress in energy transformation. From the data observation from 2023 to 2025, the Company's overall total energy consumption showed a significant downward trend, gradually shrinking from the initial 225,510.44 GJ to 191,888.66 in 2025. GJ shows that the implementation of process optimization and energy-saving projects has produced specific benefits. More importantly, energy intensity, the core indicator representing energy efficiency, has also shown a steady downward trend, continuing to optimize from 69.28 in 2023 to 2025. 64.60, this double downward trend not only reflects that Hocheng has successfully reduced the energy dependence of unit revenue while maintaining operating momentum, but also proves that the Company has developed a more efficient resource utilization model in the process of promoting the digitalization and low-carbonization of production and actively moving towards the goal of environmental sustainability.



Note: Energy intensity calculation formula: Total energy consumption GJ / Annual total revenue NT$ million.

Facing the increase in power demand brought about by the expansion of business demand, Hocheng has always insisted on decoupling "production growth" and "environmental load". Through systematic equipment elimination, we have deeply integrated energy conservation and carbon reduction into the operating logic of each factory. We continue to carry out energy-efficient transformation of key process equipment in the Second Factory and Taoyuan/Bade factory, not only to optimize energy utilization, but also to reduce the overall impact of operations on the environment.

Looking back on the implementation results of the past three years, Hocheng has shown active determination to optimize hardware. In terms of lighting systems, it has promoted the low-carbon lighting transformation of production sites and warehouse spaces in stages. By replacing thousands of traditional T8 lamps and old mercury lamps with high-efficiency LED lamps on a large scale, it has greatly reduced the basic power burden. In terms of core process and power system optimization, the Second Factory has successively promoted the equipment update of CNC machining centers and wastewater treatment facilities, and in 2024 The renovation plan for the dissolving furnace equipment was completed in 2016, successfully shortening the heating time and significantly improving energy efficiency; the Taoyuan/Bade Factory focused on optimizing the efficiency of the air compressor system, accurately replacing the old reciprocating air compressors with high energy consumption into spiral air compressors with frequency conversion advantages, achieving low power consumption and high output power. Supply; Under the synergistic effect of water resources recycling and power saving, the Taoyuan/Bade factory has also introduced a recycling and reuse mechanism after wastewater treatment, so that water resources can be returned to the manufacturing process for recycling, further embodying the spirit of circular economy. Through the implementation of the above energy-saving projects, the cumulative direct energy consumption reduction in the past three years has reached 555.85 kilowatt-hours of electricity, which not only substantially alleviates the pressure on electricity consumption caused by the growth of orders, but also specifically implements Hocheng's corporate social responsibility as a green manufacturer.

Directly reduce energy Consumption	Second Factory	Taoyuan/Bade Factory
2023	32.33	15.49
2024	33.00	402.84
2025	16.80	55.39

Unit: thousand kWh

4.3 Carbon emissions

In recent years, the world has been increasingly affected by the greenhouse effect, which has led to worsening problems such as ozone layer holes and extreme climate. In response to this challenge, Hocheng actively participates in global energy conservation and carbon reduction actions and is committed to promoting various measures. Greenhouse gas emissions mainly include direct emissions and indirect emissions. Direct emissions originate from natural gas, diesel used in public facilities within the plant, and emissions from wastewater treatment; while indirect emissions come from externally purchased electricity, mainly obtained from Taiwan Electric Power Company. The following is the greenhouse gas emissions of Hocheng:

Facing the extreme weather and ecological challenges caused by global climate change, Hocheng is fully aware of the carbon reduction responsibilities of enterprises as climate citizens. In order to scientifically manage environmental impacts, we have introduced a systematic greenhouse gas inventory mechanism to comprehensively examine emission hotspots in the operational value chain. The scope of the inventory strictly follows international standards and is divided into direct emissions and various indirect emission sources. We mainly hope to build a resilient low-carbon operating model through accurate data analysis.

In terms of Scope 1: direct greenhouse gas emissions, Hocheng closely monitors fixed combustion sources (such as tunnel kilns, boilers and sintering equipment) and mobile combustion sources (such as official vehicles and stackers) in the factory. The scope of the inspection also extends to process emissions, refrigerant escape and fugitive gases generated by septic tanks to ensure that no potential gas types (including CO2, CH4, N2O and various HFCs refrigerants) are missed.

Regarding Scope 2: Indirect emissions from input energy, we focus on the external power consumed by production machinery, air conditioning and lighting systems, and regard it as a key indicator in the carbon reduction path. In order to further expand our influence, Hocheng also actively investigates various emissions in Scope 3, including upstream and downstream transportation and materials. Through detailed records and analysis of emission sources in these three categories, Hocheng not only implements transparent management of environmental resources, but also lays a solid empirical foundation for achieving the goal of carbon neutrality in the future.

4.3.1 Emissions

project	2023	2024	2025
Scope 1	0.0000	8,860.9851	7,773.5125
Scope 2	7294.9000	7,036.8600	6,719.2215
Scope 3	0.0000	12,224.0598	4,916.0984
Total emissions	7294.900	28,121.905	19,408.832
Turnover (NT$ thousand)	3255265	3132034	2,970,491
Greenhouse gas emission intensity (ton CO2e/million turnover)	2.2410	8.9788	6.5338

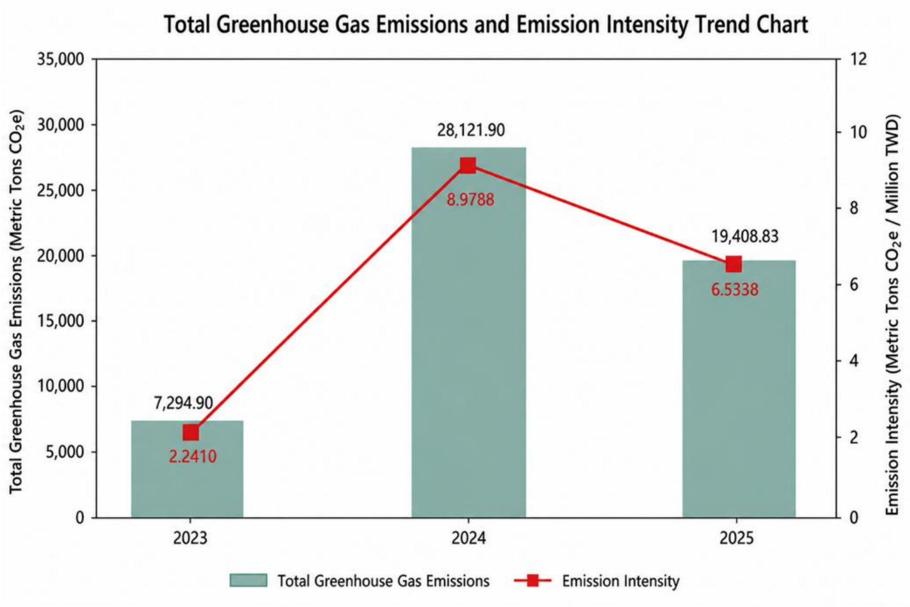
Note:

1. The indirect greenhouse gas emissions from electricity in this reporting year (2025) are based on the latest announcement from the Energy Administration, Ministry of Economic Affairs (formerly the Bureau of Energy).

   To calculate the carbon emission coefficient of new electricity, since the official statistical value for 2025 has not yet been released during the compilation of this Report, the 2024 announced value of 0.474 kg CO2e/ kWh is used as the basis for calculation, following the sustainability report preparation practice.
2. In order to ensure the comparability and consistency of the data, retrospective adjustments were made to the emissions in 2024, and the original 2024 data has been temporarily adopted.

   The 2023 coefficient estimates have been corrected based on the actual coefficients officially released by the Energy Administration, and the latest data are reflected in this table.
3. Description of the scope of the inventory: Hocheng adopts the principle of phased disclosure and continues to expand the boundaries of carbon management. The inventory in 2023 will only focus on Focus on Scope 2: Indirect energy emissions; starting from 2024, the Company will include data on Scope 1: Direct emissions and Scope 3: Other indirect emissions.

4.3.2 Greenhouse gas emission intensity



Note: Greenhouse gas emission intensity: total greenhouse gas emissions tons CO2e / annual total revenue million sales.

4.3.3 Major gas emissions

Hocheng lists compliance with the emission standards set by the Environmental Protection Agency as the primary goal of air quality management to ensure that all emission data continue to comply with regulatory requirements. At the management system level, the Company introduces the ISO 14001 environmental management system as the core structure of air pollution prevention, and strictly implements relevant operating specifications to effectively manage and control various air pollution sources in a systematic management manner. In terms of daily preventive measures, the Company regularly performs maintenance and upkeep on relevant equipment, and each responsible department carries out regular inspections to ensure that the equipment is always maintained in optimal operating condition. Once any abnormality is discovered during the monitoring process, the Company will immediately initiate emergency response procedures to effectively improve and reduce the potential impact of production activities on the surrounding environment in the fastest possible way, fully reflecting Hocheng's high priority and active commitment to environmental protection responsibilities.

Second Factory Unit (kg)	NOx	Sulfur oxides	Volatile organic compounds	Particulate pollutants
2023	149.89	14.80	1,065.00	1,091.35
2024	165.41	15.62	1,200.00	1,199.85
2025	149.83	15.92	960.00	1,211.95

Taoyuan/Bade Factory Unit (kg)	NOx	Sulfur oxides	Volatile organic compounds	Particulate pollutants
2023	4,554.63	0.00	0.00	1,005.25
2024	2,436.78	0.00	0.00	951.30
2025	2,953.16	0.00	0.00	821.61

4.4 Water and wastewater

4.4.1 Current status of water resources

According to the Environmental Sustainability Index (ESI) statistics, Taiwan is listed as one of the 18 most water-scarce countries in the world. However, the area where Hocheng is located is not currently facing significant water pressure. Despite this, the Company still actively responds to Taiwan's water conservation initiative and actively participates in and promotes a number of water resources management measures, demonstrating the Company's high sense of responsibility for the sustainable use of water resources.

In terms of specific water-saving measures, the Taoyuan/Bade Factory has established a comprehensive water recycling and reuse system, which can provide approximately 17 tons of recycled water per day, effectively reducing the consumption of fresh water sources. All sanitary facilities in the factory also use water-saving faucets and water-saving toilets. For water-related sanitary products, the overall water-saving effect has been further improved from the source of daily water consumption habits. In 2025, the Taoyuan/Bade factory will further return part of the clean water treated by the waste sewage treatment facilities to the process end for reuse, maximizing the recycling of water resources.

4.4.2 Testing of discharge water quality

In terms of wastewater treatment, because the manufacturing process includes electroplating operations, the Second Factory has built a new wastewater treatment system, which has greatly improved the efficiency of wastewater treatment and ensured that the quality of discharged water continues to comply with relevant laws and regulations. Looking forward to the future, Hocheng will continue to strengthen the water quality monitoring mechanism, use a rigorous management attitude to ensure that the impact of water use and discharges in the factory on the environment is minimized, and implement the long-term commitment to sustainable management of water resources.

