

Stock Code: 1447



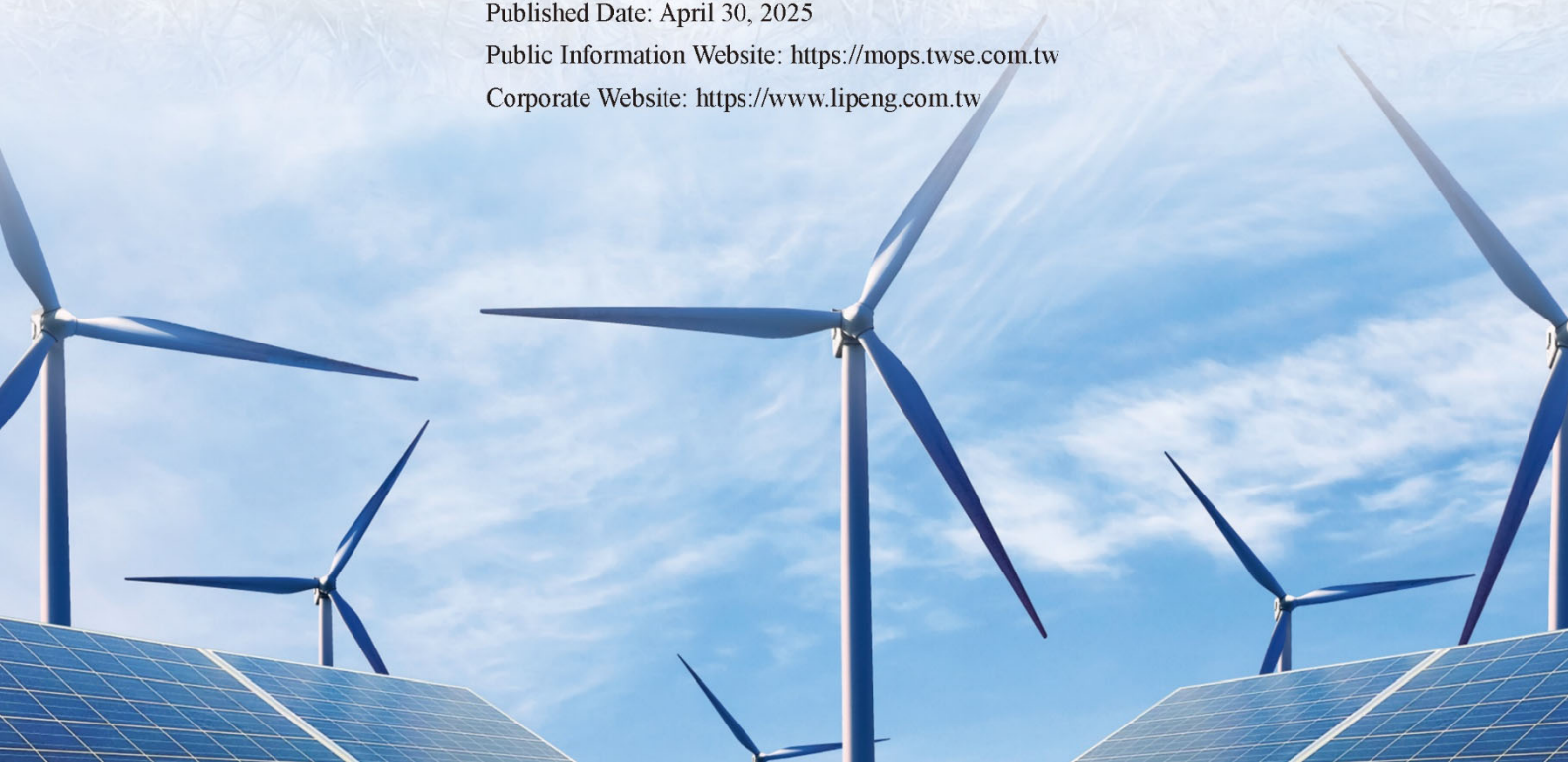
Li Peng Enterprise Co., Ltd.

2024 Annual Report

Published Date: April 30, 2025

Public Information Website: <https://mops.twse.com.tw>

Corporate Website: <https://www.lipeng.com.tw>



I. Corporate Spokesperson & Deputy Spokesperson

Spokesperson

Name: Chen, hen-ching

Title: President of Lealea Enterprise

Tel: (02) 2100-1188 (Representative Line)

Email: chihtn@lealea.com.tw

Deputy Spokesperson

Name: Su, Yen-ming

Title: Vice President

Tel: (02) 2100-2188 (Representative Line)

Email: steven@lipeng.com.tw

II. Contact Information of Headquarters, Branches and Plants

1. Headquarters

Address: 6F., No. 162, Songjiang Rd., Taipei City

Tel: (02) 2100-2188(Representative Line)

2. Yangmei Plant

Address: No. 339, Xinrong Rd., Yangmei District, Taoyuan City

Tel: (03) 490-5265(Representative Line)

3. Changhua Weaving Plant

Address: No. 16, Gongye Rd., Fangyuan Industrial Park, Fangyuan Township, Changhua County

Tel: (04) 813-8168 (Representative Line)

4. Changhua General Nylon Plant

Address: No. 33, Gongye Rd., Fangyuan Industrial Park, Fangyuan Township, Changhua County

Tel: (04) 813-8168 (Representative Line)

III. Contact Information of Share Transfer Agency

Name: Department of Stock Affairs, Taishin Securities Co., Ltd.

Address: B1, No.96, Sec.1, Jianguo N. Rd., Zhongshan Dist., Taipei City

Tel: (02)2504-8125

Website: <https://www.tssco.com.tw/stocktransfer>

IV. Auditors for the latest financial reports

Firm: Deloitte & Touches

CPAs: Huang, I-min 、Hong, Kuo-tyan

Address: 20F., No. 100, Songren Rd, Xinyi District, Taipei City

Tel: (02)2725-9988 (Operator)

Website: <https://www.deloitte.com/tw>

V. The of any exchanges where the Company's securities are traded offshore, and the method by which to access information on the said offshore securities: None

VI. Corporate Website: <http://www.lipeng.com.tw>

Notice to readers

This is a translation of the 2024 annual report. The translation is for reference only. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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I. Letter to Shareholders

Ladies & Gentlemen,

1. 2024 Business Results

(1) Project Implementation Results:

International situation was still in ferment in 2024, although Russo-Ukrainian War and inflation has been slow down, the price of raw materials was influenced by geopolitics and climate change, red sea crisis made global supply chain chaos, and it caused that freight gradually rose, it made international political economy fall into unstable situation.

Nevertheless, we got rid of downturn of year 2023, we gained favor of customers and brand owners through one continuous vertical integration production line of sophistication, differentiation and customization. In the situation of stop falling and stabilization of nylon product price, we have positively expectation for the operation of next year.

The Company's consolidated revenue of year 2024 was NT\$ 34.825 billion, compared with year 2023, it increased 17.38%; income after tax was NT\$ 73 million, compared with year 2023, it increased 116.86%. Major selling products include 75,442 tons of nylon chip, 17,575 tons of nylon yarn, 45.27 million yards of woven fabric, 1,021 tons of knitted fabric, and 1,756,401 tons of petrochemicals.

(2) Budget implementation:

Not available. Our company only set the 2024 internal budget, and did not disclose financial forecasts to the public.

(3) Revenue, expenditure, and profitability analysis:

The 2024 unconsolidated revenue is NT\$ 10.669 billion, income after tax was NT\$ 40 million, net profit margin was 0.37%, earnings was NT\$ 0.04 per share. The Company's all financial revenue and expenditure and profitability uncombined subsidiary of end of year 2024 are described as the table below.

Unit: Thousand NT\$

Item		2023	2024	Increase (Decrease) Amount and Ratio
Financial income and expense	Operating income	8,996,009	10,669,091	1,673,082
	Operating cost	9,160,697	10,553,122	1,392,425
	Before tax profit	-532,212	32,420	564,632
	Net Income	-445,006	39,939	484,945
Profitability	Return on asset (%)	-1.97	0.68	2.65
	Return on equity (%)	-4.83	0.44	5.27
	Before tax income to paid-in capital ratio (%)	-5.84	0.35	6.19
	Profit margin (%)	-4.94	0.37	5.31
	Earnings per share (NT\$)	-0.51	0.04	0.55

(4) Research and development:

As we continuously develop and promote, customers and brand owners have accepted green eco-friendly products, like "RePET® eco-regenerated polyester fiber", "ReEcoya® eco-recycled dope dyed black fiber" and "NylonPlus® recycled nylon fiber", etc., and we make efforts to increase their added-value, and it's also the effort direction of our department of development and research. Mass manufactured products of the Company for the past two years are as follows:

Item	Application	Features
Nylon fishnet and ocean recycled yarn	Knitted apparel, sportswear and casual wear	GRS-certified recycled material applications to reduce energy consumption and carbon emissions
Pre-consumer / Post-consumer Nylon recycle yarn	Knitted apparel, sportswear and casual wear	GRS-certified recycled material applications to reduce energy consumption and carbon emissions
Nylon chip & Fibre for Electric Vehicle / Lightweight Nylon chip & Fibre	Alternative to current product with property modification in injection grade and extrusion grade	High performance nylon chips offer in lightweight and superior heat durability.
Recycle Tire carbon black yarn	Diving suit and other functional fabrics	Product of Recycled carbon
Other development of modification in plastic function	Using in composite materials	To enhance the stability of product specification
CRZ high-performance eco-friendly yarn	Suitable for development in both apparel and non-apparel textile applications	GRS-certified recycled material applications to reduce energy consumption and carbon emissions
Eco-friendly ReFLEX™ abrasion-resistant stretch fabric	Abrasion-resistant stretch fabric	Fabrics with natural stretch and excellent abrasion resistance, a good replacement for less percentage OP fabrics.
Biodegradable eco-friendly fabric	Fabric with brushed or sanded feature	Reduce microplastic pollution
ReEcoya™ Ultra-Fine Eco-Friendly Monofilaments & Multifilaments	For lightweight highly breathable/ waterproof jacket and ski jackets	Eco-Friendly Lightweight Fabrics & 3-Layer Lamination Fabric

2. The 2025 business plan summary

The Company regards “sustainable co-creation and master net zero new opportunities”, “ low carbon as core and co-construct green blueprint” as general spirit of business policy this year. Along with the rising of global environmental awareness, more international organizations and countries boost environmental protection by strict policies and regulations, industries actively adjust strategies to decrease risk, rise competitiveness, our production process and products of development and research will use low carbon and environmental protection, sustainable recycle as principle, and enhance ESG strategy, use practical environmental activities to increase brand value, and make progress toward to the goal of sustainable management in the future.

Nylon business unit: Mater price of raw and indirect materials influenced by international oil futures fluctuation to effectively formulate procurement strategy.

Nylon chips: Develop the field of engineering plastics, expand toward to non-textile market and enlarge applicable fields.

Nylon yarn: Focus on development and research and promotion of eco-nylon products, and stabilize product quality to rise gross profit.

High-end textile business unit: Actively participate in international exhibitions, master popular pulse, properly adjust development and research strategy, and deepen the combination with brand owners.