Taoyuan/Bade Factory	SS	COD	BOD
Emission standards	**50(mg/L)**	**100(mg/L)**	**30(mg/L)**
2023	7.30	9.90	3.25
2024	4.13	22.15	5.30
2025	1.93	12.85	3.15

Wastewater Treatment System at the Second Factory

Second Factory	SS	COD	Copper	Grease	Anionic surfactant	Ammonia nitrogen	Nitrate nitrogen	Cyanide	Hexavalent chromium
Emission standards	**30(mg/L)**	**100(mg/L)**	**1.5(mg/L)**	**10(mg/L)**	**10(mg/L)**	**60(mg/L)**	**50(mg/L)**	**1(mg/L)**	**0.35(mg/L)**
2023	17.30	18.85	0.03	3.00	0.05	0.07	0.16	0.006	0.003
2024	4.98	13.40	0.03	0.50	0.05	0.04	0.19	0.006	0.040
2025	5.45	10.00	0.03	0.50	0.05	0.03	0.40	0.007	0.003

Second Factory	Nickel	lead	Zinc	Cadmium	Total chromium	Mercury	Arsenic	Fluoride salt	Boron
Emission standards	**0.7(mg/L)**	**0.5(mg/L)**	**3.5(mg/L)**	**0.02(mg/L)**	**1.5(mg/L)**	**0.5(mg/L)**	**0.35(mg/L)**	**15(mg/L)**	**12(mg/L)**
2023	0.25	0.08	0.02	0.004	0.04	0.0005	0.0001	1.13	8.35
2024	0.20	0.08	0.02	0.004	0.07	0.0005	0.0001	0.23	6.58
2025	0.05	0.08	0.01	0.006	0.05	0.0005	0.0002	0.13	4.07

4.4.3 Water intake, drainage and water consumption

Hocheng regards water resources as precious public goods. Currently, all water sources for factory operations are supplied by Taiwan Water Supply Company. These water resources are accurately invested in daily needs and diverse production processes, including key electroplating processes, product cleaning, air conditioning cooling, waste gas and waste water treatment, etc. In order to implement lean resource management, Hocheng adopts a dual-track strategy of source reduction and terminal recycling. In terms of source management, we comprehensively optimize the domestic and process water supply systems in the factory, prioritize the purchase of water-saving labeled equipment, and list water-saving design as the core selection indicator for equipment replacement.

According to the monitoring of water use data in the past three years, although the growth in production demand has driven up the total water intake, Hocheng has demonstrated excellent water recycling capabilities. The amount of recycled water doubled from 4.03 million liters in the previous year to 8.33 million liters in 2025, demonstrating the specific results of the factory in water recycling. We are actively implementing various water recycling mechanisms, including returning effluent water to the scrubber of air pollution control equipment, promoting the supply of pure water wastewater to cooling water towers, and improving the recycling rate of process wastewater. Through continuous research and development of low-water consumption production technology and process optimization, we have successfully controlled the overall water consumption in 2025 to 150.78 million liters, a significant improvement over the previous year. Hocheng will continue to invest in the development of water resources management technology and do its part to build a water-resilient production base under the circular economy.

Water consumption (million liters)	Total water intake	Total Water Discharge	Recycled water volume	Water consumption
2023	206.88	60.32	0.00(Note 4)	146.56
2024	238.70	67.03	4.03	167.64
2025	248.60	89.49	8.33	150.78

Unit: million liters

Note:

1. Water consumption = total water intake - (total drainage + recycled water)

2. The water source is all tap water, and its total dissolved solids are fresh water with a content of ≤1,000 mg/L.

3. Explanation of the reduction in total water discharge: Previously, various water streams within the factory were collected and treated at the wastewater treatment facility before being discharged. The factory subsequently implemented rainwater and wastewater separation measures and increased the reuse of reclaimed water, thereby reducing its total water discharge. In 2023, lower production volume also resulted in reductions in both water intake and wastewater discharge.

4. Due to the processing of the change of water pollution prevention and control permit, the use of the recycled water system has been suspended and has been resumed after the subsequent change application is completed.

The recycled water system operates.

4.5 Waste Management

4.5.1 Waste management

Hocheng adopts an active and comprehensive management and control strategy in waste management and is committed to reducing the amount of waste generated from the source and minimizing its negative impact on the environment. The company requires the Second Factory and the Taoyuan/Bade factory to strictly implement the waste classification system. At the same time, it implements waste source control measures and stipulates that all types of waste generated during the manufacturing process must be properly classified and processed according to their nature to ensure the systematicness and standardization of waste management.

In terms of the waste composition of each factory, the general industrial waste of the Second Factory includes waste fiber, waste casting sand, waste cotton cloth and non-hazardous dust collection ash, and the hazardous industrial waste is electroplating sludge; the general industrial waste of the Taoyuan factory includes waste plastic mixtures, waste ceramics, waste plaster molds and inorganic sludge, and the Taoyuan/Bade factory currently does not produce hazardous industrial waste; driven by the promotion of resource recycling, grinding cloth shavings and copper powder generated during the processing of copper raw materials, separate dust collection methods are used to effectively reduce the mixed generation of waste; in terms of office paper management, the Company actively advocates reducing the generation of waste paper. General documents should be printed on both sides as much as possible or use the blank side of scrapped documents for reuse; for waste that cannot be directly reused in the manufacturing process, such as waste porcelain, waste molds, body bubble bags, water tank accessories cartons and pallets, etc., the Company actively invites relevant manufacturers to recycle and reuse, giving waste resources a second life value. The rest of the waste that cannot be reused will be entrusted to professional processing vendors with qualified licenses for off-site disposal to ensure that the final treatment of waste meets the requirements of environmental protection regulations, demonstrating Hocheng's firm commitment to responsible management of the entire life cycle of waste.

4.5.2 Waste Disposal Methods (Figures Represent Waste Generated)

Hocheng is committed to implementing resource recycling and sustainability. Through rigorous waste classification, source reduction and multiple disposal strategies, it minimizes the environmental load of the operation process. It conducts annual tracking and inventory of the waste output of each production base. The purpose is to identify opportunities for resource recycling and reuse through a data-oriented management model and establish a resilient environmental sustainability management mechanism.

In terms of the disposal performance of the main production base, the Second Factory uses multiple disposal methods to ensure that all types of waste are properly processed. For waste foundry sand with a high proportion of output, it always adheres to the principle of reuse and successfully optimized the production volume to 70.10 metric tons in 2025. tons; while inorganic sludge, non-hazardous waste dust collection ash and general fly ash are made harmless through heat treatment and solidification processes respectively; the domestic waste production volume of the second Factory also shows a decreasing trend year by year, showing the actual effectiveness of promoting a conservation and waste reduction culture in the plant area.

The Taoyuan/Bade Factory demonstrates excellent resource recycling efficiency. As the core of porcelain production, the Taoyuan/Bade Factory' s largest output of waste ceramics and waste plaster molds are 100% returned to the value chain through reuse. The total amount of reuse in 2025 will exceed 1,643 metric tons, concretely implement the vision of closed-loop resource management; in other project management, efficient heat treatment is adopted for inorganic sludge, and waste plastic mixture is optimized through physical treatment to optimize resource recovery value. Through cross-factory precise management and optimization of disposal technology, Hocheng not only ensures that waste treatment meets legal compliance requirements, but also significantly increases the reuse ratio, converts waste into renewable resources, and steadily moves towards the sustainable goal of zero waste.

Second Factory				
Project	**Processing method**	**2023**	**2024**	**2025**
Domestic waste	**Incineration**	58.67	54.85	49.27
Waste fiber or other cotton , cloth and other mixtures	**Incineration**	0.00	0.37	0.00
Non-hazardous waste dust collection or mixture thereof	**Solidify**	3.41	2.01	2.363
General fly ash or bottom slag mixture	**Solidify**	0.56	0.86	0.36
Waste foundry sand	**Reuse**	87.95	84.00	70.10
Electroplating sludge	**Reuse**	0.00	0.00	0.00
Inorganic sludge	**Heat treatment**	11.73	7.35	18.81
Waste oil mixture	**Incineration**	0.00	1.36	0.917
Other corrosive industrial waste mixtures	**Incineration**	0.00	2.99	1.20

Unit: metric tons

Taoyuan/Bade Factory				
Project	**Processing method**	**2023**	**2024**	**2025**
Domestic waste	**Incineration**	278.63	282.80	269.71
Waste plastic mixture	**Physics**	27.22	39.60	38.59
Waste ceramics	**Reuse**	2,165.90	1,492.06	1,264.32
Waste plaster mold	**Reuse**	529.24	482.38	379.22
Inorganic sludge	**Heat treatment**	930.00	894.00	849.00

Unit: metric tons

4.5.3 Vendor Recovery Volume

Hocheng is deeply rooted in the transformation core of resource sustainability and waste recycling. In addition to strengthening waste reduction in internal processes, it is also actively establishing value chain partnerships with professional recycling manufacturers to give production by-products a second life. Through accurate classification and flow tracking, waste produced in the factory is converted into production raw materials for other industries. This not only substantially reduces the environmental burden of operations, but also concretely demonstrates the operating performance of industrial symbiosis.

In terms of the specific implementation of resource recycling and reuse, Hocheng has established a mature recycling path for materials such as waste ceramics and waste gypsum with large production volumes. In 2025, it successfully delivered more than 1,264 metric tons of waste ceramic tiles to manufacturers for recycling, and used them in the production of permeable bricks to activate the value of waste to improve urban water retention resilience; at the same time, approximately 379 Metric tons of waste gypsum molds are all returned to the cement factory as production auxiliary materials. Through the processing and technical cooperation of external professional manufacturers, the Company has not only steadily reduced the production and storage of defective products, but also ensured that the resources can still exert their material value after leaving the factory, practicing the in-depth connotation of circular economy.

Looking at the overall waste volume, Hocheng has demonstrated steady reduction results. The total waste generation in 2025 has remained at 3,223.23 metric tons, which has dropped significantly compared with 2023. In terms of structure, the Company mainly consists of general industrial waste, and ensures compliance operations through a dual-track approach of on-site treatment and off-site disposal. It is worth noting that for a very small amount of hazardous industrial waste, we adopt the most stringent risk monitoring. In 2025, only 1.20 metric tons has been produced and all are properly managed to eliminate any risk of environmental pollution. Through this multi-year, cross-scope data monitoring and external collaboration mechanism, Hocheng not only ensures operational compliance, but also continuously optimizes resource utilization efficiency and implements a sustainable vision of working together with the environment.

	Defective products	Waste gypsum	Waste porcelain
2023	154.80	529.24	2,165.90
2024	144.50	482.38	1,492.06
2025	101.20	379.22	1,264.32

Unit: metric tons

Note: Description of reuse and treatment methods: waste gypsum → cement plant, waste ceramic tiles → production of permeable bricks

	General industrial waste		Hazardous industrial waste		Total amount
	On-site	Off-site	On-site	Off-site	
2023	516.47	3,504.18	0.00	7.50	4,028.15
2024	566.43	2,654.00	0.00	0.00	3,220.43
2025	646.97	2,575.06	1.20	0.00	3,223.23

Unit: metric tons

4.6 Environmental Protection Control

In order to effectively prevent and mitigate the impact of corporate operations on the environment, Hocheng strictly abides by domestic environmental protection, safety and health-related laws and regulations, and actively benchmarks against the environmental management standards of advanced countries, demonstrating the Company's high self-requirements in pursuing excellent environmental performance. In terms of organizational structure, the Company has established a dedicated unit and assigned professionals to be responsible for environmental management affairs. At the same time, the Company has introduced the ISO 14001:2015 environmental management system, and continues to promote the improvement and improvement of environmental performance in accordance with the PDCA cycle operation principle. In response to the deficiencies found in the inspections by the competent authorities, the Company has made every effort to improve with a sincere and responsible attitude, set specific improvement goals and regularly reviewed the implementation of various improvement measures to ensure that various environmental management actions continue to comply with legal requirements. In terms of regulatory compliance records, 2 incidents occurred in 2023 There has been one violation of regulations in 2024 and one in 2025. The company has actively made corrections and improvements in accordance with established procedures, and has used this as a reference to continue to strengthen the internal environmental management mechanism, committed to reducing the occurrence of future violations of regulations, and implementing the sustainable commitment of corporate environmental responsibility.