3. The company's future development strategy under impacts of external environment, legal environment, and overall business environment

Research report of World Meteorological Organization indicated that the year 2024 was the hottest year since it has been recorded. Global warming continuing not only makes the rise of sea level, but causes more frequent and extreme climate disasters, forming enormous impact for economic development of all countries, and energy saving and carbon reduction don't have another minute to delay. For promoting decrease carbon plan, Taiwan released drafts of three codes for carbon fee a few days ago, encouraging industries to conduct low carbon transformation through promotion of carbon pricing and market mechanism, Taiwan also formally steps in the era of carbon pricing, therefore, how to effectively cope becomes the important topic for industry existence. We regard low carbon environmental protection and sustainable recycle as cores, continuously promote "Circular Economy of Green Energy", except separating into three phases to achieve green energy installation, we will also put concept of green environmental protection into production process and development and research of products, and utilize recycle technology of independent R&D to decrease utilization of raw materials, optimize production process, and further effectively save energy and decrease carbon, and obtain advantages of competitiveness in the transformation of global green economy.

Confronting the tense situation of global trade brought by trade war among all countries, we already moved partial capacity to Indonesia to avoid higher tariff; increased ration of local procurement to decrease cross-border transportation, and increase procurement efficiency. However, new tariff policy of U.S.A in April, 2025 caused turbulence of international political economy, and we will always pay attention to situation change, make adjustment in advance, and utilize more flexible pricing strategy, and tightly integrate with brand to decrease impact of tariff and keep competitiveness.

Finally, I would like to express my deepest gratitude to all shareholders and wish you all good health and all the best.

Chairman: Kuo Shao yi

Manager: Tung, Min-hsiung

Accounting Manager: Huang, Yi-ping

II. Corporate Governance Report

1. Profile of Directors, Supervisors, General Manager, Vice President, Assistant Vice President, and Supervisors of various Departments and Subsidiary Agencies

1.1 Information of Directors and Independent Directors

As of 15 April 2025

	Nationality/ Place of Incorporation	Name	Gender /Age	Date Elected	Term (Years)	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education/ Experience	Current positions in the Company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Notes
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relation	
Chairman	ROC	Kuo, Shao-yi	Male/ 61-70 years old	21 June 2024	3 years	11 Sep 1985	10,222,819	1.12%	10,222,819	1.12%	838,153	0.09%	8,346,403	0.92%	International Business Management, EMBA, College of Management, National Taiwan University	Lealea Enterprise, Lealea Technology, Li Ling Film, Lea Jie Energy, Tung Ting Investment, Apex Fong Yi Technology, Libolon Energy, Eton Petrochemical, PT Indonesia Libolon Fiber System, PT Indonesia Hwalin Knitting Chairperson	Representative Director	Kuo, Shu-chen	Elder Sister	-
Director	ROC	Chen, Ping-huang	Male/ 71-80 years old	21 June 2024	3 years	16 Nov 2007	27,343	0.00%	27,343	0.00%	0	0.00%	0	0.00%	Chemical Engineering Department, National Taipei Institute of Technology	-	-	-	-	-
Director	ROC	Kuo, Chi-kang	Male/ 41-50 years old	21 June 2024	3 Years	19 June 2009	400,644	0.04%	400,644	0.04%	0	0.00%	0	0.00%	Cal poly Pomona's College of Hospitality Management, at California, USA.	Director of Rich Development; Chairman of Yilang Lealea Development; Chairman Wood Textile Enterprise Co., Ltd. Director of Forest, Water, Environment Eng'g, and Ho Ching Enterprise	-	-	-	-
Director	ROC	Lealea Enterprise		21 June 2024	3 Years	16 July 1991	152,054,853	16.71%	168,119,853	18.47%	0	0.00%	0	0.00%	-	Chairman of Li Hao Investment and Li Zan Investment	-	-	-	-
		Representative, Tung, Min-hsiung	Male/ 61-70 years old		3 Years	10 July 2019	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Textile Engineering, Feng Chia University	President of Li Peng Enterprise; Supervisor of Libolon Energy Eton Petrochemical Co., Ltd. Supervisor. PT. Indonesia Hwalin Knitting Pt.Indonesia Libolon Fiber System Director				-

	Nationality/ Place of Incorporation	Name	Gender /Age	Date Elected	Term (Years)	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education/ Experience	Current positions in the Company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Notes
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relation	
Director	ROC	Li Mao Investment		21 June 2024	3 years	10 June 2015	34,177,995	3.76%	34,177,995	3.76%	0	0.00%	0	0.00%	-	-	-	-	-	-
		Representative Kuo, Shu-chen	Female/ 61-70 years old				0	0.00%	71,335	0.01%	0	0.00%	0	0.00%	MBA, Yale University; Master, Yale School of Public Health, Yale University	Director of Rich Development and Forest, Water, Environment Eng'g; Director of LEALEA Enterprise Representative	Director	Kuo, Shao-yi	Younger Brother	-
Director	ROC	Shun Yu Investment		21 June 2024	3 Years	10 June 2015	11,991,397	1.32%	11,991,397	1.32%	0	0.00%	0	0.00%	-	Representative Director of LEALEA Enterprise, and Rich Development	-	-	-	-
		Representative, Kuo, Ko-chung	Male/ 31-40 years old				0	0.00%	1,141,516	0.13%	0	0.00%	0	0.00%	San Maring High School		-	-	-	-
Independent Director	ROC	Lin, Yao-chuan	Male/ 61-70 years old	21 June 2024	3 Years	12 June 2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	NTU, College of Law	Partner Lawyer, Liyen Legal Firm	-	-	-	-
Independent Director	ROC	Kao, Cheng-shang	Male/ 61-70 years old	21 June 2024	3 Years	12 June 2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Institute of Political Science, Chinese Cultural University	CEO of Native Taiwanese Social Enterprise	-	-	-	-
Independent Director	ROC	Lee, Su-chin	Female/ 51-60 years old	21 June 2024	3 Years	12 June 2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Finance, National Taiwan University	Vice president, President Office, Cytotec Company	-	-	-	-

Table 1: Major Institutional Shareholders

15 April 2025

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Lealea Enterprise Co., Ltd.	Tung Ting Investment Co., Ltd.	7.97%
	Li Peng Enterprise Co., Ltd.	7.70%
	Li Mou Investment Co., Ltd.	4.77%
	Li Shing Investment Co., Ltd.	4.09%
	Hung Shing Investment Co., Ltd.	3.52%
	Kai Hsiang Investment Co., Ltd.	2.98%
	Chin Hsiang Investment Co., Ltd.	2.57%
	Shun Yu Investment Co., Ltd.	1.60%
	Hong Yi Investment Co., Ltd.	1.55%
	Kuo Shao yi	1.53%
Li Mao Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.38%
	Lealea Enterprise Co., Ltd.	46.62%
Shun Yu Investment Co., Ltd.	Kuo, Chun-nan	52.94%
	Hsu, Pi-yuam	32.94%
	Kuo, Ke-rong	3.53%
	Kuo, Ko-chung	3.53%
	Kuo, Ke-wen	3.53%
	Kuo, Ke-ping	3.53%

Table 2: Major Shareholders of Institutional Shareholders in Table 1

15 April 2025

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Tung Ting Investment Co., Ltd.	Kuo, Shao-yi	66.67%
	Yang, I-lin	33.33%
Li Peng Enterprise Co., Ltd.	Lealea Enterprise Co., Ltd.	18.47%
	Li Hao Investment Co., Ltd.	4.87%
	Li Zan Investment Co., Ltd.	4.59%
	Li Mou Investment Co., Ltd.	3.76%
	Hung Shing Investment Co., Ltd.	2.67%
	Chin Hsiang Investment Co., Ltd.	2.60%
	Kai Hsiang Investment Co., Ltd.	1.68%
	Hong Yi Investment Co., Ltd.	1.65%
	Kuo Chuan ching	1.39%
	Shun Yu Investment Co., Ltd.	1.32%
Li Mao Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.38%
	Lealea Enterprise Co., Ltd.	46.62%
Li Shing Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.00%
	Lealea Enterprise Co., Ltd.	47.00%
Hung Hsing Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.02%
	Lealea Enterprise Co., Ltd.	46.98%

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Kai Hsiang Investment Co., Ltd.	Kuo, Shao-yi Kuo, Yu-chun Yang, I-lin Chih Hsiang Investment Co., Ltd. Kuo, Shu-chen Kuo, Shu-jen Kuo, Shu-hua Yi Rong Investment Co., Ltd. Tung Ting Investment Co., Ltd. Hong Yi Investment Co., Ltd.	37.40% 17.74% 14.79% 9.76% 5.00% 5.00% 5.00% 1.67% 1.57% 1.57%
Chih Hsiang Investment Co., Ltd.	Shun Yu Investment Co., Ltd. Kuo, Chun-nan Kuo, Ko-chung Hsu, Pi-yuam	31.40% 29.74% 25.47% 13.39%
Shun Yu Investment Co., Ltd	Kuo, Chun-nan Hsu, Pi-yuam Kuo, Ke-rong Kuo Ko-chung Kuo, Ke-wen Kuo, Ke-ping	52.94% 32.94% 3.53% 3.53% 3.53% 3.53%
Hong Yi Investment Co., Ltd.	Kuo, Shao-yi Yang, I-lin	50.00% 50.00%

1.2 Information of Directors

1. Disclosure of the Professional Qualifications of Directors and Independence of Independent Directors:

Criteria Name	Professional qualifications and experience	Independence	Currently serving as the independent director of other public companies
Kuo, Shao-yi	1. Worked from the entry level. Experienced in manufacturing technical engineering and sales. Currently, he acts as Chairman for polyester, nylon, IT and energy companies. He processes the experience required by the Company in businesses, finance and accounting and sales. 2. Does not meet any of the criteria described in Article 30 of the Company Act.	Not Applicable	0
Tung, Min-hsiung	1. President of the Company. He has the work experience required by the Company in sales and operation management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Kuo, Shu-chen	1. Currently, she is a Director of construction, hotel and environmental engineering companies with experience in business, construction, finance & accounting and operation management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Kuo, Ko-chung	1. Currently he is an employee in the purchasing department of an environmental engineering company. He is with commercial and purchasing experience. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Chen, Ping-huang	1. Served as President of the Company, and is with work experience in commerce, sales, raw materials, and management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Kuo, Chi-kang	1. He is a director and Chairperson of construction, hotel and environmental engineering companies. He has experience in business, construction and management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Independent Director Lin, Yao-chuan	1. Passed the National examination and obtained a certificate. He used to be a judge of Shilin District Court in Taiwan. Now, he is a partner / lawyer in a law firm. He has working experience in business, legal affairs and operation management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.	In order for independent directors to meet the conditions of independence, including but not limited to myself, spouse and second degree relatives who do not serve as directors, supervisors or employees of the Company or its affiliated enterprises; number of shares of the Company not held; not serving as a director, supervisor or employee of a company with a specific relationship with the Company; no remuneration has been received for providing the business, legal, financial, accounting and other services of the Company or related enterprises in the last two years.	0
Independent Director Kao, Cheng-shang	1. He served as the vice chairman of the Council of Indigenous Peoples of the Executive Yuan. At present, he is the executive director of the Native Taiwanese Social Enterprise Co., Ltd. and has the necessary working experience in business, legal affairs and operation management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Independent Director Lee, Su-chin	1. Worked for Delta Electronics, Inc. as Chief Accounting Officer of Finance and Management Division. Currently, she acts as Vice President of Cyntec Co. and is with work experience in business, finance, accounting, and operations management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0

2. Board Diversity Policy and Independence.

(1) Board Diversity Policy

At present, there are 9 Directors, including 3 Independent Directors. Among these 9 directors, 2 are women. There will be only 1 director with employee status. All Independent Directors has been in their role for over 7 years. One Director over 70 years of age; six are between 51 to 70 years old. The remaining two are below 50s'. The expertise of the board members covers management, law, accounting, public health, etc. They are industry operators, practicing lawyers, and have double master's degrees from Yale University in the United States. They all have the experience required in business, finance or corporate operations, and can provide professional advice from different angles, which is of great help to the company.