Factory area	Occurrence date	Illegal reasons	Fine	Improvement measures
Second Factory	2023	The Second Factory operates toxic substances - potassium chromate (control number: 055-18), only The containers and packaging are not labeled as required.	NT$60,000	Potassium chromate is a laboratory supplies. It has not been used for a long time due to few experimental uses, so it has been neglected. The packaging label has been added, and drug management has been strengthened in the future.
other	2023	Our vehicle (self-use large truck) passes through the "Linkou Chang Gung Memorial Hospital, Postal Logistics and Huaya Science and Technology Park Air Quality Maintenance Zone" and is a vehicle that has not passed the smoke emission test within one year. It violates the "Linkou Chang Gung Memorial Hospital, Postal Logistics and Huaya Science and Technology Park Air Quality Maintenance	NT$500	The truck was not inspected within the specified time, but the inspection procedures were completed and relevant personnel were educated on the regulations.

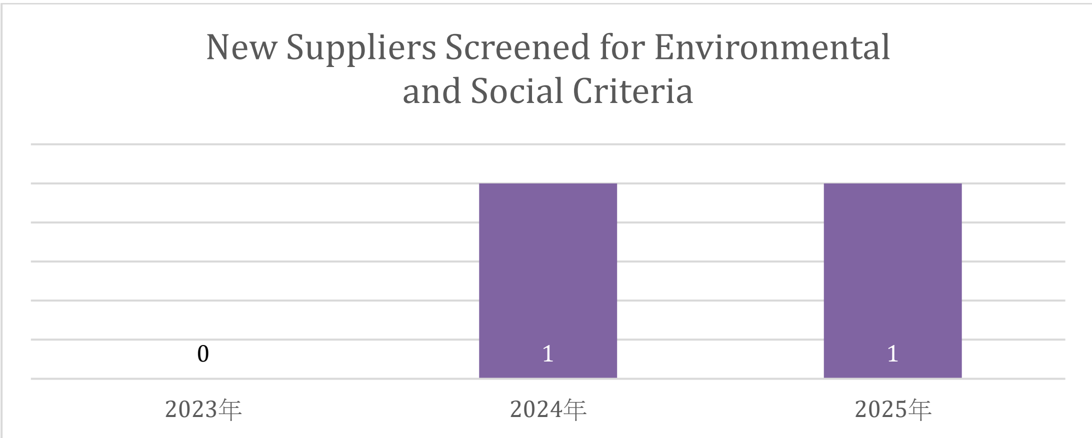
		Zone and the Implementation of Mobile Pollution Source Control Measures" and the provisions of Article 40, Paragraph 3 of the Air Pollution Prevention Law, and is in accordance with the provisions of Article 76, Paragraph 2 of the same law.		
other	2024	Our vehicles (diesel vehicles) entered the Taipei City Air Quality Maintenance Zone on September 2, 2024, without obtaining the valid self-management label of superior grade or above.	NT$1,000	Relevant personnel have been targeted to educate and improve their vehicles.
Second Factory	2025	The New Taipei Environmental Protection Bureau audited the air pollution control equipment at Hocheng Second Factory and found that the blind plate of the sampling port of the discharge pipe (P-013) in the metal grinding area had fallen off and did not meet the sealing condition.	NT$200,000	The blind panel that prevents the equipment from falling has been repaired and fixed, and regulations have been promoted for relevant personnel in the work area.

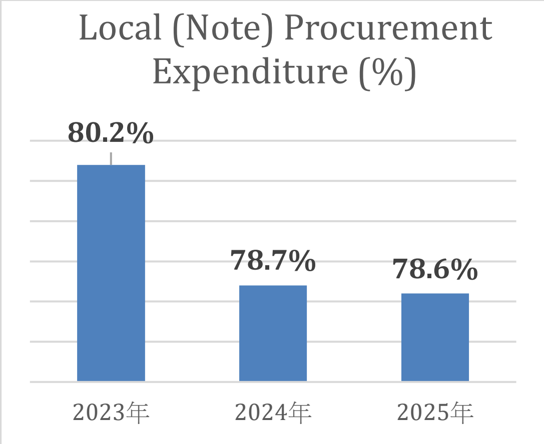
4.7 Supply chain management

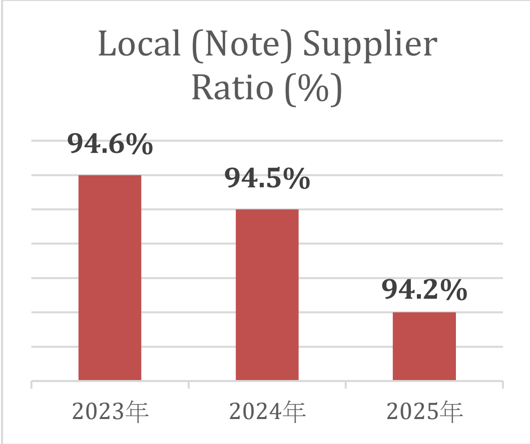
Supply chain management is an indispensable and important issue for the sustainable operation of enterprises. Hocheng attaches great importance to this and conducts comprehensive assessments of the supply chain regularly to ensure that all cooperative suppliers can continue to comply with relevant regulatory requirements in terms of environmental protection and occupational safety and health. According to the survey results, none of the existing cooperative suppliers has caused negative impacts on the environment and society, which fully reflects Hocheng's rigorous attitude in supplier selection and management. According to and According to the provisions of Chengxinye's Third Party Management Measures, the Company implements a regular evaluation mechanism for suppliers and ensures that suppliers continue to maintain standard operating standards through a systematic evaluation process. In 2025, a total of 23 Class A suppliers were evaluated. Through the continuous and rigorous supplier management mechanism, the Company ensures that the overall supply chain is consistent with the Company's core values in terms of environmental sustainability and social responsibility, and jointly promotes the sustainable development of the supply chain.

Hocheng supplier selection criteria:

- Those who need to have a profit-making enterprise registration certificate and legal factory registration.
- The company must have sound systems, good reputation, and no major violations of laws and regulations.
- The main raw materials must comply with Hocheng's restricted substances products.
- Obtaining ISO management systems such as ISO 14001 and ISO 45001 is a priority.







Note: The local definition is Taiwan.

Year	Unit name	Number of manufacturers	Number of manufacturers at all levels			
			Outstanding	Excellent	Grade A	Grade B
2025	Taoyuan/Bade Factory	63	15	45	3	0
	Second Factory	51	3	48	0	0
	Total	114	18	93	3	0
2024	Taoyuan/Bade Factory	106	44	58	3	1
	Second Factory	50	33	14	3	0
	Total	156	77	72	6	1
2023	Taoyuan/Bade Factory	95	31	61	2	1
	Second Factory	53	48	3	1	1
	Total	148	79	64	3	2

4.8 Climate change risk management and response

As extreme climate events become more frequent, while Hocheng actively identifies existing operational risks, it also incorporates climate change issues into the core considerations of corporate risk management. In 2022, the Company will refer to the recommended framework issued by the Task Force on Climate-related Financial Information Disclosure (TCFD) and follow the four core cores of "Governance", "Strategy", "Risk Management" and "Indicators and Targets" We have systematically established a complete climate risk management structure with a clear focus on disclosure. Through the introduction of this structure, the Company has been able to conduct an in-depth assessment of the potential impact and financial impact that climate change may have on its own operations, and on the basis of fully understanding the full picture of risks, it has developed specific and effective response strategies and adaptation measures, demonstrating Hocheng's forward-looking vision and positive actions in facing climate challenges.

Core elements	Illustrate	As
Governance	The Sustainable Development Committee is the main responsible unit for the governance of climate-related risks and opportunities.	The company has established an ESG committee, with the general manager as the chairman. It holds regular meetings every year, during which it discusses issues including climate change risks that may arise from the Company's operations, energy resource usage efficiency, and various environmental impacts related to the product life cycle. Climate change issues and implementation status are regularly reported to the board of directors every year.
Strategy	The actual and potential impact of climate-related risks and opportunities on the organization’s business, strategy and financial planning	Climate-related risks and opportunities are as follows: 1.Transformation risk: (1) Changes in local laws and regulations lead to an increase in the Company’s operating costs, (2) Changes in customer demand lead to a decrease in the Company’s orders. (3)The Company’s investment in R&D expenditures increases. 2. Physical risks: (1) High temperature, (2) lack of water, (3) Power rationing, (4) Typhoon floods. 3. Opportunities:

		(1) Reduce energy consumption, (2) Improve resource usage efficiency, (3) Develop new products/technologies with lower energy consumption to meet customer needs.
Risk management	Processes for identifying, assessing and managing climate-related risks	Based on industry attributes, the Company internally identifies the following risks and proposes action plans: 1. Response to transformation risks: (1) Pay attention to the latest laws and regulations in real time, review the Company's current situation and the degree of compliance with the laws, and then develop various measures to meet the laws and regulations; (2) Integrate the concept of reducing environmental impact into all stages of the product life cycle, and work with the supply chain to continuously develop energy-saving products. 2. Response to physical risks: The company has introduced the ISO 14001 environmental management system and will introduce ISO 14064-1 in the future, using methods such as planning goals, implementing implementation, reviewing results, and continuous improvement, and through regular drills to reduce risks to a controllable level. 3. Response to climate change opportunities: Actively develop aquatic products and cooperate with public associations for technical exchanges to increase revenue and profits
Metrics and Goals	Metrics and targets for assessing and managing climate-related risks and opportunities	1. Electricity saving: 72,190 kWh (compared to the previous year) 2. Reduction in greenhouse gas emissions: The company disclosed its greenhouse gas inventory. The total emissions of the Company’s statistical Scope 1, 2 and 3 were 19408.832 metric tons of CO_2e. 3. Product energy consumption improvement: In line with government policies, Hocheng sanitary ware products provide water-saving labels,

		environmental protection labels, nano labels, safety-increasing labels, lead-free faucets and other excellent products, allowing consumers to participate in energy conservation and environmental protection. 4. The number of operating interruption hours is reduced: operations are not affected. Future plans will be to introduce ISO 14064-1.

5. Social Care

In terms of social care, Hocheng believes that corporate sustainability must be built on social progress and inclusion. We regard "social responsibility" as the core driver of corporate development, actively respond to community needs through diversified strategic layouts, and extend our influence to key areas such as educational development, physical and mental health, cultural heritage, and environmental protection. In order to fulfill its commitment to grow together with society and create shared value, Hocheng actively establishes in-depth partnerships with non-governmental organizations (NGOs) and local governments to accurately connect the challenges faced by community development and translate them into specific improvement plans. We have internalized this sense of mission into our corporate culture, starting from protecting the labor rights of our colleagues, creating a safe, equal and dignified working environment, and systematically encouraging employees to participate in volunteer services, allowing the brand spirit of "Hocheng" to spread from the production line to the corners of society, realizing the vision of sustainable corporate development and social harmony and co-prosperity.

In the field of health promotion, Hocheng not only provides high-quality bathroom solutions, but is also committed to promoting the popularization of healthy quality of life. We combine the professional resources of medical institutions and health experts to promote preventive health education and healthy posture promotion activities for community residents, aiming to establish a complete social health protection network. At the level of cultural sustainability, we regard art and literature as invisible bridges connecting community emotions, actively sponsor diversified arts and cultural activities, support the conservation of cultural assets and the inheritance of traditional skills, and enhance the cultural heritage and tolerance of society through cross-sector exchanges and resonance.

Faced with social inequality and the plight of disadvantaged groups, Hocheng Xinzhu took the initiative to assume the role of a social balancer and transformed social welfare into concrete systemic support. Through long-term investment of resources into social welfare organizations and the practical actions of employee volunteer service teams, we deeply care for disadvantaged groups and are committed to eliminating the barriers between social classes. Through the implementation of various social assistance projects, we are not only improving the living environment of recipients, but also hoping to drive the public's attention to equality and justice and build a more resilient, fair and harmonious sustainable society.