Job Title	Name	Gender/Age	Nationality	Business Management	Leadership Decision Making	Finance Accounting	Industry Knowledge	Legal Studies	Internationalization
President	Kuo, Shao-yi	Male/61-70 Years old	ROC	√	√	√	√		√
Director	Kuo, Shu-chen	Female/61-70 Years old		√	√	√	√		√
Director	Chen, Ping-huang	Male/71-80 Years old		√	√		√		√
Director	Tung, Min-hsiung	Male/61-70 Years old		√	√		√		√
Director	Kuo, Chi-kang	Male/41-50 Years old		√	√				√
Director	Kuo, Ko-chung	Male/31-40 Years old		√	√				√
Independent Director	Lin, Yao-chuan	Male/61-70 Years old		√	√			√	√
Independent Director	Kao, Cheng-shang	Male/61-70 Years old		√	√			√	√
Independent Director	Lee, Su-chin	Female/51-60 Years old		√	√	√			√

(2) Independence of the board of directors:

- There are nine members of the board of directors, including three independent directors; the specific weight is one third.
- All independent directors meet the independence requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
- Except that the two directors are within the second degree of kinship, other directors and independent directors are not subject to the provisions of paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(3) Disclosure of reasons and measures if the seats of directors of any gender do not reach one-third:

A. Reasons:

The Company has set up nine director seats according to the articles of association. The current directors were elected at the shareholders' meeting on June 21, 2024. However, there are only two female directors, which, although compliant with the relevant regulations at the time, still does not reach one-third. Additionally, due to the characteristics of the industry, it is difficult to find female talent.

B. Measures:

It is recommended that the competent authorities revise the regulations to mandate that shareholders nominate director candidates of different genders in a certain proportion or exclude nominations that do not meet the gender ratio requirements from the candidate list to promote gender diversity among directors.

1.3 Information of President, Vice President, Senior Managers and Department and Branch Managers

15 April 2025

Job Title	Nationality	Name	Gender	Date Elected	Shares Held		Shares held by spouse or minor children		Shares held by the name of other persons		Main working (education) experience	Current positions in or other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relations	
President	R O C	Tung, Min-hsiung	Male	1 September 2000	0	0.00%	0	0.00%	0	0.00%	Department of Textile Engineering, Feng Chia University	Supervisor of Libolon Energy, Eton Petrochemical Director of PT. Indonesia Hwalin Knitting Pt.Indonesia Libolon Fiber System	-	-	-	-
Vice President		Chen, Yu-chou	Male	1 September 2016	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Chemical Engineering, California State of University, USA	Supervisor of Li Mao Investment, Director of Fuli Express Co., Ltd and Eton Petrochemical Director	-	-	-	-
Vice President		Yuan, Pei-huan	Female	1 September 2012	87,114	0.01%	0	0.00%	0	0.00%	Department of Accounting, Chung Yuan Christian University	Director of LEALEA Technology and PT. Indonesia Libolon FIBER System Supervisor of Fu Li Transportation Co., Ltd. Supervisor	-	-	-	-
Vice President		Su Yen-ming	Male	1 September 2016	6,715	0.00%	49,818	0.01%	0	0.00%	Department of Textile Engineering, National Taipei University of Taipei	Director of PT. Indonesia Hwalin Knitting	-	-	-	-
Vice President		Wang, Chun-fa	Male	1 July 2016	183,525	0.02%	5,000	0.00%	0	0.00%	General Course, Heng Yee High School	Director of PT. Indonesia Hwalin Knitting	-	-	-	-
Assistant Vice President		Kuo, Li-ching	Male	1 September 2013	6,930	0.00%	0	0.00%	0	0.00%	Department of Textile Engineering, Feng Chia University	President of Libolon (Shanghai) Trading Company	-	-	-	-
General Plant Manager		Yang, Han-hsing	Male	1 Aug 2019	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, Tatung University	Director of Fu Li Transportation Co., Ltd.	-	-	-	-
Finance Manager		Huang, Mel yen	Female	1 July 2022	0	0.00%	0	0.00%	0	0.00%	Business Administration Department, Chihlee College of Business	-	-	-	-	-
Accounting Manager (Note)		Huang, Yi-ping	Female	13 September 2024	0	0.00%	0	0.00%	0	0.00%	National Taipei University of Business Department of Public Finance and Tax Administration	-	-	-	-	-

Note: On April 16, 2025, resigned the position of accounting supervisor due to a job adjustment.

2. Remuneration paid during the most recent fiscal years to Directors, Supervisors, the General Manager, and Assistant Vice President

2.1 Remuneration for Common Directors and Independent Directors

Unit: NTD1000

Job Title	Name	Directors' Remuneration								Total amount and Ratio of total Remuneration (A+B+C+D) to Net Income (Note 7)		Relevant Remuneration Received by Directors who are also employees								Total amount and Ratio of total Remuneration (A+B+C+D+E+F+G) to Net Income (Note 7)		Compensation Paid to Directors from an invested Company (Note 8)
		Remuneration (A) (Note 1)		Retirement Pension (B)		Directors' Remuneration (C)(Note 2)		Expenses on Professional Practice (D) (Note 3)				Salary, Bonuses & Allowance (E) (Note 4)		Severance Pay (F)		Profit Sharing – Employee Bonus (G) (Note 5)						
		The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company		Companies in the consolidated financial statements (Note 6)		The Company	Companies in the consolidated financial statements (Note 6)	
																Cash	Cash	Cash	Cash			
Chairman	Kuo, Shao-yi	0	0	0	0	0	986.5	300	444.4	300 0.75%	1,430.9 3.58%	6,028.8	7,607.7	96	96	0	0	0	0	6,424.8 16.09%	9,134.6 22.87%	4,830.4
Director	Chen, Ping-huang	0	0	0	0	0	0	300	300	300 0.75%	300 0.75%	4,187	4,187	25.9	25.9	0	0	0	0	4,512.9 11.30%	4,512.9 11.30%	84
	Kuo, Chi-kang	0	0	0	0	0	0	300	300	300 0.75%	300 0.75%	0	0	0	0	0	0	0	0	300 0.75%	300 0.75%	744.8
	LEALEA Enterprise, Representative: Tung, Min-hsiung	0	0	0	0	0	986.5	300	444.4	300 0.75%	1,430.9 3.58%	4,248.3	4,248.3	37	37	0	0	0	0	4,585.3 11.48%	5,716.2 14.31%	None
	Li Mao Investment, Representative: Kuo, Shu-chen	0	0	0	0	0	0	300	300	300 0.75%	300 0.75%	0	0	0	0	0	0	0	0	300 0.75%	300 0.75%	1,718.4
	Shun Yu Investment, Representative: Kuo, Ko-chung	0	0	0	0	0	0	300	300	300 0.75%	300 0.75%	0	0	0	0	0	0	0	0	300 0.75%	300 0.75%	1,718.4
Independent Director	Lin, Yao-chuan	0	0	0	0	0	0	600	600	600 1.50%	600 1.50%	0	0	0	0	0	0	0	0	600 1.50%	600 1.50%	None
	Kao, Cheng-shang	0	0	0	0	0	0	600	600	600 1.50%	600 1.50%	0	0	0	0	0	0	0	0	600 1.50%	600 1.50%	None
	Lee, Su-chin	0	0	0	0	0	0	600	600	600 1.5%	600 1.50%	0	0	0	0	0	0	0	0	600 1.50%	600 1.50%	None
1. The Company's independent directors' remuneration policy, system, standards and structure, and the relationship with the amount of remuneration according to the responsibilities, risks and time invested are described below: Regardless of profit or loss, a fixed amount of remuneration is paid every month. 2. Except as disclosed in the above chart, remuneration to directors received due to the service (if a non-employee consultant of the parent company/all companies listed in the financial report/non-employee consultant of re-investment businesses) provided to all companies listed in the financial statement in the most recent year: None.																						

Note 1: Remuneration of directors of the recent year (including salaries, job remuneration, severance, bonuses, and performance fees).

Note 2: Remuneration paid to directors of the recent year upon the approval of the Board of Directors.

Note 3: Business expenses paid out to directors in the recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included.

Note 4: Remuneration for directors concurrently holding positions in the Company (for positions that include the President, Vice President, other managerial officers, or employees) shall include salaries, job remuneration, severance, bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, vehicles, and provision of physical items and services. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included. Salary expenses recognized in accordance with IFRS 2 "Share-based Payment" including acquisition of employee stock warrants, new restricted employee shares, and participation in capital increases by cash subscription, shall all be calculated as remuneration.

Note 5: Refers to those who receiving employee remuneration (stock and cash bonus); such as those director, who also services as an employee to the Company, (including concurrently serving as a president, vice president, other manager, or employee), shall disclose the rewarding amount proposed and resolved by the Board. (If cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year). Table 1-3 shall be filled in.

Note 6: Total remuneration paid by all the companies (including the Company) in the consolidated report to the director.

Note 7: Net income disclosed from the latest parent company only or individual financial statement.

Note 8: a. This field represents all forms of remuneration that the director received from the Company's parent company or invested businesses other than subsidiaries (specify "-" if absent).

b. Remuneration refers to any return, compensation (including compensations received as an employee, director and supervisor) and professional service fee that the Company's director received for serving as director, supervisor, or manager in the parent company or invested businesses other than subsidiaries.

2.2 Supervisors' Remuneration

1. Remuneration paid to Supervisors (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range): The Company has set up the Auditor Committee to replace Supervisors.

2.3 President and Vice Presidents' Remuneration

Unit: NTD1000

Job Title	Name	Salary (A) (Note1)		Pension upon Retirement (B)		Bonuses & Special Disbursement Paid (C) (Note 2)		Amount of Employee Remuneration (D) (Note 3)				Total amount and Ratio of total Remuneration (A+B+C+D) to Net Income (Note 5)		Compensation paid to the President and VP from an invested company or the parent company other than the company's subsidiary (Note 6)
		The Company	Consolidated Subsidiaries (Note 4)	The Company	Consolidated Subsidiaries (Note 4)	The Company	Consolidated Subsidiaries (Note 4)	The Company		Consolidated Subsidiaries (Note 4)		The Company	Consolidated subsidiaries (Note 4)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chen, Ping-huang	1,295	1,295	25.9	25.9	2,892	2,892	0	0	0	0	4,212.9 10.55%	4,212.9 10.55%	84
President	Tung, Min-hsiung	1,850	1,850	37	37	2,398.3	2,398.3	0	0	0	0	4,285.3 10.73%	4,285.3 10.73%	None
Vice President	Chen Yu-chou	1,620	1,620	32.4	32.4	1,677	1,677	0	0	0	0	3,329.4 8.34%	3,329.4 8.34%	None
Vice President	Yuan, Pei-huan	1,621.2	1,621.2	32.4	32.4	1,256	1,256	0	0	0	0	2,909.6 7.28%	2,909.6 7.28%	2,842.9
Vice President	Su, Yen-ming	520	520	10.4	10.4	0	0	0	0	0	0	530.4 1.33%	530.4 1.33%	None
Vice President	Wang, Chun-fa	540	540	10.8	10.8	0	0	0	0	0	0	550.8 1.38%	550.8 1.38%	None

NoteA: Chen, Ping-huang retired on 2024.07.31.

Tung, Min-hsiung, was promoted to President on 2024.08.01.

Su Yen-ming and Wang, Chun-fa were promoted to Vice President on 2024.09.01.

NoteB: Additionally, three cars were provided, with a total cost of NT 4,511 thousand, and one employee dormitory, with an annual rent of approximately NT 144 thousand. Furthermore, due to the retirement of President Chen Ping-huang on July 31, 2024, during his tenure, one driver was assigned with an annual salary of NT 265 thousand, one car was provided with a total cost of NT 1,502 thousand, and one employee dormitory with an annual rent of approximately NT 96 thousand.

Note 1: This includes salary, compensation for professional services, severance pay, and all bonus and bounties paid to President and Vice President during the year.

Note 2: Payments to Presidents or Vice Presidents to reward or cover business expenses (including various bonuses, rewards, travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. Salary expenses recognized in accordance with IFRS 2 "Share-based Payment" include acquisition of employee stock warrants, new restricted employee shares, and participation in capital increases by cash subscription, shall all be calculated as remuneration.

Note 3: Employee remuneration amount (stock and cash; if cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year) to President or Vice President is proposed and resolved by the Board of the fiscal years. Table 1-3 shall be filled in.

Note 4: Aggregated amount of individual compensation paid by the Group companies (including the Company) in the consolidated statement to the president or executive vice president.

Note 5: Net income disclosed from the latest parent company only or individual financial statement.

Note 6: a. This field represents all forms of remuneration that the President and Vice Presidents received from the Company's parent company or invested businesses other than subsidiaries (specify "-" if absent).

b. For President/Vice Presidents who receive remuneration from parent company or invested businesses other than subsidiaries, the amount of remuneration from parent company or invested businesses have been added to column E of the remuneration brackets table. In which case, column E will be renamed "parent company and all invested businesses..."

c. Remuneration refers to any returns, compensation (including compensations received as an employee, director, and supervisor) and professional service fees that the Company's President/Vice Presidents received for serving as directors, supervisors or managers in the parent company or invested businesses other than subsidiaries.

2.4 Remuneration of Top Five Remunerated Executives of OTC Listed Company

Unit: NTD1000

Job Title	Name	Salary (A) (Note 2)		Pension upon Retirement (B)		Bonuses & Special Disbursement Paid (C) (Note 3)		Amount of Employee Remuneration (D) (Note 4)				Total amount and Ratio of total Remuneration (A+B+C+D) to Net Income (Note 6)		Compensation paid to the President and VP from an invested company or the parent company other than the company's subsidiary (Note 7)
		The Company	Consolidated Subsidiaries (Note 5)	The Company	Consolidated Subsidiaries (Note 5)	The Company	Consolidated Subsidiaries (Note 5)	The Company		Consolidated Subsidiaries (Note 5)		The Company	Consolidated subsidiaries (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Tung, Min-hsiung	1850	1850	37	37	2398.3	2398.3	0	0	0	0	4,285.3 10.73%	4,285.3 10.73%	None
President	Chen, Ping-huang	1295	1295	25.9	25.9	2892	2892	0	0	0	0	4,212.9 10.55%	4,212.9 10.55%	84
Vice President	Su, Yen-ming	1560	1560	31.2	31.2	1857.7	1857.7	0	0	0	0	3,448.9 8.64%	3,448.9 8.64%	None
Vice President	Wang, Chun-fa	1620	1620	32.4	32.4	1766	1766	0	0	0	0	3,418.4 8.56%	3,418.4 8.56%	None
Vice President	Chen Yu-chou	1620	1620	32.4	32.4	1677	1677	0	0	0	0	3,329.4 8.34%	3,329.4 8.34%	None

Note A: Chen, Ping-huang retired on 2024.07.31.

Tung, Min-hsiung, was promoted to President on 2024.08.01.

Su Yen-ming and Wang, Chun-fa were promoted to Vice President on 2024.09.01.

Note B: Additionally, three cars were provided, with a total cost of NT 4,511 thousand, and one employee dormitory, with an annual rent of approximately NT 144 thousand. Furthermore, due to the retirement of President Chen Ping-huang on July 31, 2024, during his tenure, one driver was assigned with an annual salary of NT 265 thousand, one car was provided with a total cost of NT 1,502 thousand, and one employee dormitory with an annual rent of approximately NT 96 thousand.

Note 1: Managerial officers with the top five highest remuneration amounts refers to managers at The Company, in which the standard for determining managers is the applicable scope set forth in Order Tai Chai Chen (III) No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D). If the directors also serve concurrently the positions listed above, this Form and the previous Form (1-1) must be filled out.

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

Note 3: Refers to the remuneration paid to the managerial officers with the top five remuneration amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognised in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 4: Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers with the top five remuneration amounts in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year. And the Appendix Form (1-3) should be filled out.

Note 5: The total remuneration paid by all companies in the consolidated statements (including The Company) to managerial officers with the top five highest remuneration amounts must be disclosed.

Note 6: Net income disclosed from the latest parent company only or individual financial statement.

Note 7: a. This field represents all forms of remuneration paid to the managerial officers with the top five remuneration amounts received from the Company's parent company or invested businesses other than subsidiaries (specify "-" if absent).

b. Remuneration refers to any return, compensation (including compensations received as an employee, director and supervisor) and professional service fee paid to the managerial officers with the top five remuneration amounts while serving as director, supervisor, or manager in the parent company or invested businesses other than subsidiaries.

2.5 Name and Distribution Status of the Managers who Distribute Employee's Remuneration

31 March 2025

Unit: NTD1000

	Title	Name	Amount of Stock dividend	Amount of Cash dividend	Total	% of Total Amount against Net Income
Managerial Officers	President	Tung, Min-hsiung	0	0	0	0
	Vice President	Chen, Yu-chou				
	Vice President	Yuan, Pei-huan				
	Vice President	Su, Yen-ming				
	Vice President	Wang, Chun-fa				
	Assistant Vice President	Kuo, Li-chen				
	General Plant Manager	Yang, Han-hsing				
	Accounting Manager	Huang, Yi-ping				
	Finance Manager	Huang, Mei-yen				

Note: The scope of application for managers is defined in accordance with the Tai.Chai.Chen (III) No. 0920001301 letter dated March 37, 2003 by the SEC as follows:

- (1) President and the equals
- (2) Senior Vice President and the equals
- (3) Assistant Vice President and the equals
- (4) Finance Manager
- (5) Accounting Manager
- (6) Managerial Officers and the individuals authorized to sign

2.6 Analysis of the proportion of the total remuneration paid by the company and all companies in the consolidated financial statements to the company's directors, supervisors, presidents and vice presidents and deputy general managers vs. the net profit after individual financial reports in the most recent two years, explanation of the policies, standards and combinations of remuneration payments , the procedures for determining remuneration and the correlation with business performance and future risks

1. Ratio Analysis:

2023		2024	
The Ratio of total remuneration paid by the Company to Directors, Supervisors, President, and Vice Presidents / Net Income (%)		The Ratio of total remuneration paid by the Company to Directors, Supervisors, President, and Vice Presidents / Net Income (%)	
The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
-5.62%	-6.34%	63.96%	73.57%

2. The remuneration policy, standard, and combination procedures

It is stipulated in the Articles of Incorporation that no less than 2% of the profit shall be distributed as the employee bonus, and a portion of no higher than 5% as the directors' compensation. However, if the Company has accumulated loss, it shall first cover the loss before allocating a fixed amount or ratio from the current year distributable as indicated above to the employees and directors as compensation. Apart from the fixed compensation, the directors and Independent Directors shall receive director remunerations. The actual distributable ratio and amount shall be evaluated and recommended by the Remuneration Committee according to the distribution principles and then approved by the resolution of the Board of Directors' meeting, and reported in the shareholders' Annual Meeting. The Remuneration paid to managers includes salary and annual bonus. Salary is determined by organization system, ranking, job title, and Payroll Administration Measures. Annual Bonus (year-end and surplus bonus) will be reasonably awarded based on financial indicators (such as PE ratio or EPS of the core business), non-financial indicators (such as Performance Assessment, Ranking, merits, or errors), and future operational risks.

3. Remuneration Payment Procedure

The distributable ratio and amount shall be evaluated and recommended by the Remuneration Committee according to the Distribution Principles and then approved by the resolution of the Board of Directors' meeting and reported in the shareholders' Annual Meeting.

4. Relations between the Management Performance and future Risks

The remuneration paid to managers has been taken into consideration of their professionalism, company's operation, and financial status. The performance of the staff whose ranks under vice president (included) shall be evaluated every six months.

The management of the Company is able to arrive at critical decisions because they have carefully gone through risk assessment and evaluated all factors. These important decisions influenced the profitability of the Company as well as the remuneration of Directors and managers of the Company.

3. The Status of Corporate Governance Implementation

3.1 Board of Directors

During the latest year (2024), **11 board meetings (A)** were held. The attendance of the directors is as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate in Person (%) 【B/A】 (Note 2)	Remarks
Chairman	Kuo, Shao-yi	11	0	100%	Re-elected and served for another term on June 21, 2024
Director	Lealea Enterprise Co., Ltd. Representative: Tung,Min-hsiung	11	0	100%	
Director	Li Mou Investment Co., Ltd. Representative: Kuo,Shu-chen	11	0	100%	
Director	Shun Yu Investment Co., Ltd. Representative: Kuo,Ko-chung	11	0	100%	
Director	Chen,Ping-huang	11	0	100%	
Director	Kuo,Chi-kang	10	0	91%	
Independent Director	Lin,Yao-chuan	11	0	100%	
Independent Director	Kao, Cheng-shang	11	0	100%	
Independent Director	Lee, Su-chen	9	0	82%	

Other Disclosure:

- The date of board meeting, session, content of the proposal, the opinions of all independent directors and the Company's response to the opinions of independent directors shall be recorded if any of the following circumstances occurs:
 - Any circumstance described in Article 14-3 of the Securities and Exchange Act: Please refer to page 44 to 45 "Major resolutions by Board of Directors"
 - Other resolutions arising from the foregoing matters against or on which any of the Independent Directors has Objections or reservations, whose objections or reservations have been recorded or declared in writing: No objection or reservation on all proposals.
- If there are directors' recusal of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	The Directors of Interest Avoidance	Motion	The Reason for the Avoidance of Interest	Status of Participation in Voting
114.07.26	Lealea Enterprise Representative: Tung, Min-hsiung	Appointment of the Company's president and its remuneration	The party	Except for the one director who avoided interest, all the directors present approved in accordance with the amendment.
	Lealea Enterprise Representative: Tung, Min-hsiung	Removal of officers' non-compete clause	The party	Except for the one director who avoided interest, all the directors present approved in accordance with the amendment.

- TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors:

The results of the performance evaluation were reported to the Board of Directors on March 14, 2025.

Evaluation Cycle	Assessment Period	Scope of Evaluation	Evaluation Method	Evaluation Items
Once a year	From 1st Jan 2024 to 31 Dec 2024	Board of Directors	Self-Assessment Questionnaire on Board of Director Performance	1. Level of participation in company operation. 2. Improving the quality of Board decisions. 3. Board composition and structure. 4. Appointment of directors and their continuing education, 5. Internal Controls
		Directors	Self-Assessment Questionnaire on Board of Directors Performance	1. Grasp of company targets and missions 2. Understanding of the director's role and responsibilities 3. Level of participation in company operations 4. Internal relationship management and communication 5. Director's specialty and continued development, 6. Internal Control
		Functional Committees (Audit Committee/ Remuneration Committee)	Self-Assessment Questionnaire on Functional Committees' Performance	1. Level of participation in company operation. 2. Understanding of the responsibilities of functional committees 3. Improvement of the decision-making quality of functional committee 4. Composition of functional committee and member selection 5. Internal Control

4. The objectives (such as setting of an audit committee and improvement of information transparency etc.) of strengthening the functionality of the Board of Directors for the present year and recent years and assessment on the implementation:

- (1) Every important resolution made by the Board of Directors will be published in the Company's website. The Company also insures all the Directors with liability insurance to increase information transparency of company's operation and at the same time to protect shareholders equity. The Company also set up Audit Committee to assist the Board of Directors to fulfil supervision duty.
- (2) In order to carry out corporate governance and enhance the functions of board of directors, the Company establishes the performance targets for the Directors to improve their operation efficiency. Pursuant to the Company's "Rules for Performance Evaluation of Board of Directors" approved by the board of directors on October 28, 2020, the internal performance appraisal of the Board of Directors and the Functional Committees should be conducted by the end of the 1st quarter each year.