5.1 Material Topic Management

Material topics	Employee relations and development
Importance to the Company	Promote a harmonious workplace environment through transparent communication, fair negotiation and respect for labor rights. The policy focuses on establishing an effective labor-management dialogue mechanism and ensuring that labor-management consultations cover all key issues.
Policies/Commitments	1. Establish a regular labor-management meeting system to ensure that employees' opinions are fully expressed. 2. Notify employees in advance and negotiate before major operational changes. 3. Provide grievance channels to protect employees' rights and quickly resolve labor issues.
Target	Short term goals: 1. Labor-management meetings should be held at least once every three months. 2. Establish a standardized notification process to ensure that major changes are notified three weeks in advance. Mid- to long-term goals: Establish a comprehensive labor relations management system to prevent and resolve disputes in an instant.
Resources invested and specific results during the year	1. Labor-management meetings shall be held at least once every three months, and temporary meetings may be held when necessary. 2. The company has set up dedicated telephone lines, faxes, dedicated mailboxes, e-mails 3. or other designated complaint channels for complaints about incidents, and publicly disclosed relevant information in conspicuous places in the workplace, and designated personnel or units are responsible for investigating and handling complaints.
Responsible department/ Grievance Mechanism	Human Resources Department

Evaluation mechanism/outcomes	Comply with government regulations to coordinate labor relations, promote labor cooperation, and prevent various labor problems before they occur.

Material topics	Occupational safety and health
Importance to the Company	With the belief that employees are the Company's most important assets, Hocheng takes worker safety as its primary objective by conducting hazard identification and risk assessment, implementing risk reduction measures, and preparing emergency response measures to ensure a safe working environment.
Policies/Commitments	1. Comply with relevant government occupational safety laws and regulations. 2. Practice the prevention and control of industrial safety hazards. 3. Strengthen communication with the community, customers and third parties to share occupational safety experience. 4. Implement education and training for all employees to enhance environmental safety awareness and emergency response capabilities. We are committed to continuous improvement to ensure sustainable operations, enhance the Company's image, and strive to improve the environment.
Target	Short term goals: Strengthen occupational safety management, achieve a 100% completion rate for risk assessment operations, and keep minor accidents below 12 cases, moving toward the goal of zero accidents. Mid- to long-term goals: Continuously improve the occupational safety and health management system to achieve the goal of zero accidents.
Resources invested and specific results during the year	1. Implement hazard identification and risk assessment, identify risks according to procedures and implement management measures. 2. Follow the management system specifications of ISO 45001:2018 version. 3. Regularly implement working environment monitoring including noise, dust, carbon dioxide, organic solvents and high-temperature working places to ensure work safety. 4. Conduct regular employee health examinations and promote health promotion activities to provide a healthy and friendly workplace environment.

	5. Continue to conduct safety and health education and training and share accident investigation cases to strengthen employees' occupational safety skills and knowledge. 6. Implement on-site operation safety, including factory inspections, contractor construction management, on-site machinery and equipment safety protection assessment, and personal protective equipment safety assessment.
Responsible department/ Grievance Mechanism	Environmental Safety Section/03-362-3105#3212
Evaluation mechanism/outcomes	Number of occupational accidents Number of improvement plans

Material topics	Human Rights and Freedom of Association
Importance to the Company	Ensure that all operations and supply chains are free of any form of forced labor, and conduct human rights reviews of all employees and suppliers.
Policies/Commitments	Implement a zero-tolerance forced labor policy and prohibit any form of forced work or labor exploitation. Conduct human rights due diligence on new employees and suppliers to ensure voluntary labor. Establish an anonymous reporting mechanism to encourage employees and stakeholders to report potential violations.
Target	Short term goals: Complete forced labor risk assessment and training for employees and key suppliers. Mid- to long-term goals: Establish a comprehensive human rights management system to ensure zero forced labor in the supply chain and pass international certification
Resources invested and specific results during the year	Risk assessment coverage, training completion rate, number of forced labor incidents, and handling rate of reported cases.
Responsible department/ Grievance Mechanism	(Supplier) Purchasing Group/03-362-3105#3238
Evaluation mechanism/outcomes	Complete forced labor risk assessment and training for major suppliers, 70% in 2023; 75% in 2024; 75% in 2025.

Material topics	Product responsibility
Importance to the Company	Committed to product innovation, leading market trends and meeting customer needs. Ensure product quality meets required standards. Comply with environmental regulations and other requirements, engage all employees, prevent pollution, and continuously improve environmental performance. Formulate and implement environmental goals and continuously optimize the environmental management system.
Policies/Commitments	Implement product life cycle safety assessments to ensure there are no health risks from the design to use stages. All products are regularly tested and certified to comply with domestic and international safety regulations. Establish a customer feedback and complaint mechanism to quickly handle health and safety-related issues.
Target	Short term goals: Complete product safety risk assessment, and customer complaint handling rate reaches 100%. Mid- to long-term goals: 1. Achieve products that pass health and safety assessment and achieve customer satisfaction of more than 90%. 2. Establish a comprehensive product safety management system to ensure zero major violations.
Resources invested and specific results during the year	Safety assessment coverage, number of health and safety incidents, complaint handling time, customer satisfaction.
Responsible department/ Grievance Mechanism	Sales Office Marketing Planning Section/03-3623105#1564 or 1165
Evaluation mechanism/outcomes	The sales office has established a customer feedback and complaint mechanism. The relevant data is as follows: 1. Customer comments mailbox acceptance on the official website: 2023: 765 cases in total 2024: 767 cases in total 2025: 655 cases in total

	2. Number of calls received by the customer maintenance service hotline: 2023: 83,640 calls 2024: 86,742 calls 2025: 95,755 calls 3.Customer satisfaction survey scores: 2023: 86 points 2024: 84 points 2025: 81 points

5.2 Employee Overview

Hocheng treats every employee in the spirit of equality and respect, actively promotes a number of affirmative action initiatives, and is committed to eliminating labor conditions that may cause unfair treatment in the workplace to fully protect the labor rights and interests of colleagues.

5.2.1 Human rights protection

Hocheng regards "respect for human rights" as the core principle of corporate sustainable operations. We strictly abide by international human rights standards and labor regulations where we operate, and are committed to building an equal, diverse and dignified working environment. In terms of practical implementation, we fully implement the "inclusive workplace" policy, resolutely defend employees' freedom of association, and establish strict defense mechanisms to eliminate illegal employment of child labor. We adopt a zero-tolerance attitude to eliminate any form of forced labor and workplace discrimination, ensuring that all colleagues, regardless of gender, age, race, religion or political affiliation, have a fair starting point in their careers. In order to ensure labor justice, Hocheng implements the principle of equal pay for equal work, ensuring that remuneration is only based on professional functions and performance, and does not produce differentiated treatment based on personal characteristics. We have deeply embedded human rights awareness into our corporate DNA, promoted systematic human rights education and training for new and current employees, and strengthened their awareness of self-protection of labor rights. In terms of risk monitoring, we have established a comprehensive complaint channel with an anonymous protection mechanism. The company strictly implements the whistleblower protection agreement and promises to keep the identity of the reporter absolutely confidential and ensure that he or she will not suffer any form of improper treatment for exposing violations. Once a relevant report is received, the human rights due diligence process will be immediately initiated and remedial measures will be implemented in a fair and transparent manner to ensure that the legitimate rights and interests of each colleague are substantially protected.

5.2.2 Employee statistics

Hocheng has been deeply involved in the sanitary ware industry for many years and knows that talents are the key driving force for improving production efficiency and steady revenue growth. Facing the changes in the industrial environment, we have always been committed to creating high-quality and stable employment opportunities and attracting outstanding talents through a competitive salary and welfare system. Even though the global economic and trade environment has been challenged by external factors in recent years, Hocheng has still maintained a high degree of organizational resilience and team stability, demonstrating employees' long-term support and loyalty to the Company and ensuring stable and safe operations.

In terms of the diversified distribution of human resources, as of the end of 2025, the total number of Hocheng employees was 928. The human resource structure is mainly divided into direct personnel on the front line of the production line and indirect personnel responsible for research and development, quality assurance and business functions. In response to the operating characteristics of the sanitary ware manufacturing industry, the current direct personnel composition is dominated by men, who account for about 90%; while among the indirect personnel with professional technical and management functions, female colleagues have shown stable contributions. Judging from the age structure, the Company currently has about 66% of the Company's young and middle-aged colleagues under the age of 50, forming a high-quality echelon of young teams led by senior managers with practical experience. This not only represents Hocheng's rich industrial experience inheritance, but also ensures that the organization has a stable labor reserve at the innovation and execution levels, without the risk of manpower gaps.

Hocheng attaches great importance to local integration and co-prosperity. We are proud that 100% of the senior managers at our Taiwan operation base are appointed by local talents from the country. This policy not only concretely implements our commitment to in-depth cooperation with local communities, but also helps discover and retain high-quality talents, enhance community recognition and drive local economic development. In terms of non-employee worker management, a total of 11 partners will remain stable in 2025, including 9 security personnel responsible for factory safety and 2 cleaning colleagues who maintain environmental sanitation. They are all managed through complete indirect contracts to ensure that all partners working in the Hocheng site can receive safe and professional work protection.

Employment Relations

Statistics/Year	2023	2024	2025
Total number of employees	995	964	928

Employment contract (Note 2)		Non-fixed	Fixed	Non-fixed	Fixed	Non-fixed	Fixed
Gender	Male	513	264	483	269	456	267
	Female	216	2	212	0	205	0
Type of employment (Note 3)		Full time	Part time	Full time	Full time	Full time	Part time
Gender	Male	772	5	744	8	717	6
	Female	216	2	210	2	203	2

Note 1: The data is based on the total number of employees as of the end of the year (12/31).
Note 2: Labor employment contracts are divided into non-fixed-term contract employees (full-time employees) and fixed-term contract employees (short-term, seasonal, specific projects
During this period, the original employee takes maternity leave/ parental leave).
Note 3: Employment types are divided into full-time employees (the working hours in a week reach the upper limit of legal working hours) and part-time employees (the working hours in a week do not reach the legal upper limit of working hours).
The upper limit is only for part-time workers, such as part-time students and hourly workers).

Diversity Statistics/Year				2023		2024		2025	
				Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Staff	Direct	Gender	Male	371	87.71%	368	89.54%	353	90.05%
			Female	52	12.29%	43	10.46%	39	9.95%
		Age	Under 30	145	34.28%	137	33.33%	138	35.20%
			Over 30 and under 50	202	47.75%	209	50.85%	205	52.30%
			50 and above	76	17.97%	65	15.82%	49	12.50%
		Educational qualifications	Graduate School	0	0.00%	0	0%	0	0.00%
			Colleges and universities	37	8.75%	37	9%	38	9.69%
			Other	386	91.25%	374	91%	354	90.31%
	Indirect	Gender	Male	406	70.98%	384	70.98%	370	69.03%
			Female	166	29.05%	169	29.02%	166	30.97%
		Age	Under 30	55	10.91%	44	9.62%	44	8.21%

			Over 30 and under 50	237	42.22%	232	41.43%	230	42.91%
			50 and above	280	46.87%	277	48.95%	262	48.88%
		Educational qualifications	**Graduate School**	28	4.82%	31	4.90%	28	5.22%
			Colleges and universities	341	59.07%	330	59.62%	326	60.82%
			Other	203	36.12%	192	35.49%	182	33.96%

Statistics on new employees and resignations/year		2023		2024		2025	
		Total	Proportion (note)	Total	Proportion (note)	Total	Proportion (note)
New employees							
Age	Under 30	45	23%	58	32%	56	31%
	Over 30 and under 50	42	10%	37	8%	39	9%
	50 and above	28	8%	29	8%	18	6%
Gender	Male	101	13%	108	14%	92	13%
	Female	14	6%	16	8%	21	10%
Educational qualifications	Graduate School	3	10%	7	23%	3	11%
	Colleges and universities	39	10%	31	8%	39	11%
	Other	73	12%	86	15%	71	13%
Resigned employees							
Age	Under 30	37	19%	34	19%	35	19%
	Over 30 and under 50	76	17%	57	13%	56	13%

	50 and above	63	18%	55	16%	63	20%
Gender	**Male**	144	19%	125	17%	130	18%
	Female	32	15%	21	10%	24	12%
Educational qualifications	**Graduate School**	5	18%	7	23%	8	29%
	Colleges and universities	58	15%	39	11%	45	12%
	Other	113	19%	100	18%	101	19%

Note 1: The data is based on the total number of employees at the end of the year (2025/12/31).