3.2 Audit Committee

A total of **9 Audit Committee meetings (A)** were held in the most recent year. The attendance of the Independent Directors was as follows:

Job Title	Name	Attendance in Person (B)	By Proxy	Rate of Attendance (%) (B / A) (Note)	Remarks
Independent Director	Lin, Yao-chuan	9	0	100%	Re-elected and served for another term on June 21, 2024
	Kao, Cheng-shang	9	0	100%	
	Lee, Su-chin	8	0	88.9%	

Other Mentionable items:

1. The Company establishes “Audit Committee” to replace the duties and annual job items of Supervisors on 10 June 2015.

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1, Securities and Exchange Act.
- (2) Assessment of operating effectiveness of the internal control system
- (3) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- (11) Any other material matter so required by the company or the Competent Authority.

◎ Review of Financial Statements

The Company’s 2024 financial statement prepared by the Board of Directors, Deloitte Taiwan Certified Public Accountants, Huang, I-min and Hong, Kuo-tyan completed the inspection and issued an inspection report, together with the Business Report and the motion of Surplus Distribution, and were reviewed by the Audit Committee. Audit Committee verified that the reports existed were no discrepancies.

◎ Assessment of operating effectiveness of the internal control system

The Company has completed the self-assessment of internal control system operation for the year 2024. A report based on the self-assessment has been issued and approved by the Audit Committee and proposed to the Board of Directors’ Meeting for review and resolution.

2. If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or material recommendations of the independent directors, the results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's opinions.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act.

Date of Audit Committee meeting	Sessions The 3 rd Session	Proposal Content	Independent directors' objections, qualified opinion or material recommendations	Opinion of Audit Committee	Resolution to Opinion of Audit Committee
30 Jan 2024	The 23 th Meeting	1. Proposal on changes and appointment of CAP. 2. Lending to the other companies. 3. Proposal on the fund of subsidiaries lent to others. 4. Endorsements and guarantees.	None	Approved	None

Date of Audit Committee meeting	Sessions The 3 rd Session	Proposal Content	Independent directors' objections, qualified opinion or material recommendations	Opinion of Audit Committee	Resolution to Opinion of Audit Committee
15 Mar 2024	The 24 th Meeting	1. The 2023 business reports and financial statements. 2. 2023 Internal Control System Declaration. 3. Revision of certain articles of the "Audit Committee Charter". 4. Lending to the other companies.	None	Approved	None
25 Apr 2024	The 25 th Meeting	Endorsements and guarantees.	None	Approved	None
26 Jul 2024	The 1 th Meeting	1. Election of the Convener. 2. Proposal on the appointment of president and its remuneration. 3. Lift the non-compete restriction on managers	None	Approved	None
12 Aug 2024	The 2 th Meeting	Endorsements and guarantees.	None	Approved	None
23 Sep 2024	The 3 th Meeting	1. Lending to the other companies. 2. Proposal of loans of funds from subsidiaries.	None	Approved	None
23 Oct 2024	The 4 th Meeting	Lending to the other companies.	None	Approved	None
11 Nov 2024	The 5 th Meeting	1. Proposal on funds lent to Subsidiaries. 2. Proposal on the fund of subsidiaries lent to others.	None	Approved	None
20 Dec 2024	The 6 th Meeting	1. Proposal to amend the "Internal Control System". 2. Proposal to formulate and approve the audit plan for the year 2025. 3. Proposal to formulate and approve the business operation plan for the year of 2025. 4. CPAs' Compensation in 2024. 5. Proposal on funds lent to Subsidiaries. 6. Proposal on the fund of subsidiaries lent to others. 7. Proposal to adjust the borrowing limit of subsidiaries.	None	Approved	None

(2) Matters other than the foregoing matters that have been approved by 2/3 of all Directors but not approved by the Audit Committee: None.

3. If there are Independent Directors' recusal of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

4. Communications between the Independent Directors, the Company's Chief Internal auditor, and Certified Public Accountants (CPAs) (The description should include the matters, manners and results of communications on the Company's financial and business status.)

Date	Method	Party	Summary	Results
2025.02.05	Seminar	CPA	1. 2023 Audit Quality Index Report. 2. Audit planning stage: (1) Responsibilities of the governance unit. (2) Quality management system for Accounting firms.	Independent director have no opinion

Date	Method	Party	Summary	Results
			<p>(3) Audit scope and method - the audit will be planned and performed in accordance with CPA audit endorsement rules for financial statements and generally accepted auditing standards, so as to reasonably be sure whether the financial statements are free of material misstatement.</p> <p>(4) Group Audit - The group's constituent entities and auditors audit the work.</p> <p>(5) Major accounting policies, major accounting estimates and major events or transactions.</p> <p>(6) Significant Risks and Key Audit Matters - The authenticity of sales revenue from specific customers for nylon products and the accuracy of the expression of sales revenue from specific customers for chemical raw materials trading products.</p> <p>(7) Internal control deficiencies found during the audit process - No significant deficiencies found in this period.</p> <p>(8) IFRS Sustainable Disclosure Standards.</p>	
		Audit supervisor	<p>(1) Description of the progress of tracking and improvement in 2024.</p> <p>(2) Description of the audit operation in the first quarter of 2025.</p> <p>(3) Description of the effectiveness assessment of internal control.</p>	
2025.03.14	Seminar	CPA	<p>Audit completion stage:</p> <p>(1) Group audit: After assessment, no further audit procedures are required for the equity method investee.</p> <p>(2) Key Matters and Subsequent Matters:None</p> <p>(3) Key audit matters - no major abnormality is found, which is reasonable.</p> <p>(4) Conclusion: Based on our audit findings, no significant violations of the Securities Issuer Financial Reporting Standards or the International Financial Reporting Standards (IFRSs) recognized and issued by the Financial Supervisory Commission were found in the consolidated financial statements for the year ended 2024.</p> <p>(5) Other reminders.</p>	Independent director have no opinion
		Audit supervisor	Audit operations for the second quarter of 2025.	

3.3 Corporate Governance Implementation Status, Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”, and Reasons of Deviations

Evaluation Item	Implementation Status			Deviations from “the corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company established and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?”	✓		We have established the “Corporate Governance Best Practice Principles”, and it is publicly announced on our company website and the Market Observation Post System.	No Deviation
2. Shareholding structure & shareholders' rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company has appointed a spokesperson and an acting spokesperson to represent the Company and make statements. Along with the assistance from the Stock Affair Agent and Legal Department, the spokespersons are able to handle shareholders' suggestions, doubts, disputes, litigations, etc.	No Deviation
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) Stock Affair Department and appointed Stock Affair Agent have the list of major shareholders and who ultimately controls them disclose this information pursuant to the laws.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) Risk management and firewall system have been established in the internal control system.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4) The Company has formulated the “Operating Procedures for the Prevention of Inside Trading”.	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board formulated a diversity policy, specific management objectives and implemented them?	✓		(1) The Company has set “Corporate Governance Best Practice Principles” to ensure board members' competency and diversity. In addition, it has been expressly stipulated in the Articles of Incorporation that the election of the directors (including Independent Directors) should adopt the candidates nomination system. In electing directors, not only professionalism is taken into consideration, but diversification is also an important factor. At present, there are 9 Directors, including 3 Independent Directors. Among these 9 directors, 2 are female; 1 are the employees of the Company. All of the Independent Directors has been in the positions for more than 7 years. One Director is more than 70 years old; another six Directors	No Deviation

Evaluation Item	Implementation Status			Deviations from “the corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	are between 51 to 70 years old. The rest 2 Directors are below 50s'. The expertise of the board members covers management, law, accounting, public health, etc. They are industry operators, practicing lawyers, and have double master's degrees from Yale University in the United States. They all have the experience required in business, finance or corporate operations, and can provide professional advice from different angles, which is of great help to the company. (2) No.	Measures will be taken if there are actual demands or if it is required by laws and regulations.
(3) Does the company establish standards and method for evaluation Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	✓		(3) We have established “Internal Performance Evaluation of the Board of Directors” and evaluation methods. The Remuneration Committee will review the evaluation results of the Board, and the Remuneration Committee will also go through the policy, system, standards, and structure of the payroll. It will then provide suggestions to the Board for discussion and resolution.	No Deviation
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) We review and evaluate the expertise, competence, and independence of CPA at least once a year (Note 1) In addition to requiring certified public accountants to provide "Declaration of Detachment and Independence" and "Audit Quality Indicators (AQIs)", the AQI disclosure structure and template was issued by the Financial Supervisory Commission of the Executive Yuan on August 19, 2021, as an option for companies and audit committees to appoint The objective reference indicators for certification accountants, the evaluation results of the most recent year have been approved by the board of directors resolution on February 5, 2025.	No Deviation

Evaluation Item	Implementation Status			Deviations from “the corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	✓		(1) A head of corporate governance has been set up to provide directors with the information required to perform their business, assist in complying with laws and regulations, and handle matters related to the meetings of the board of directors and shareholders' meetings in accordance with the law. (2) Please refer to page 42 for corporate governance training.	No Deviation
5. Whether the company has established communication channels with its interested parties (including but not limited to shareholders, employees, clients and suppliers) and set up an “interested parties section” on the corporate website, and properly responded on significant topics of corporate social responsibilities with which the interested parties are concerned.	✓		The Company has set up a stakeholder area page with contact information in the company website. By doing so, we are able to link different topics of concerns with relevant departments for better communication and satisfactory response.	No Deviation
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		Appointing the “Taishin Securities Co., Ltd. Stock Affairs Agency Department” to handle matters related to shareholder services.	No Deviation
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) The Company has set up our corporate website, which will be updated from time to time, and which is also connected to the Market Observation Post System for more information.	No Deviation
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(2) The Company has designated specific person to be responsible for collecting and disclosing relevant information. The Company also establishes the Spokesperson system to make statements on the Company’s behalf. All the information regarding Investor Conference is uploaded and disclosed on the Company’s website from time to time.	No Deviation
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		✓	(3) The Company announced and reported the 1 st , 2 nd , 3 rd financial statements and monthly revenues within the prescribed deadlines.	Due to the quantity of subsidiary and related companies, the Company is unable to announce and report the annual financial statements earlier than the prescribed timeline.