Note 2: New hire rate = (total number of new employees of this specific category in the current year / total number of employees of this specific category at the end of the year) * 100%.

For example, the rate of new female employees = (total number of new female employees in the current year / total number of female employees at the end of the year) * 100%.

Turnover rate = (Total number of employees of this specific category who resigned during the year / Total number of employees of this specific category at the end of the year) * 100%.

For example, the turnover rate of employees under the age of 30 = (the total number of employees who resigned under the age of 30 in the current year / the total number of employees under the age of 30 at the end of the year) * 100%.

5.3 Talent Optimization

High-quality human resources are the core principle of Hocheng's sustainable development. In order to strengthen the competitiveness of talents, the Company is committed to providing a market-competitive salary structure and a comprehensive welfare system, and through a positive reward mechanism, it recognizes partners who have demonstrated outstanding performance and profound contributions in their career development. Adhering to the core value of treating everyone equally, the Company has established an open and transparent performance appraisal and reward and punishment mechanism to create a fair and motivating working environment. This system not only effectively improves employees' work engagement and sense of mission, but also further consolidates Hocheng's brand image as a quality employer, deepens employees' sense of identification and centripetal force with the organization, and then drives overall work morale and enthusiasm for participation.

On the career development path, the Company adheres to the principle of open and transparent information, making promotion standards and opportunities clearly visible, so that employees with outstanding performance can receive corresponding promotion recognition, and it also inspires colleagues to learn from each other and take pride in benchmarking. The company actively plans diversified education and training courses to help employees continue to improve their professional skills and functional qualities, and fully realize their personal potential and self-worth. At the level of labor-management communication, Hocheng has established multiple and multiple accessible reporting channels for expressing opinions to ensure that employees' voices can be conveyed immediately and receive positive responses, thereby maintaining a long-term and stable trust relationship and a harmonious interactive atmosphere between labor and management.

5.3.1 Salary and benefits

Hocheng's salary system is based on the annual operating target achievement rate and the Company's overall profit performance as the core basis. It is committed to providing salary packages that are better than local legal regulations and market competitive, ensuring that every colleague is reasonably compensated for his efforts and contributions. In order to enable employees' actual work performance to be accurately reflected in their personal remuneration, the Company implements regular performance appraisals and career development reviews for all employees, and incorporates the appraisal results into the overall consideration of promotion and development, so that the fairness and transparency of the system can be fully reflected. In terms of career growth path planning, Hocheng provides tailor-made development directions for employees with different characteristics and potentials. Colleagues with special technical expertise can gradually transform into professional leaders in their fields through continuous self-improvement and practical experience; Employees who demonstrate management talents and leadership potential can gradually grow into management talents who lead the team. With this dual-track development mechanism, the Company creates a broad space for growth for each colleague's career and fully stimulates the potential and vitality of the entire organization.

When formulating employees' salaries, Hocheng uses personal service years, academic background and professional functions as the core measurement basis, and clearly excludes any differential treatment due to physical or psychological differences, reflecting the Company's firm commitment to equality in the workplace. As employees accumulate seniority, industrial knowledge and practical experience, the Company is also willing to share business results with colleagues. This concept is specifically reflected in the steady growth of the average and median annual salary of Taiwan's non-supervisory employees year by year. The company hopes that through reasonable and competitive salary guarantees, every employee who contributes to the Company will have no worries about their personal financial life, thereby strengthening colleagues' cohesion and sense of belonging to the organization.

Faced with the manpower shortage challenge brought about by the declining birthrate and aging population, Hocheng actively uses the rehiring mechanism after retirement and flexibly adjusts work content and working hours arrangements according to the physical and mental conditions of individual employees, so that retired employees can continue to exert their accumulated professional abilities and rich experience for many years, and realize the extension and inheritance of talent value. A total of 11 retired employees were hired back in 2025, fully demonstrating the Company's emphasis on and cherishing senior talents.

In terms of salary equality, Hocheng conducted a gender pay comparison of direct personnel and indirect personnel in Taiwan's operating base. For direct personnel, the basic salary levels of men and women are roughly the same, and the gender gap in overall salary also shows a positive trend of narrowing year by year. For indirect personnel, the difference in pay between men and women is mainly due to the different nature of the job. Male employees are mostly engaged in R&D and business work, while female employees are The main administrative and transactional positions, coupled with the differences in the seniority structure, have jointly created the current salary gap. In this regard, Hocheng adheres to the core principles of diversity, inclusion and workplace equality, and has begun to promote improvement measures and is committed to gradually reducing the salary gap between the two parties. It is worth mentioning that, regardless of gender, the standard salary of the Company's direct personnel is higher than the local legal minimum wage, ensuring the basic living security of grassroots employees.

In order to effectively improve the work efficiency and quality of life of colleagues, Hocheng provides diversified and complete employee welfare measures and continues to optimize the comfort of the office environment. By organizing various employee welfare activities from time to time, the Company not only helps employees relieve work pressure, but also promotes healthy communication and team cohesion among cross-department colleagues, further strengthening the humanistic warmth and corporate culture of the organization.

Project/Year		2024	2025	Difference
Full-time employees who do not hold supervisory positions (unit: person)		924	897	-27
Annual salary of full-time employees not holding supervisory positions (Unit: NT$ thousand)	**Average**	598	605	7
	Median	525	542	17

Base salary to salary ratio			Ratio					
			2023		2024		2025	
Important operating base	**Employee Category**	**Project**	Male	Female	Male	Female	Male	Female
Taiwan	**Direct**	**Basic salary (Note 1)**	0.86	1	0.90	1	0.75	1
		Salary (Note 2)	0.91	1	0.99	1	0.84	1
	Indirect	**Basic salary**	1.16	1	2.78	1	1.21	1
		Salary	1.25	1	3.02	1	1.34	1

Note: 1. Basic salary refers to the minimum fixed amount paid to employees for performing their duties, excluding any additional compensation, such as overtime pay,
bonuses or various allowances.
2. Salary refers to the basic salary plus the additional amount paid to the worker; the "additional amount paid to the worker" includes:
Seniority allowance, bonuses (including cash and equity), benefits, overtime pay, time off and any other allowances (such as transportation allowance)
allowance, living allowance and childcare allowance).

Employee Benefit Project Description

1. Employee welfare measures:

(1) Insurance: handle labor insurance and health insurance in accordance with regulations, and purchase group insurance (life insurance, accident insurance) for employees
External insurance, hospitalization medical insurance, critical illness insurance, major burns and scalds insurance), statutory infectious diseases

Comprehensive disease protection insurance.

(2) Health and safety:

A. Employees are entitled to a company-funded health examination once every five years of service. Employees aged 40 or above but under 65 are entitled to a company-funded health examination once every three years, while employees engaged in special operations are entitled to one annually. The Company places great importance on the results of employee health examinations. With the employee's consent, the Company proactively assists employees with abnormal findings or special health conditions in obtaining follow-up observation or treatment to safeguard their health.

B. Qualified healthcare professionals are appointed to enhance employees' health management knowledge. They provide employees with abnormal health examination results with appropriate health-improvement counseling, arrange and remind them of follow-up examinations, assess their cardiovascular disease risk using the WHO cardiovascular disease risk prediction charts, and provide ongoing monitoring and management.

C. Qualified first-aid personnel are appointed to handle emergency care. Automated external defibrillators (AEDs) are also installed in the Company's office buildings, and employees receive comprehensive training on their use. These measures help facilitate emergency response and reduce pre-hospital mortality among individuals experiencing cardiac or other medical emergencies.

D. To strengthen employees' awareness of fire safety and disaster preparedness and prevent emergencies, the Company has established an in-house emergency firefighting team and conducts regular drills.

(3) Tourism: When employees have served for eighteen years, the Company subsidizes domestic and foreign travel.

(4) Activities: The Company organizes dodgeball tournaments and nine-grid baseball competitions to strengthen teamwork, foster connections among employees, and promote a dynamic and engaging workplace culture.

(5) Leave: Employees are provided with regular days off and annual leave in accordance with the Labor Standards Act. Leave statistics are also made available to help employees plan their activities and achieve a healthy work-life balance.

(6) Birthdays, weddings and funerals: Each department holds employee birthday celebrations from time to time and provides gift vouchers to employees celebrating their birthdays. The Company also provides congratulatory or condolence payments for weddings, funerals, hospitalization, and major disasters affecting employees.

(7) Retirement pension system.

(8) Year-end bonus.

(9) Employee compensation.

(10) Set up a nursing room and friendly parking spaces.

Parental Leave Statistics by Year	Gender	Statistics		
		2023	2024	2025
Number of employees eligible for parental leave	Male	4	20	4
	Female	3	7	6
Number of employees applying for parental leave	Male	4	2	4
	Female	2	3	2
Number of employees who should be reinstated after the parental leave period (A)	Male	5	1	5
	Female	1	0	5
Number of employees actually reinstated after expiration of parental leave period (B) (Including early reinstatement)	Male	5	1	5
	Female	1	0	5
Reinstatement rate (B/A)	Male	100%	100%	100%
	Female	100%	100%	100%
Number of employees whose parental leave period expired in the previous year and are still employed twelve months after reinstatement (C)	Male	2	5	1
	Female	1	1	0
Retention rate (C/previous year B)	Male	100%	100%	100%
	Female	100%	100%	100%

Note: Reinstatement rate = (total number of employees actually reinstated in the current year / total number of employees who should be reinstated in the current year) * 100%.
Retention rate = (total number of employees still employed twelve months after reinstatement / actual number of employees reinstated in the previous year) * 100%.

In order to ensure the financial stability and quality of life of employees after retirement, Hocheng has established a complete pension system, which is divided into two systems: defined benefit plan (old pension) and defined contribution plan (new pension) in accordance with relevant laws and regulations. These systems operate in parallel to meet the retirement security needs of employees with different seniority, fully reflecting the Company's emphasis on and commitment to the long-term life well-being of its colleagues.

Defined benefit plan (old system pension)

The retirement system of Hocheng is in full compliance with the provisions of the Labor Standards Law. Employees who have served for more than fifteen years and are over fifty-five years old or who have served for more than twenty-five years can request for retirement. The

5.3.2 Talent cultivation

Hocheng firmly believes that the professional growth of employees is the cornerstone of an enterprise's competitive resilience and sustainable operations. To this end, we have constructed a learning and development structure with "functional growth" as the core, using on-the-job training as the main axis, supplemented by systematic new employee orientation training, professional and technical training, and hierarchical management and leadership courses. This strategy is not only designed to meet the Company's mid- to long-term operational transformation needs, but also gives colleagues space to practice based on their personal career blueprints, thereby achieving a win-win situation in which talents and enterprises develop together.

In the practice of knowledge management, we attach great importance to the inheritance and diffusion of internal technology dividends. Through the practical experience sharing of internal senior lecturers, the process essence and professional knowledge of the sanitary ware industry are systematically introduced into the training of the new generation of colleagues, helping them to quickly integrate into the corporate culture and improve core functions. In addition, in order to integrate with external innovation trends, Hocheng also actively encourages colleagues to participate in professional courses organized by external professional institutions. Through cross-field technical exchanges and horizon expansion, we continue to optimize the innovation momentum of the organization on a rolling basis.