Evaluation Item	Implementation Status			Deviations from “the corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
8. Does the Company have other important information for better understanding the Company’s corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company’s directors and supervisors)?	✓		<p>(1) The Company attaches great importance to create harmonious labour relations. We continuously improve the welfare of employees and the safety & quality of the working environment, including better staff meals, annual staff travel, health examines, bonus, subsidies for weddings, funerals, education, etc. We also buy group insurance for our employees to provide them with better protection.</p> <p>(2) Through holding investor conference, and by attending the investment meetings held by securities houses, the Company is able to communicate with investors and delivers the feedbacks to the top management and related departments for improvement. The Company also established an area of “Corporate Governance” in the website as an access point for stakeholders to understand our internal control system and various operation procedures.</p> <p>(3) Please refer to page 41~42 for director training.</p> <p>(4) Regarding our purchase policy with suppliers, our prior concerns are environmental protection, energy saving, and quality control. Pricing is not the only determining factor.</p> <p>(5) In addition to providing high quality products, the Company actively carries out manufacturing quality control, environmental protection, and factory safety & health management, which have been qualified with international certifications.</p> <p>(6) The Company insures the Directors, Supervisors, and important staff with liability insurance. The sum insured is as high as USD6 million.</p>	No Deviation
<p>9. Please explain on the basis of the results of corporate governance assessment announced by the TWSE Corporate Governance center in the most recent year the items that have been improved, and advise the matters and measurements to be strengthened with priority as to the items that have not been improved.</p> <p>(1) Improvement made for 2024: The Company's disclosure of information on its external website has been gradually increased and updated regularly, and in the future, the priority will be to speed up the provision of shareholders' meeting information in coming years.</p> <p>(2) For the items to be improved, we have proposed prioritized measures and plans: The principle is to make improvements without increasing operational cost while complying with the laws and regulations.</p>				

Note1: Evaluation of CPA's Independence and Suitability for 2024:

(1) Evaluation Unit: Accounting Unit

(2) Evaluation Year: 2024

(3) Evaluation Date: 2025.01.09

(4) Evaluation of appointed accounting firm and accountant: Deloitte & Touches Certified Public Accountants, Huang, I-min and Hong, Guo-tian

(5) Evaluation content:

The evaluation form is made by referring to Article 47 of the Certified Public Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant of R.O.C. No. 10, "Integrity, Objectivity, and Independence."

Evaluation Item	Evaluation Result
1. There is no direct or material indirect financial interest between the CPAs and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. There is no significant close business relationship between the CPAs the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. There is no potential employment relationship at the time of the audit of the Company by the CPAs.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. The CPAs have not involved in monetary borrowing matters with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. The CPAs have not received any present of significant value from the Company or the Company's directors and supervisors (the value of which exceeds normal social etiquette standards)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6. The CPAs have not provided audit services to the Company for seven consecutive years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7. The CPAs do not have the shares of the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
8. The CPAs, their spouses or dependents, or their audit team did not hold any position as a director, manager, or officer of the Company during the audit period or within the last two years that has materially affected the audit, and has determined that they will not hold any such position during future audits.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9. If the CPAs have met the standards stipulated in the Professional Ethics for Certified Public Accountant, No. 10, and obtained the Declaration of Independence "issued by the CPA's firm.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(6) Work Performance:

- ☒ Finished the audit process of the Company as scheduled.
- ☒ Finished the financial audit of the reinvested companies as scheduled.
- ☒ Provided financial and tax consultation services from time to time.

(7) Evaluation Results:

The Company appointed Deloitte & Touche Certified Public Accountants, Huang, I-min and Hong, Kuo-tyan to audit this year's financial statements. The independence and competency of both accountants were assessed to be qualified.

3.4 If the Company has set up a remuneration committee or nomination committee, it should disclose its composition, responsibilities and operation.

1. Information of the Committee Members

Criteria Status	Name	Professional Qualification and Experience	Independence	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Independent Director	Lin, Yao-chun (Convener)	Passed the National examination and obtained a (lawyer) certificate. He used to be a judge of Shilin District Court in Taiwan. Since 2004, he is a partner / lawyer in a law firm. He has more than 28 years' work experience in business, legal affairs and operation management.	As an independent director, in line with independence, including but not limited to myself, spouse, second-degree kinship or relatives who have not served as directors, supervisors or employees of the Company or its affiliated companies; have not held the number of shares of the Company; have not served as directors, supervisors or employees of companies with specific relationships with the Company; in the last 2 years, the Company or its affiliated companies have not received remuneration for business, legal affairs, finance, accounting and other services.	0
Independent Director	Kao, Chen-shan	He served as the first chairman of the Council of Indigenous Peoples of the Executive Yuan in 1996 and served as Deputy Director of the Council in 2000. He served as CEO of the Native Taiwanese Social Enterprise Co., Ltd. since 2015. He has more than 28 years' work experience in business, legal affairs and operation management, which are required by the Company.		0
Independent Director	Lee, Su-ching	From 1999 to 2015, she served as the chief accounting officer of the Financial Operation and Management Department of Delta Electronics Inc. Since 2016, she has served as the Vice President of Cytotec Co. Ltd, with more than 26 years of experience. Possess the required work experience in business, finance, and accounting.		0

2. Operation of the Remuneration Committee

(1) There are 3 members in the Remuneration Committee.

(2) The term of the current Committee members: From 21 June 2024 to 20 June 2027.

A total of **4 Remuneration Committee meetings** were held in the most recent year. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Rate of Attendance (%) (B / A) (Note)	Remarks
Convener	Lin, Yao-chun	4	0	100%	Re-elected and served for another term on June 21, 2024
Committee Member	Kao, Chen-shan	4	0	100%	
Committee Member	Lee, Su-ching	3	0	75%	

Other mentionable items:

1. Scope of Responsibility

(1) To establish and review performance assessment of Directors and managers, and remuneration policy, system, standards, and structure.

(2) To establish and review remuneration paid to Directors and managerial officers.

2. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

3. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions, and the response to members' opinion should be specified:

Date	Remuneration Committee	Proposal Content	Resolution of Remuneration Committee	Response of the Company to the opinions of the Remuneration Committee
30 Jan 2024	5 th Session, 11 nd meeting	1. Proposal of the ratio of appropriation of employees' compensation and directors' remuneration. 2. The bonus base and calculation method.	Approved	None Opinion
26 Jul 2024	6 th Session, 1 nd meeting	Proposal on the appointment of president and salary remuneration.	Approved	None Opinion
23 Sep 2024	6 th Session, 2 nd meeting	1. Proposal of employee's annual promotion and adjustment of manager's salary and remuneration. 2. Proposal on the appointment of Accounting officer.		
20 Dec 2024	6 th Session, 3 th meeting	1. Proposal of the ratio of appropriation of employees' compensation and directors' remuneration. 2. The bonus base and calculation method.	Approved	None Opinion

3.5 Promotion of Sustainable Development and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons						
	Yes	No	Explanation in Brief							
1. Has the Company established a governance structure to promote sustainable development, and has it set up a unit which specializes (or is involved) in promoting sustainable development and run by senior managerial officers authorized by the Board of Directors, and does the Board of Directors supervise its implementation status?		✓	No full-time (Part-time) unit for sustainable development has been set.	Measures will be taken if there are actual demands or if it is required by laws and regulations.						
2. Has the Company conducted risk assessments of environmental, social, and corporate governance issues related to the Company’s operations in accordance with materiality principles and formulated related risk management policies or strategies?	✓		<div>1. The risk assessment period is from January to December of 2024, and the risk assessment boundary is dominated by the Company.</div> <div>2. Based on the assessed risks, relevant risk management policies or strategies are formulated as follows</div> <table><tr><th>Material Issues</th><th>Risk Assessment Items</th><th>Descriptions</th></tr><tr><td>Environment</td><td>Environmental impact and management</td><td><div>The core value of the Company is to co-exist with the environment and the ecosystem through the following methods:</div><div>1. Create more from less and increase resource productivity: devoted to eliminating unnecessary waste of raw materials, processes, and energy, and minimize waste to the least.</div><div>2. Environmental design: focus on the concept of "environmental design" in the product production process and develop environmentally friendly products such as Ecoya® since 2000 that does not require dyeing after weaving, which not only reduces water use in the dyeing and finishing process, but also reduces energy, wastewater, and waste gas (such as CO2) by about 70~82%.</div><div>3. Product life cycle: we have been developing environmentally friendly recycled yarn products since 2003. From 2010, we started to use the scraps generated by factories to make RePET-P, RePET-W products through recycling processes to achieve the goal of extending the life of the products. The Company also continues to get the GRS (Global Recycle Standard) certification. (2024.08.06-2025.08.05)</div><div>4. Environmental Certification: The Company requires products to comply with environmental related regulations, therefore, we have obtained "ISO 14001" environmental</div></td></tr></table>	Material Issues	Risk Assessment Items	Descriptions	Environment	Environmental impact and management	<div>The core value of the Company is to co-exist with the environment and the ecosystem through the following methods:</div> <div>1. Create more from less and increase resource productivity: devoted to eliminating unnecessary waste of raw materials, processes, and energy, and minimize waste to the least.</div> <div>2. Environmental design: focus on the concept of "environmental design" in the product production process and develop environmentally friendly products such as Ecoya® since 2000 that does not require dyeing after weaving, which not only reduces water use in the dyeing and finishing process, but also reduces energy, wastewater, and waste gas (such as CO2) by about 70~82%.</div> <div>3. Product life cycle: we have been developing environmentally friendly recycled yarn products since 2003. From 2010, we started to use the scraps generated by factories to make RePET-P, RePET-W products through recycling processes to achieve the goal of extending the life of the products. The Company also continues to get the GRS (Global Recycle Standard) certification. (2024.08.06-2025.08.05)</div> <div>4. Environmental Certification: The Company requires products to comply with environmental related regulations, therefore, we have obtained "ISO 14001" environmental</div>	No Deviation
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Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																		
	Yes	No	Explanation in Brief																			
			<table><tr><th>Material Issues</th><th>Risk Assessment Items</th><th>Descriptions</th></tr><tr><td></td><td></td><td>management verification (expired in 2025) and passed the Swiss Oeko-Tex Standard 100 certification to ensure that the products provided will not harm the human body. Bluesign certification (expired in 2025) is to ensure the production chain as a whole is harmless to human and the environment. All certifications will extend periodically.</td></tr><tr><td rowspan="2">Society</td><td>Occupational safety and sanity</td><td>1. Completed verification of ISO 45001 Occupational health and safety management systems: Nylon General Plant (2024.08.03-2027.08.03) Yangmei Plant (2023.10.13-2026.10.13) Changhua Plant (2022.03.14-2025.03.14) 2. Holds regular fire drill and environmental safety and health education and training every year to cultivate employees' emergency response and self-safety management capabilities to prevent them from situations that may cause injury or illness.</td></tr><tr><td>Product quality and safety</td><td>1. All products of the Company comply with the government regulations and laws, and we are a member of ZDHC - Zero Discharge of Hazardous Chemicals organization. 2. Completed quality management certification ISO9001 (Effective from 2022.05.16-2025.05.16).</td></tr><tr><td rowspan="3">Company Governance</td><td>Social economy and legal compliance</td><td>By establishing corporate governance organization and implementing internal control mechanisms, we ensure that all company personnel and operations comply with relevant laws and regulations.</td></tr><tr><td>Strengthen functions of directors</td><td>1. Plan relevant training topics for directors and provide directors with latest regulations and system developments and policies every year. 2. Purchased liability insurance for directors in accordance with the law every year, to protect them from lawsuits or claims for compensation.</td></tr><tr><td>Communication with stakeholders</td><td>1. To avoid misunderstandings and litigation risks caused by stakeholders having different positions from the Company, the Company analyses important stakeholders and important issues they concern every year. 2. Establish various communication channels and communicate actively to reduce opposition and misunderstanding. Set up investors' mailbox and the spokesperson are responsible for managing and replying.</td></tr></table>	Material Issues	Risk Assessment Items	Descriptions			management verification (expired in 2025) and passed the Swiss Oeko-Tex Standard 100 certification to ensure that the products provided will not harm the human body. Bluesign certification (expired in 2025) is to ensure the production chain as a whole is harmless to human and the environment. All certifications will extend periodically.	Society	Occupational safety and sanity	1. Completed verification of ISO 45001 Occupational health and safety management systems: Nylon General Plant (2024.08.03-2027.08.03) Yangmei Plant (2023.10.13-2026.10.13) Changhua Plant (2022.03.14-2025.03.14) 2. Holds regular fire drill and environmental safety and health education and training every year to cultivate employees' emergency response and self-safety management capabilities to prevent them from situations that may cause injury or illness.	Product quality and safety	1. All products of the Company comply with the government regulations and laws, and we are a member of ZDHC - Zero Discharge of Hazardous Chemicals organization. 2. Completed quality management certification ISO9001 (Effective from 2022.05.16-2025.05.16).	Company Governance	Social economy and legal compliance	By establishing corporate governance organization and implementing internal control mechanisms, we ensure that all company personnel and operations comply with relevant laws and regulations.	Strengthen functions of directors	1. Plan relevant training topics for directors and provide directors with latest regulations and system developments and policies every year. 2. Purchased liability insurance for directors in accordance with the law every year, to protect them from lawsuits or claims for compensation.	Communication with stakeholders	1. To avoid misunderstandings and litigation risks caused by stakeholders having different positions from the Company, the Company analyses important stakeholders and important issues they concern every year. 2. Establish various communication channels and communicate actively to reduce opposition and misunderstanding. Set up investors' mailbox and the spokesperson are responsible for managing and replying.	
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	Communication with stakeholders	1. To avoid misunderstandings and litigation risks caused by stakeholders having different positions from the Company, the Company analyses important stakeholders and important issues they concern every year. 2. Establish various communication channels and communicate actively to reduce opposition and misunderstanding. Set up investors' mailbox and the spokesperson are responsible for managing and replying.																				
3. Environmental Issue (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		1. Dedicated personnel responsible for environmental management to promote environmental management operations and implement environmental protection laws and regulations. In addition, according to the characteristics of the industry, we have formulated related measures such as "Enforcement Measures for Industrial Waste Reduction", "Procedures of Chemical Substance Management", "Procedures of Noise Management ", etc.	No Deviation																		