According to training data in 2025, the average number of training hours for all employees this year reached 6.95 hours, a significant increase compared with previous years, demonstrating the Company's determination to strengthen a learning organization. In terms of training category distribution, in response to the differentiation of business attributes, indirect personnel hold positions such as product design, technology development, and environmental safety and health. Due to the need to continue to master forward-looking regulations and cutting-edge technologies, their average training hours (8.90 hours) are higher than those of direct personnel responsible for stable production processes (4.28 hours). hours), however, in the factory operation demonstration and practical training courses, we ensure that both direct and indirect personnel can obtain the required functional improvements in their respective professional positions, transforming education and training into substantial productivity and occupational safety guarantees, so that every Hocheng partner can maximize their self-worth in the changing era.

Statistics/Year		2023	2024	2025
Average training hours per employee (Note 1)		3.89	3.89	6.95
Average hours of training for employees by gender (Note 2)	Female	5.07	2.97	7.14
	Male	3.56	4.15	6.90

Average hours of training for employees by category (Note 3)	Direct	0.66	1.29	4.28
	Indirect	6.27	5.82	8.90

Note 1: The average number of training hours for all employees is (the total number of training hours for all employees in the current year / the total number of employees at the end of the year).

Note 2: The average number of training hours for each female employee is (the total number of training hours for female employees in the current year / the total number of female employees at the end of the year).

Note 3: The average number of training hours for each category of employees is (the total number of training hours for employees of this category in the current year / the total number of employees of this category at the end of the year).

Employee education and training

5.3.3 Labor-management communication

A smooth labor-management communication mechanism is an important foundation for promoting cooperation between labor and management and creating a harmonious workplace. Hocheng has always strictly followed local labor regulations and held regular labor-management meetings to build a platform for equal communication and negotiation between management and employees. Through this mechanism, management can gain an in-depth understanding of the actual working conditions and personal needs of employees. It can also clearly communicate the Company's production planning, operating status and market development trends to employees, allowing both labor and management to move forward together on the basis of transparent information and mutual understanding. In addition to regular labor-management meetings, the Company has also actively established multiple and smooth communication channels to ensure that employees can express their opinions and suggestions at any time. The company also maintains an open attitude and responds immediately, and integrates constructive suggestions into relevant policies in a timely manner so that employees' voices are truly valued. and implementation, it is this corporate culture of mutual respect and candid communication that has enabled Hocheng to maintain harmonious and stable labor relations in recent years, and has never had any labor disputes, which fully confirms the Company's long-term efforts and fruitful results in building good labor relations.

5.4 Occupational Health and Safety

5.4.1 Occupational safety and health management system

In order to effectively manage and control occupational safety and health risks in the factory and continue to improve the health and safety of workers, Hocheng Bade Factory and Taoyuan Factory obtained OHSAS 18001:2007 occupational safety and health management system certification in December 2008, and have kept pace with the times and upgraded it to the current international standard ISO 45001:2018, the coverage of this management system includes all regular employees and contractor personnel in the factory, ensuring the comprehensiveness and consistency of workplace safety management. At the execution level of risk management, Hocheng promotes hazard identification and risk assessment in an orderly manner in accordance with the [Annual Occupational Disaster Prevention Plan], and systematically plans corresponding improvement measures based on the risk levels obtained from the assessment to effectively reduce hazard risks in each operation link and further strengthen the overall workplace safety level. In 2025, the Company has completed comprehensive risk and hazard identification for 175 operations, covering physical, chemical, biological, human factors and psychosocial aspects, fully demonstrating the Company's rigorous attitude and positive actions in occupational safety and health management.

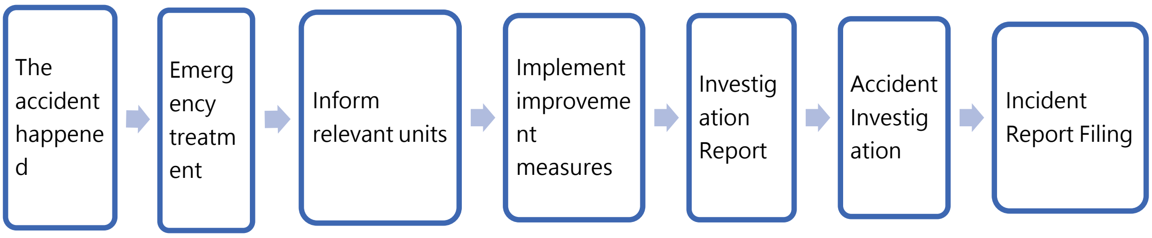
Workers covered by the occupational safety and health management system in 2025

Management System/Legal	Check type	Number of people	Proportion
Occupational Safety and Health Act	Internal audit	684	100%
	Labor inspection	684	100%
ISO 45001	Internal audit	594	100%
	External verification	594	100%

Note: The number of people in Hocheng Second Factory does not meet the occupational safety and health management regulations (12-2) and has not yet been introduced into the management system.
In the future, we plan to introduce the ISO 45001 occupational safety and health management system.

For the prevention and handling of occupational disasters and accidents, Hocheng has established a complete and rigorous response mechanism. The company systematically grades various accidents based on the internally formulated "Accident Investigation and Reporting Management Standards" and initiates corresponding investigation procedures and corrective measures accordingly to fundamentally eliminate the potential risk of the same accident happening again. Accident investigation is a core part of occupational safety and health management, and Hocheng has consistently implemented this process with rigor.. When the accident occurs, relevant personnel must immediately control the scene to prevent the expansion of secondary disasters, and give priority to assisting the injured to obtain necessary first aid or medical treatment. In addition to emergency rescue operations, the on-site environment should be maintained as intact as possible. At the same time, the Environmental Safety General Affairs Department must be reported immediately and completed within eight hours according to regulations. The notification procedure of the labor inspection agency; after detailed investigation of the accident, all relevant information will be fully recorded in the [Hocheng Corporation Occupational Disaster Investigation and Analysis Report Form], and the occupational safety unit will develop specific improvement countermeasures accordingly, and incorporate the accident case into future safety publicity activities and safety education and training materials to strengthen the risk awareness and adaptability of all employees and shape a continuously improving safety culture.

Accident notification process



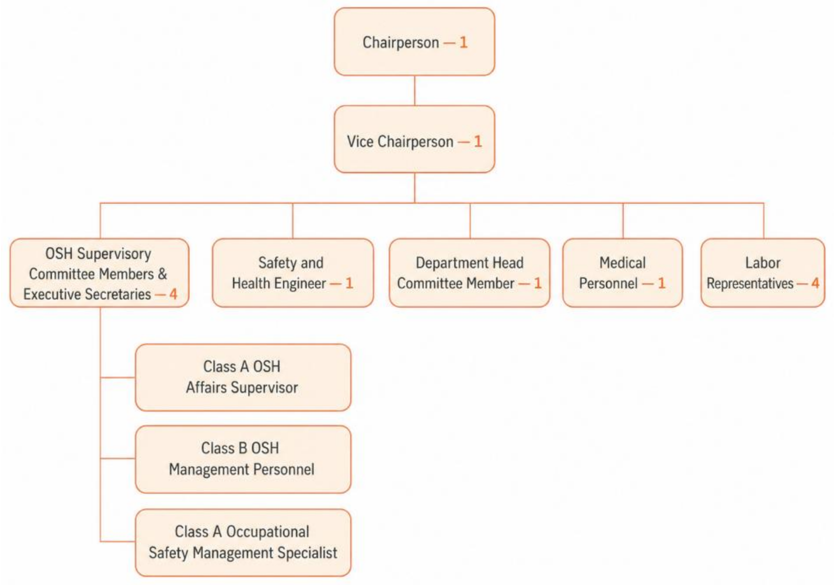
Accident procedures and execution instructions

Accident procedures	Execution instructions
Emergency treatment	Control the scene and prevent secondary disasters, assist the injured to obtain necessary first aid or medical treatment, and keep the scene intact except for necessary first aid or rescue.
Notifications and related matters	In the event of an occupational disaster, each unit is required to notify the Environmental Safety Section immediately. In the event of a major occupational disaster, the labor inspection agency should be notified within 8 hours.
Conduct accident investigation	The person who discovered the accident/handler, the parties concerned, or the supervisor of the responsible unit shall fill out the [Hocheng Corporation Occupational Disaster Investigation and Analysis Report Form]. Relevant personnel are summoned to investigate the accident and a report on the current status of the investigation should be submitted after the accident.
Accident investigation report submitted	After the investigation report is reviewed by the supervisor of the responsible unit, it will be sent to the

	supervisor of the occupational safety and health management unit. After the occupational safety and health management unit supervisor has reviewed and evaluated the report, it will be forwarded to the associate manager for approval. Relevant information is distributed to the responsible unit, the unit responsible for improvement measures and related units. Accident investigation results are publicized and incorporated into safety and health training materials.
Implementation and tracking of improvement measures	Each responsible unit/personnel actually implements various improvement measures according to the established plan. The environmental safety unit tracks the implementation of improvement measures and records the audit results.
Accident investigation report closed and archived	The accident investigation report can only be closed and archived after all improvement measures have been completed. The investigation report will be kept by the environmental safety unit for ten years.

5.4.2 Occupational Safety Committee

In accordance with relevant regulations on occupational safety and health, Hocheng officially established an Occupational Safety and Health Committee, with the chairman as the chairman and the general manager as the deputy chairman. The committee holds meetings every quarter. The total number of committee members is 13, including 4 labor representatives, accounting for 32% of the total committee members, which fully reflects the spirit of labor participation in occupational safety governance. The committee shoulders the important deliberation function and is responsible for comprehensively reviewing and reviewing performance information such as changes in internal and external issues related to the occupational safety and health management system, identification of regulations, occupational safety policy directions, progress in achieving occupational safety goals, as well as occupational disasters and operating environment monitoring, and has corresponding decision-making authority to ensure that various occupational safety matters are implemented and promoted. Regarding the feedback mechanism, in addition to regular employees, if other workers have any opinions or suggestions on occupational safety matters, they can also directly report them to the supervisor of the business sponsoring unit. After relevant issues are collected and compiled, proposals will be discussed in the committee meeting and a consensus resolution will be formed to ensure that the voices of all parties are fully valued and properly handled.



An Occupational Safety and Health Management Committee meeting was held on January 8, 2025 to conduct a management review and discuss the following outline contents.

Meeting outline:

1. Make suggestions on the occupational safety and health policy formulated by the employer.
2. Coordinate and recommend occupational safety and health management plans.
3. Review the safety and health education and training implementation plan.
4. Review the operating environment monitoring plan, monitoring results and measures to be taken.

5. Review health management, occupational disease prevention and health promotion matters.

6. Review various safety and health proposals.

7. Review the automatic inspection and safety and health audit matters of public institutions.

8. Review the preventive measures for hazards to machinery, equipment or raw materials and materials.

9. Review the occupational disaster investigation report.

10. Assess on-site safety and health management performance.

11. Review the safety and health management matters of the contracted business.

12. Other matters related to occupational safety and health management.

5.4.3 Occupational health services

Looking at the types of occupational injuries that have occurred at Hocheng in recent years, they are mainly concentrated in falls, cuts, entrainments, falls and rolls. Every time an accident occurs, the Company immediately initiates a complete accident investigation process. Based on the investigation results, the Company actively strengthens on-site infrastructure and equipment conditions, simultaneously reviews and optimizes relevant management systems, and takes a two-pronged approach from hardware equipment and software management to reduce the possibility of recurrence of similar accidents and continue to improve the safety protection level of the overall workplace.

Employees/non-employees--Statistics on types of occupational injuries and diseases

Type/Year		2023	2024	2025	Hazards and improvement instructions
Types of occupational injuries	Fall injury	0	2	4	Improvement of uneven ground
	Sprain	0	0	1	Failure to follow correct standard operating procedures
	Cuts	0	0	1	Correct SOP for education
	Scald	0	0	0	
	Clamp	0	1	0	
	Falls from Height	0	0	0	
	Commuting traffic accident	8	9	0	
	Objects flying down	0	1	1	Correct SOP for education
	Other	0	0	0	

Occupational Disaster Statistics			
Year	**2023**	**2024**	**2025**
Total Hours Worked	1,974,080	1,460,632	1,417,536
Total lost working hours (number of days)	0	44	236
Frequency of incapacitating injuries (F.R.)	0	2.05	4.93
Disabling injury severity rate (S.R.)	0	30	166

Note: Frequency of incapacitating injuries (F.R.) = number of recordable occupational injuries/million working hours
Disabling injury severity rate (S.R.) = Total lost working hours (number of days)/million working hours
This statistics does not include commuting accidents

Work injury and absence statistics				
Statistics/Year		**2023**	**2024**	**2025**
Total Hours Worked		1,974,080	1,460,632	1,417,536
Total lost working hours (number of days)		0	44	236
Fatal accidents caused by occupational injuries	**Number of people**	0	0	0
	Proportion	0	0	0
Serious occupational injury	**Number of people**	0	0	0
	Proportion	0	0	0
Recordable occupational injuries (Note)	**Number of people**	8	13	7
	Proportion	4.0525	8.9003	4.9382
Occupational diseases	**Number of people**	0	0	0

	Proportion	0	0	0
Recordable occupational diseases	**Number of people**	0	0	0
	Proportion	0	0	0

Note: Proportion of recordable occupational injuries = (Number of recordable occupational injuries/working hours) million working hours×Recordable occupational injuries: including statistics on traffic accidents

5.4.4 Occupational safety training

The core goals of Hocheng in the field of occupational safety and health are to prevent pollution and improve production efficiency; prevent accidents and promote employee safety and health, thereby creating a safe and comfortable working environment. In order to implement this goal in daily operations and effectively establish a safety culture with consensus among all employees, the Safety and Health Office regularly produces safety and health promotion documents every month. Through systematic promotion, accident investigation results and peer case experience are shared with all employees to continue to deepen colleagues' awareness and alertness to potential risks.

At the education and training level, the Company regularly organizes various forms of safety and health courses, including internal self-organized and externally commissioned training, and assigns professional lecturers to teach or send personnel to participate in training at public expense as necessary to ensure sufficient investment in training resources. The course content covers the complete learning process including theoretical tests, practical operation exercises and obtaining the training certificate. Through the rigorous training structure and effectiveness verification mechanism, it is ensured that each employee can internalize the knowledge learned into actual safety behaviors and truly achieve the training goal of improving workplace safety protection capabilities.

Training items	Hours	Number of people	Average hours
Internal training	820	2,299	0.35
External training	677	136	4.98

CPR and AED teaching training




Fire emergency drill training






Health Promotion Lecture Course




Migrant worker education and training




5.4.5 Employee health management and health promotion

In accordance with the relevant provisions of labor health protection rules, Hocheng has set up full-time labor health service personnel and entrusted on-site doctors to conduct regular on-site visits to the factory to provide professional health consulting services to employees. In terms of the safety configuration of each factory area, the Company conducts zoning planning based on the degree of hazard risk, configures sufficient first aid kits and emergency response equipment in each area, and assigns dedicated personnel to regularly check and update the contents of the first aid kits to ensure that all emergency equipment is in a complete and effective standby state at all times, so that employees can immediately obtain necessary rescue resources when an emergency occurs.

In terms of employee health management, Hocheng regularly conducts general and special health examinations for all employees every year to systematically understand the physical health status of employees. The company conducts general and special health examinations every year to ensure that the employee health management mechanism remains uninterrupted. Based on the health examination results of each employee, the on-site physician will develop follow-up health management plans for individual situations to implement comprehensive care and continuous tracking of employees' physical and mental health.

List of people with special health examination level 3 or above

Year	Assignment type	First level management	Secondary management	Three levels of management	Four levels of management	Total number of people
2025 Taoyuan/ Bade Factory	Noise	95	80	0	8	183
	Dust	129	92	0	2	223
	Diisocyanate	2	3	0	0	5
	Manganese and other compounds	7	1	0	0	8
	Chrome job	7	1	0	0	8
	Nickel job	3	5	0	0	8
2025 Second Factory	Noise	16	9	0	1	26
	Dust	10	7	0	0	17
	Chrome job	6	0	0	0	6
	Nickel job	3	3	0	0	6

For employees engaged in special operations, Hocheng specially arranges professional doctors to visit the factory regularly to provide individualized professional advice and guidance on relevant occupational health issues to ensure that the health risks of special operations workers receive proper medical attention and management.

In terms of caring for the physical and mental health of employees, Hocheng carefully planned and created a warm and friendly nursing room space, using soft and comfortable colors to create a relaxing environment so that breastfeeding mothers can use it with peace of mind. The space is designed with full consideration of privacy and hygiene needs. It is equipped with lockable doors and a notice board in use. Daily environmental cleaning and refrigerator temperature monitoring are carried out to ensure the cleanliness of the environment and food safety. The room is equipped with comfortable sofa seats, and complete supplies such as breast milk bags, glass bottles, nursing pillows, breast milk refrigerators, pure water wipes, and bottle sterilizers are provided free of charge. For colleagues who have returned to work after childbirth, the Company proactively provides breastfeeding-related information, activities and consulting services. It cares about the physical and mental conditions of employees from time to time and provides appropriate support and assistance. It also invites colleagues with breastfeeding experience to share and communicate, and jointly build a friendly and warm maternal workplace environment.

In terms of promoting health promotion activities, Hocheng specially held a health promotion course taught by occupational doctors on March 14, 2025, and invited professional occupational doctors to host the lectures in person. With the core goal of improving employees' health literacy, this course covers diverse health issues such as healthy diet, exercise, stress management, and prevention of common occupational diseases. Through rich case analysis and interactive learning methods, it guides employees to have in-depth exchanges and discussions with professional doctors. This course not only effectively enriched employees' health knowledge, but also further strengthened the health awareness of all employees, laying a solid foundation for the Company's healthy workplace culture and comprehensively protecting the physical and mental health and quality of life of each employee.

In order to continuously improve the air quality of the factory working environment, Hocheng actively promotes dust prevention and improvement measures, and greatly improves the efficiency of dust collection and treatment by replacing and updating dust collection barrels, motor repairs and blade fan updates. The comprehensive update of the above equipment will help to effectively reduce the dust in the workplace. The concentration of suspended dust will further improve the working comfort and physical health of employees. Hocheng will continue to attach great importance to employee health, continue to pay attention to and optimize various working environment conditions, and strive to ensure that every employee can work with peace of mind in a safe, healthy and comfortable environment.

5.4.6 Prevent and mitigate the impact of occupational safety and health directly related to business relationships

Adhering to the core business philosophy of people-oriented, Hocheng invested approximately NT$2.6 million in improving the working environment and equipment in 2025, and promoted comprehensive improvement projects for fire protection systems, dust control, and environmental hazards, demonstrating the Company's high priority and active commitment to employee safety and health.

In occupational disease prevention and management, the Company has established comprehensive protection standards for positions with occupational disease risks, clearly posts protective equipment requirements at the entrances and exits of noise and dust areas, and regularly tests noise levels and other environmental factors that may affect employee health each year. Employees working in these high-risk areas must receive special health examinations and related health consultations each year and complete hazard protection training to ensure that they have sufficient self-protection knowledge and capability. The Company conducts unscheduled in-plant safety inspections each week. When any noncompliance with occupational safety and health standards is found, it immediately issues a notice requiring the relevant unit to complete improvements within a specified deadline, eliminating risks at an early stage.

In terms of operating environment monitoring, Hocheng entrusts qualified professional operating environment monitoring agencies to conduct regular environmental monitoring in accordance with the "Implementation Measures for Labor Operating Environment Monitoring" and conducts rigorous research and judgment on the monitoring results to confirm whether they meet legal standards. If any abnormality in the monitoring values is found, the Company will immediately take corrective and improvement measures to ensure the health and work safety of all staff.

Improvement projects for 2025	Improvement date	Improvement Expenditure
Dust collection bucket and exhaust machine + dust collector + dust collection duct	April, May, June, and August	1,010,000
Fire protection system maintenance, repair and update + fire extinguishers and hoses replacement	full year	575,000
Environmental monitoring	year	325,000

Personal safety protective equipment (safety shoes, cotton gauze mask, dust mask 8710, organic gas mask 9913)	full year	460,000
health check	full year	230,000
Total expenditure on employee health and safety improvement in 2025 is NT dollars 2,600,000		

Unit: NT$

5.5 Public welfare participation

Hocheng is deeply rooted in Taiwanese society and has a deep understanding that the growth and transformation of enterprises are closely related to the common prosperity of society as a whole. We position ourselves as a transformer and connector of social resources. By establishing long-term and stable partnerships with investors, employees and local communities, we transform corporate influence into substantial social contributions. In 2025, Hocheng has significantly strengthened the breadth and depth of its public welfare investment, with the annual cumulative donation amount exceeding NT$4.42 million, demonstrating its high concern for social issues and its ability to take immediate action.

In the process of fulfilling social responsibilities, Hocheng adopts the strategy of "precise connection" and "diversity and inclusion". For local neighbors, we ensure that resources accurately meet the needs of the community through long-term material support and caring actions; in the face of major emergencies, such as Hualien Matai'an Creek Barrier Lake During the disaster, Hocheng immediately responded to the "Hand in Hand to Recover, Warm Heart" aid plan and took concrete actions to protect colleagues and their homes in the disaster area. We continue to respond enthusiastically to the call of the Hocheng Group Charity Foundation, pooling the kindness resources of enterprises and individuals to build a larger-scale social mutual aid system.

In addition to basic social support, Hocheng has also extended its influence to the fields of culture, art and environmental sustainability. It has long-term supported the "Taiwan Ceramics Golden Ceramic Award" and various art and cultural exhibitions, such as the opening of the New Taipei City Museum of Art and the Taoyuan Cultural Foundation special exhibition, promoting the inheritance of ceramic aesthetics and industrial culture; in terms of environmental protection, it actively participates in "ESG "Mountain and Sea Action", invested in Taichung's Dadu Mountain Forest Restoration Project, through the cultivation of native saplings, to practice its sustainable commitment to ecological restoration; from sponsoring the "Golden Pin Rookie Design Award" in the professional design field to the energy-saving bathroom solutions displayed at the Taipei International Building and Construction Materials Exhibition, Hocheng is committed to integrating "sustainability, art, and care" into its business DNA, and through every donation and specific action, it contributes key forces to social progress and a common vision.