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons															
	Yes	No	Explanation in Brief																
			2. Acquired certification of ISO 14001 Environmental Management Systems: Yangmei Plant (2022.08.11-2025.08.11), Changhua Plant (2022.03.03-2025.03.03). Nylon General Plant (2024.12.18-2027.12.18). We installed ISO 14064-1 regulation for greenhouse gas inventory to track the carbon reduction results.																
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		The Company actively promotes various energy reduction measures, develops green energy, develops green products, expands the use of energy recovery and regeneration, and reduces the energy consumption of enterprises and products. 1. Develop green energy such as solar energy, solid recycled fuel SRF, and wind power. 2. The production of colored precursor is free from dyeing after weaving, replacing the precursor in the dyeing process and reducing the dyeing and finishing wastewater. Low-temperature dyeable polyester fibers are dyed and finished at 95-98 degrees Celsius, changing the traditional high-temperature dyeing and finishing process and saving energy. 3. Actively recycle the yarn waste, put it into reproduction and obtain GRS (Global Recycle Standard) certification	No Deviation															
(3) Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to deal with climate-related issues?	✓		1. The Company has cooperated with the government in its project “Voluntary Greenhouse Gas Reduction Program”, promoted by Industrial Development Bureau, Ministry of Economic Affairs. 2. We will negotiate with the government to take our emission reduction achievement into consideration for future emission quota references. 3. We have introduced ISO14064 to conduct greenhouse gas inventory check and to report in compliance with regulatory requirements.	No Deviation															
(4) Does the company keep track of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		1. Greenhouse gas: Li Peng General Nylon Plant and Yangmei plant have completed the 2024-year ISO 14064-1 scope 1 and 2 inventory, and the third-party verification will be completed before the end of October, 2025. Greenhouse gas emissions in recent 2 years: (the data of Categories 1 and 2 cover the nylon plant and Yangmei plant) <table><tr><td>Item</td><td>2023</td><td>2024</td></tr><tr><td>Category 1</td><td>127,606</td><td>135,409</td></tr><tr><td>Category 2</td><td>80,509</td><td>94,354</td></tr><tr><td>Total emission amount(MT CO₂e)</td><td>208,115</td><td>229,763</td></tr><tr><td>Emission density (Ton CO₂e/Revenue NT\$ million)</td><td>23.1342</td><td>21.5355</td></tr></table> 2. Water consumption: We continue to make process improvements, shorten production time, and enhance the use of recycled water to	Item	2023	2024	Category 1	127,606	135,409	Category 2	80,509	94,354	Total emission amount(MT CO ₂ e)	208,115	229,763	Emission density (Ton CO ₂ e/Revenue NT\$ million)	23.1342	21.5355	No Deviation
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Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																		
	Yes	No	Explanation in Brief																			
			<p>save production water and optimize unit usage in the process.</p> <p>Water consumption in the last 2 years. (Covering all plants)</p> <p style="text-align: right;">Unit: 1000 kilolitre</p> <table><tr><th>Item</th><th>2023</th><th>2024</th></tr><tr><td>Water Consumption</td><td>4,171</td><td>4,917</td></tr><tr><td>Recycled Water</td><td>335</td><td>448</td></tr></table> <p>3. Waste:</p> <p>All waste from each plant is mainly general business waste, and all waste is entrusted to government certified vendors for removal and disposal in accordance with local laws and regulations.</p> <p>Total waste in the last 2 years. (Covering all plants)</p> <p style="text-align: right;">Unit: Tons</p> <table><tr><th>Item</th><th>2023</th><th>2024</th></tr><tr><td>general business waste</td><td>10,764.6</td><td>9,890.3</td></tr><tr><td>Hazardous business waste</td><td>52.5</td><td>32.8</td></tr></table> <p>We are committed to the implementation of circular economy and aim at "zero waste", actively recovering the yarn waste for recycling and obtaining GRS certification, and entrusting qualified manufacturers certified by the government to recycle CPL residue and TEG.</p>	Item	2023	2024	Water Consumption	4,171	4,917	Recycled Water	335	448	Item	2023	2024	general business waste	10,764.6	9,890.3	Hazardous business waste	52.5	32.8	
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Hazardous business waste	52.5	32.8																				
4. Social Issues (1) Has the Company set up management policies and procedures according to related laws and regulations as well as the International Bill of Human Rights?	✓		<p>The Company actively practices corporate social responsibility to meet the international trend of balancing the development of environmental, social and corporate governance. We comply with labour related regulations and respect internationally recognized basic labour rights. We have established relevant management policies and procedures to protect the legal rights of our employees, and there is no differential treatment in employment policies; employees are not discriminated against on the basis of gender, race, marriage, religion and other factors. There is no incident of forced or compulsory labour, nor violation of aboriginal rights, nor violation of employees’ interests, etc.</p>	No Deviation																		
(2) Has the Company established and adopted reasonable employee welfare measures (e.g. bonuses and salaries, leaves, ad other benefits), and had employee bonuses and	✓		<p>1. Salary: In order to encourage employees to work hard, improve production efficiency, enhance profitability and share business results, an annual bonus method has been formulated. The annual bonuses are divided into (1) employee remuneration (year-end bonus and surplus bonus) and (2) special bonuses. The Articles of Incorporation that if the Company is profitable in the fiscal year, no less than 2% of the annual profit shall be allocated as employee</p>	No Deviation																		

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Explanation in Brief	
salaries adequately reflect its operation performance or results?			<p>compensation to share the operating results with our employees.</p> <p>2. Leaves: In order to comply with the various regulations for the Company's employees to request (leave) leave, various methods for requesting (leave) leave have been formulated in accordance with the Labor Standards Law and the Gender Work Equality Law to comply with regulations.</p> <p>3. welfare :</p> <p>In order to take care of the welfare of employees, the Company and the employee welfare committee operate jointly. The measures are as follows:</p> <p>(1) Small recreational dinners (2) Wedding and funeral festive allowances (3) Scholarships and grants (4) Community activities (5) travel grant (6) Year-end dinners (7) Birthday gifts (8) New Year gifts (9) Year-end get-togethers and luck draws (10) Books and magazines (11) Group insurance (12) Large-scale cultural and sports activities (13) Employee children's scholarships and grants.</p>	
(3) Has the Company offered a safe and healthy work environment and routinely implements safety and health education for its employees?	✓		<p>1. Measures for a safe and healthy working environment:</p> <p>(1) Monitor the vital signs of employees: blood pressure, blood oxygen, and blood glucose measurement if necessary.</p> <p>(2) Monthly occupational medical visits.</p> <p>(3) Health information promotion: Posting of health education information.</p> <p>(4) Health consultation and health education: new medical examinations and health education, annual physical examinations and health education.</p> <p>(5) The four major prevention plans of the Occupational Safety and Health Law: human-caused sexual hazards, abnormal workloads, workplace maternal protection, and physical and mental violations.</p> <p>2. The number of employee occupational disasters, the number of people and the ratio of the total number of employees in the current year, and related improvement measures.</p> <p>(1) The number, number and proportion of employee occupational disasters in 2024: 5 cases (5people) 0.38%</p> <p>(2) Improvement measures :</p> <p>A. Different nationalities of workers should communicate correctly and enhance work safety awareness when working together.</p> <p>B. Promote driving safety awareness during commuting.</p> <p>C. Strengthen labor education and training, and ensure that work is performed in strict accordance with standard operating procedures.</p>	No Deviation

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Explanation in Brief	
			<p>3. List the number of fire incidents of the year, the number of casualties and the ratio of casualties to the total number of employees, and the measures to improve in response to fire accidents.</p> <p>(1) Number of fire incidents in 2024: 1 incident (damage to machinery, equipment, and pipelines, with no casualties).</p> <p>(2) Measures:</p> <p>A. When a fire occurs, the personnel will start grouping into firefighting groups immediately according to SOP.</p> <p>B. According to individual grouping tasks, implement safety protection, report, evacuation guidance, firefighting, and rescue.</p> <p>C. Post-disaster recovery planning (pipeline replacement, pipeline repair, parts replacement prevention, etc.).</p> <p>To strengthen employees' prevention and understanding of disasters and accidents, safety and health education and training are carried out, and practical disaster prevention exercises are used to enhance employees' disaster resilience to maintain a safe and healthy working environment, and obtained ISO45001 occupational health and safety management certification. In 2024, the number of internal training hours for environmental safety and health will reach 3473 hours. There were 42 external training courses under the Environmental safety and health license, and the total training expenditure was NTD193.92 thousand.</p>	
(4) Has the Company established an effective career developmental plan for its employees?	✓		<p>In order to improve the quality of manpower, the Company will continue to study according to the needs of employees of different ranks and different business nature, in order to enhance the work knowledge and skills of employees, thereby enhancing their competitiveness inside and outside the enterprise and playing their strengths, the Company has also formulated on-the-job training methods for personnel, and the implementation of training and training is as follows :</p> <p>1. Short-term training: assigned or applied for permission to receive training in various training centers, consulting companies, associations, etc. to train basic cadres and obtain professional licenses. Internal training focuses on environmental protection, employee safety and health protection.</p> <p>2. Long-term training: The Company has specially arranged professional training by internal and external lecturers, with the costs borne by the company. With the rapid application and development of AI, and in light of recent challenges such as wars, energy issues, inflation, and economic recession, companies are facing many severe</p>	No Deviation

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Explanation in Brief	
			<p>challenges. To cultivate leaders who can absorb new knowledge anytime and anywhere, the company promotes corporate digital learning courses through a digital learning platform. This enables leaders to stay updated with global trends and world dynamics, enhancing their knowledge, mindset, thinking, and competencies comprehensively.</p> <p>3. Training abroad: processing customer complaints, receiving orders or project task applications are allowed to go abroad for business negotiations, and the cost of training abroad shall be borne by the Company.</p> <p>4. Assigned training: in accordance with government laws and regulations</p> <p>5. Special training: project training required for business.</p>	
(5) Do the company's products and services comply with relevant laws and international standards in relation to issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer or customer protection and grievance procedure policies implemented?	✓		The Company has obtained ISO9001 certification and Oeko-Tex Standard 100 certification to prove that our products are free from hazardous substances to human health. Regarding product and service marketing and labeling requirements, we complied with related regulations and international standards. Considering customer privacy, we observe the confidentiality agreement and the personal data protection laws with designated customer service department and stakeholder area to protect consumer rights and serve as a communication channel.	No Deviation
(6) Has the Company had a supplier management policy and required all its suppliers be compliant with laws and regulations on environmental protection, occupational safety & health, and labor rights and verified their compliance?	✓		<p>1. The Company has established the “Green Supply Chain System”, requiring all our suppliers to provide the proofs of legally accredited certificates to enhance our social responsibility of the overall supply chain.</p> <p>2. Follow the procurement management process and operating specifications, and regularly evaluate, select suitable suppliers, and establish a long-term cooperation system of mutual trust and coexistence.</p>	No Deviation
5. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Have the reports mentioned above		✓	The Company compiles sustainability reports and other reports that disclose the Company's non-financial information in accordance with the internationally common reporting guidelines (GRI Standards) and publishes them on the Public Information Observatory. It has not obtained the assurance or guarantee opinions of third-party verifiers.	Measures will be taken if there are actual demands or if it is required by laws and regulations.