The cumulative number and amount of donations made by Hocheng to charity groups in the past three years

Year	2023	2024	2025
Cumulative number of donations to charity groups	28 times	14 times	15 times
Cumulative amount donated to charity groups	1,263,211	732,638	4,425,011

Unit: NT$

Corporate Social Responsibility (CSR)

HCG Neighborhood Care A【2025.01.11】

HCG Neighborhood Care B【2025.01.11】

Social Responsibility CSR─New Taipei City Art Museum Opening Ceremony【2025.04.25】

Corporate Social Responsibility CSR - The 8th Taiwan Ceramics Golden Ceramics Award

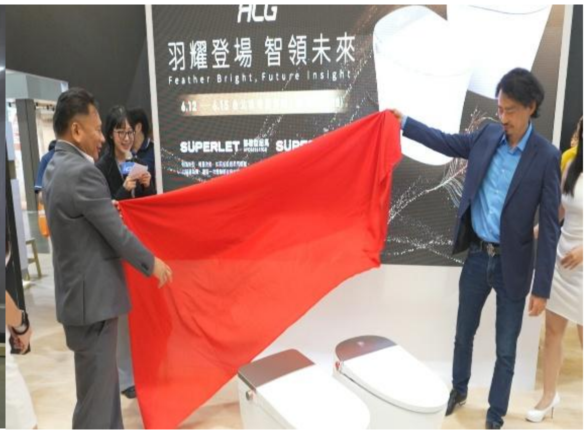
Corporate Social Responsibility CSR - Water-Saving Bathroom Navigation to the Future "Special Ceramics Exhibition Tao Yi Xing Roaming - Taoyuan City Cultural Foundation" [2025.03.25-2025.05.11]

Corporate Social Responsibility CSR — "2025 Golden Pin Rookie Design Award" [Special Award Sponsored by HCG - RECER Indoor Cooling Device-Designer | Yang Zixuan YANG ZIH SYUAN] [2025.05.29]

- 設計理念：以陶瓷降溫特性為核心，靈感來自Muscatese蒸發系統，運用陶瓷廢料與水庫淤泥製成再生材料，搭配陶瓷 3D 列印技術製作多孔結構陶瓷，打造無需大量電力的被動式降溫裝置。
- 降溫原理：利用陶瓷多孔性進行水氣蒸發散熱，有效降低室內溫度。
- 產品特色：表面溝槽設計提升蒸發效率，外觀自然樸實，融入空間環境。
- 燒成環境：最佳燒成區間為1030–1050°C，兼具結構穩定性與吸水效能。

Corporate Social Responsibility CSR – "Hand in Hand to Recover, Warm Heart Together" [Hualien Matai'an River Barrier Lake Disaster Assistance]

Corporate Social Responsibility CSR─Interior Design Expo【2025.06.12-2025.06.15】



Corporate Social Responsibility CSR─United Daily News ESG Mountain and Sea Action
Taichung Dadushan Forest Restoration Center's sapling cultivation activity【2025.09.26】


聯合線上攜手企業 復育千株在地原生樹苗
為森林添新生力

Corporate Social Responsibility CSR─Taipei International Building Materials and Products Exhibition [2025.12.11-2025.12.14]


HCG
同層
排水
HCG
#放心 放肆 做自己

NexT
SmarT

Appendix

GRI Content Index Table

★ Indicates a material topic

Statement of Use	Hocheng Corporation has reported the information for the period from January 1 to December 31, 2025, in accordance with the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Star	The company falls under the SASB category of Building Products and Furnishings; there is currently no corresponding GRI Sector Standard.

Topic	Disclosure Item	Description	Chapter	Page	Omission Reason / Required Explanation
GRI 2: General Disclosures 2021					
The organization and its reporting practices	2-1	Organizational details	2.1 Company Profile	37	
	2-2	Entities included in the organization’s sustainability reporting	Editorial Policy	2	
	2-3	Reporting period, frequency and contact point	Editorial Policy	2	
	2-4	Restatements of information	Editorial Policy	2	No restatements this year
	2-5	External assurance	--	--	No third-party assurance this year
Activities and workers	2-6	Activities, value chain and other business relationships	2.1 Company Profile	37	
	2-7	Employees	5.2 Employee Overview	126	
	2-8	Workers who are not employees	5.2 Employee Overview	126	
	2-9	Governance structure and composition	3.2 Governance Practices	57	
	2-10	Nomination and selection of the highest governance body	3.2 Governance Practices	57	
	2-11	Chair of the highest governance body	3.2 Governance Practices	57	
	2-12	Role of the highest governance body in overseeing the management of impacts	3.2 Governance Practices	57	
	2-13	Delegation of responsibility for managing impacts	3.2 Governance Practices 3.3 Risk Management	57 72	

Statement of Use	Hocheng Corporation has reported the information for the period from January 1 to December 31, 2025, in accordance with the GRI Standards.				
Governance	2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainable Development Committee	5	
	2-15	Conflicts of interest	3.2 Governance Practices	57	
	2-16	Communication of critical concerns	3.2 Governance Practices	57	
	2-17	Collective knowledge of the highest governance body	3.2 Governance Practices	57	
	2-18	Evaluation of the performance of the highest governance body	3.2 Governance Practices	58	
	2-19	Remuneration policies	3.2 Governance Practices	57	
	2-20	Process to determine remuneration	3.2 Governance Practices	57	
	2-21	Annual total compensation ratio	5.3 Talent Optimization	133	
trategy, policies and practic	2-22	Statement on sustainable development strategy	Message from the Chairman	1	
	2-23	Policy commitments	3.2 Governance Practices	57	
	2-24	Embedding policy commitments	3.2 Governance Practices	57	
	2-25	Processes to remediate negative impacts	3.2 Governance Practices	57	
	2-26	Mechanisms for seeking advice and raising concerns	3.2 Governance Practices	57	
	2-27	Compliance with laws and regulations	3.4 Regulatory Compliance	76	
	2-28	Membership associations	2.4 Participation in External Organizations	50	
Stakeholder engagement	2-29	Approach to stakeholder engagement	1.3 Stakeholder Communication Channels and Key Concerns	8	
	2-30	Collective bargaining agreements	-		N/A / No Collective Bargaining Agreement Signed
GRI 3: Material Topics 2021					
Material Topics	3-1	Process to determine material topics	1.4 Identification of Material Topics	13	
	3-2	List of material topics	1.4 Identification of Material Topics	13	

Statement of Use	Hocheng Corporation has reported the information for the period from January 1 to December 31, 2025, in accordance with the GRI Standards.				
Economic Aspects					
★Economic Performance (Operational Performance)					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Material Topic Management	52	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3.5 Operational Performance	79	
	201-2	Financial implications and other risks and opportunities due to climate change	3.5 Operational Performance	79	
	201-3	Defined benefit plan obligations and other retirement plans	3.5 Operational Performance	79	
	201-4	Financial assistance received from government	3.5 Operational Performance	79	
★ Market Presence					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Material Topic Management	52	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.2 Employee Overview	126	
	202-2	Proportion of senior management hired from the local community	5.2 Employee Overview	126	
Environmental Aspect					
★Energy (Energy Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	89	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.2 Energy Management	95	
	302-2	Energy consumption outside of the organization	4.2 Energy Management	95	
	302-3	Energy intensity	4.2 Energy Management	95	
	302-4	Reduction of energy consumption	4.2 Energy Management	95	

Statement of Use	Hocheng Corporation has reported the information for the period from January 1 to December 31, 2025, in accordance with the GRI Standards.				
	302-5	Reductions in energy requirements of products and services	4.2 Energy Management	95	
★Water and Effluents (Water and Wastewater Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	89	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.4 Water and Wastewater	102	
	303-2	Management of water discharge-related impacts	4.4 Water and Wastewater	102	
	303-3	Water withdrawal	4.4 Water and Wastewater	102	
	303-4	Water discharge	4.4 Water and Wastewater	102	
	303-5	Water consumption	4.4 Water and Wastewater	102	
★Emissions (Climate Change and Carbon Emissions)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	89	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.3 Carbon Emissions	99	
	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Carbon Emissions	99	
	305-4	GHG emissions intensity	4.3 Carbon Emissions	99	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.3 Carbon Emissions	99	
★Waste (Waste Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	89	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	4.5 Waste Management	107	
	306-2	Management of significant waste-related impacts	4.5 Waste Management	107	
	306-3	Waste generated	4.5 Waste Management	107	
	306-4	Waste diverted from disposal	4.5 Waste Management	107	
	306-5	Waste directed to disposal	4.5 Waste Management	107	

Statement of Use	Hocheng Corporation has reported the information for the period from January 1 to December 31, 2025, in accordance with the GRI Standards.				
★Supplier Environmental Assessment (Sustainable Supply Chain Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	89	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	4.7 Supply Chain Management	114	
	308-2	Negative environmental impacts in the supply chain and actions taken	4.7 Supply Chain Management	114	
Social Aspect					
★ Employee Relations and Talent Development					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Material Topic Management	120	
GRI 401: Employment 2016	401-1	New Employee Hires and Employee Turnover	5.2 Employee Overview	126	
	401-2	Benefits Provided to Full-time Employees That Are Not Provided to Temporary or Part-time Employees	5.3 Talent Optimization	133	
	401-3	Parental Leave	5.3 Talent Optimization	133	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.3 Talent Optimization	133	
GRI 404: Training and Education 2016	404-1	Average Hours of Training per Year per Employee	5.3 Talent Optimization	133	
	404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	5.3 Talent Optimization	133	
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	5.3 Talent Optimization	133	
★Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Material Topic Management	120	

Statement of Use	Hocheng Corporation has reported the information for the period from January 1 to December 31, 2025, in accordance with the GRI Standards.				
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.4 Occupational Health and Safety	143	
	403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational Health and Safety	143	
	403-3	Occupational health services	5.4 Occupational Health and Safety	143	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational Health and Safety	143	
	403-5	Worker training on occupational health and safety	5.4 Occupational Health and Safety	143	
	403-6	Promotion of worker health	5.4 Occupational Health and Safety	143	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Occupational Health and Safety	143	
	403-8	Workers covered by an occupational health and safety management system	5.4 Occupational Health and Safety	143	
	403-9	Work-related injuries	5.4 Occupational Health and Safety	143	
	403-10	Work-related ill health	5.4 Occupational Health and Safety	143	
★ Fundamental Human Rights and Freedom of Association					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Material Topic Management	120	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining May Be at Risk	3.4 Regulatory Compliance	76	
GRI 408: Child Labor 2016	408-1	Operations and Suppliers at Significant Risk for Incidents of Child Labor	3.4 Regulatory Compliance	76	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.4 Regulatory Compliance	76	

Statement of Use	Hocheng Corporation has reported the information for the period from January 1 to December 31, 2025, in accordance with the GRI Standards.				
★ Product Responsibility					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Material Topic Management	120	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	3.6 Products and Services	82	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.6 Products and Services	82	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for Product and Service Information and Labeling	3.6 Products and Services	82	
	417-2	Incidents of Non-compliance Concerning Product and Service Information and Labeling	3.6 Products and Services	82	
Customized Material Topic					
★ Innovation and Research & Development					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Material Topic Management	52	
Customized Material Topic	Self-defined	R&D Achievements, Number of Patents, R&D Personnel, and R&D Expenditures	3.6 Products and Services	82	

Appendix 2
Sustainability Accounting Standards Board (SASB) Index

This table has been prepared in accordance with the SASB Standard for the Building Products & Furnishings industry and discloses the Company's management performance and specific achievements regarding key sustainability metrics.

Metric	Code	Metric Description	Disclosure Content
Energy Management in Manufacturing	CG-BF-130a.1	(1) Total energy consumed (GJ) (2) Percentage of grid electricity (%) (3) Percentage of renewable energy (%)	(1)191,888.66 GJ (2)100% (3)0%
Management of Chemicals in Products	CG-BF-250a.1	Description of the processes used to assess and manage risks associated with chemicals in products	The Company's sanitary ware products do not contain toxic chemical substances.
	CG-BF-250a.2	Percentage (%) of eligible products that meet volatile organic compound (VOC) emission and content standards	Please refer to the “Major gas emissions” section of this Report.
Environmental Impact of Product Lifecycle	CG-BF-410a.1	Description of strategies to manage environmental impacts throughout the product lifecycle	Please refer to the “Products and Services” section of this Report.
	CG-BF-410a.2	(1) Weight of materials recovered from discarded products (metric tons) (2) Percentage of recycled materials reused or recycled (%)	Please refer to the “Waste Management” section of this Report.
Wood Supply Chain Management	CG-BF-430a.1	Total weight of wood fiber materials purchased (air-dry metric tons)	The Company did not purchase any wood fiber materials; therefore, this indicator is not applicable.