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation in Brief	
received the confirmation or guarantee of a third-party authenticator?				
6. If the company has its own code of practice for sustainable development in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operation and the Principles: The Sustainable Development Best Practice Principles has been in place for more than 40 years and has been gradually adjusted in line with changes in the times and world trends, and will continue to be implemented and refined in the future.				
7. Other important information to facilitate a better understanding of the company's implementation of sustainable development:				
(1) The Company places great importance to environmental protection, labour safety and employee welfare, and has long been actively involved in social welfare. Participating in public welfare with employees has become one of the corporate culture. This year, we have donated and sponsored the following organizations:				
	Year	Organizations Received Donations		Total NTD1000
	2024	1. Taiwan Textile Federation 2. National Central University 3. Erh-Lin Rotary Club 4. National Erh-Lin Industrial & Commercial Vocational High School (In total 29 Schools received donations) 5. Fang Yuan Community Development Association 6. The Presbyterian Church in Taiwan 7. Taiwan Silk & Filament Weaving Industrial Web 8. Taiwan Man-Made Fiber Industries Association 9. Taiwan Sweater Industry Association 10. The Manufactures United General Of Industrial Park Of R.O.C 11. Huashan Social Welfare Foundation 12. Changhwa love and care Association 13. Corporation Changhua County Joyce-Polio Care Association 14. Friends of Changhua County Police Association 15. Fangyuan Township Office ChangHua County. 16. Chang Hwa County Erlin Volunteer Fire Prevention Team		1,494
(2) The Company supports local produces, and started the activity of “One Acre of Field” since 2008, which will purchase rice as a gift for employees or customers to protect farmland from being suppressed.				
(3) Blood donation activities have been held irregularly since 2023, which not only helps others but also beneficial to the blood donor.				

3.6 Implementation Status of Climate-related Information

Items	Implementation Status								
1. Description of how the Board of Directors and managers supervise and governance of the climate related risks and opportunities.	1. Although the Company has not yet set up the ESG Functional Committee through the approval of Board of Directors, the chairman, senior managers, and the general management department have jointly planed and implemented greenhouse gas inventory and emission reduction measures related to climate change to implement sustainable development, the Company has also established the Libolon Green Energy and Carbon Reduction Promotion Committee to address the global climate change net-zero carbon emission goals, thereby mitigating the impact of global warming on the environment and ecology.								
2. Description of how the identified climate risks and opportunities will impact the Company's business, strategy, and finance (in short, medium, and long-term).	2. Even though, in the short term, climate-related risks and opportunities will not have major impact to the industry that the Company is in, climate issues will have greater impact to the Company in the long term. In the short term, the Company will continue to improve the production process to save the resources and reduce the carbon emission, and in the long term we will expand the scope of green design, green production process, and green product to achieve the goal of energy saving and carbon reduction.								
3. Description of the financial impact of extreme climate and transformation actions.	3. <table border="1"> <thead> <tr> <th>Climate risks</th><th>Potential financial impact</th></tr> </thead> <tbody> <tr> <td>Natural disaster (typhoon, flood, and drought)</td><td>It may cause damage to the Company's equipment or cause serious shutdowns, resulting in increased operating costs.</td></tr> <tr> <td>Total volume control of greenhouse gas and carbon tax and carbon fee.</td><td>It will impact the operation and cost structure of the Company and impact the Company's financial profitability consequently.</td></tr> <tr> <td>Temperature increase</td><td>It will increase electricity consumption which will increase production costs and carbon emissions.</td></tr> </tbody> </table>	Climate risks	Potential financial impact	Natural disaster (typhoon, flood, and drought)	It may cause damage to the Company's equipment or cause serious shutdowns, resulting in increased operating costs.	Total volume control of greenhouse gas and carbon tax and carbon fee.	It will impact the operation and cost structure of the Company and impact the Company's financial profitability consequently.	Temperature increase	It will increase electricity consumption which will increase production costs and carbon emissions.
Climate risks	Potential financial impact								
Natural disaster (typhoon, flood, and drought)	It may cause damage to the Company's equipment or cause serious shutdowns, resulting in increased operating costs.								
Total volume control of greenhouse gas and carbon tax and carbon fee.	It will impact the operation and cost structure of the Company and impact the Company's financial profitability consequently.								
Temperature increase	It will increase electricity consumption which will increase production costs and carbon emissions.								
4. Description of how the identification, assessment and management process can be consolidated into the risk management system as a whole.	4. <table border="1"> <thead> <tr> <th>Risk items</th><th>Management strategies</th></tr> </thead> <tbody> <tr> <td>Greenhouse gas emission and energy management</td><td> <ul style="list-style-type: none"> • Production process improvement management • Process equipment adopts the lowest energy consumption technology • Recycle waste heat from production process • Promote energy saving • Recycle of scraps and waste water • Reduce energy consumption per unit </td></tr> <tr> <td>Disposals management</td><td> <ul style="list-style-type: none"> • Implement a circular economy and use recycled raw materials to replace petrochemical raw materials to make environmentally friendly products, increase resource use efficiency and recycling rate, and reduce waste generation. </td></tr> </tbody> </table>	Risk items	Management strategies	Greenhouse gas emission and energy management	<ul style="list-style-type: none"> • Production process improvement management • Process equipment adopts the lowest energy consumption technology • Recycle waste heat from production process • Promote energy saving • Recycle of scraps and waste water • Reduce energy consumption per unit 	Disposals management	<ul style="list-style-type: none"> • Implement a circular economy and use recycled raw materials to replace petrochemical raw materials to make environmentally friendly products, increase resource use efficiency and recycling rate, and reduce waste generation. 		
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Greenhouse gas emission and energy management	<ul style="list-style-type: none"> • Production process improvement management • Process equipment adopts the lowest energy consumption technology • Recycle waste heat from production process • Promote energy saving • Recycle of scraps and waste water • Reduce energy consumption per unit 								
Disposals management	<ul style="list-style-type: none"> • Implement a circular economy and use recycled raw materials to replace petrochemical raw materials to make environmentally friendly products, increase resource use efficiency and recycling rate, and reduce waste generation. 								

Items	Implementation Status					
<p>5. If using scenario analysis to assess the resilience toward climate change risks, descriptions should be provided about the scenarios, parameters, assumptions, factors, and main financial impact.</p> <p>6. If there is a plan of transformation toward management of climate-related risks, please describe the content and index and goals for discriminate and manage physical risks and transformational risks.</p> <p>7. If using internal carbon pricing as a planning tool, please explain the pricing basis.</p> <p>8. If climate related goals are set, description should be provided about the activities covered, greenhouse gas emission category, timeline planned, progress status of every year, etc. If the Company use Carbon Offset Credit or Renewable Energy Certificate (RECs) to achieve related goals, descriptions should be provided about where the Carbon offset quota is from and the number or RECs number.</p> <p>9. Greenhouse gas inventory and assurance status, and reduction goal, strategy and action plans (provided in 1-1 and 1-2).</p>	<table><tr><th>Risk items</th><th>Management strategies</th></tr><tr><td></td><td><ul style="list-style-type: none">Implement waste disposal in accordance with the law and entrust qualified manufacturers certified by the government to carry out removal and treatment to reduce the impact on the environment.</td></tr></table>	Risk items	Management strategies		<ul style="list-style-type: none">Implement waste disposal in accordance with the law and entrust qualified manufacturers certified by the government to carry out removal and treatment to reduce the impact on the environment.	
	Risk items	Management strategies				
		<ul style="list-style-type: none">Implement waste disposal in accordance with the law and entrust qualified manufacturers certified by the government to carry out removal and treatment to reduce the impact on the environment.				
		5. Currently we are not using scenario analysis to assess the resilience toward climate change risks.				
		6. Currently there is no transformation plans toward management of climate-related risks.				
		7. Currently there is no planning tools for carbon pricing.				
		8. Currently there is no climate related goals set.				
	9. Provided in 1-1 and 1-2. In the future, greenhouse gas inventory will be included in the Taipei office and subsidiaries.					

1-1 Greenhouse gas inventory and assurance status in past 2 years

1-1-1 Greenhouse gas inventory information

Li Peng Nylon general plant and Yangmei plant have completed internal inventory of ISO 14064-1 category 1 and 2 in 2024, and the third-party verification will be done by October 2025.

Greenhouse gas emission amount in past 2 years: (data covering both Nylon General Plant and Yangmei Plant)

Item	2023	2024
Category 1	127,606	135,409
Category 2	80,509	94,354
Total emission amount (MT CO ₂ e)	208,115	229,763
Emission density (Ton CO ₂ e/ Revenue in NT\$ million)	23.1342	21.5355

1-1-2 Greenhouse gas assurance information

The greenhouse gas emissions inventory for 2023 and 2024 is for the Company entity. We have appointed SGS Taiwan to perform the third-party verification of the 2023 greenhouse gas emission amount on the Nylon General Plant and Yangmei Plant, adopting ISO 14064-3:2006. We also appointed SGS Taiwan to continue the verification of the 2024 greenhouse gas emission.

1-2 Goals, strategy, and action plans for greenhouse gas reduction

The Company wishes to further implement its greenhouse gas reduction policy through the following specific actions:

1. Increase the proportion of green electricity usage.
2. Encourage colleagues to come up with ideas for process improvements for energy conservation and environmental protection, and award personal incentive bonuses based on the proportion of cost savings.
3. Purchase of the energy-saving machines
4. Construct solar energy system

Through the above-mentioned items, we will gradually implement the company's net-zero emission goals and strive to complete the assurance of individual company greenhouse gas inventory information in 2027.

3.7 Fulfillment of Code of Ethics and Business Conduct and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” and Reasons:

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
1. Stipulating policies and plans for ethical corporate management				
(1) Has the Company established the Code of Ethics and Business Conduct, which have been approved by the Board of Directors, and clearly stipulated regulations and policies for ethical business conduct and relevant guidelines in company articles and external documents? Does the Company's Directors and management team actively fulfil their commitment to corporate policies?	✓		(1) The Company has formulated “Ethical Corporate Management Best Practice Principles” and has been approved by the Board of Directors. In the Principles, Article 5, 6, & 8 clearly stipulate integrity management policy, practice, and commitment.	No Deviation
(2) Has the Company established a risk assessment mechanism against unethical conduct, regularly analysed business activities within their business scope which are at a higher risk of being involved in unethical conduct? Does the company establish prevention programs accordingly including measures prescribed in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(2) The Company has formulated “Working Rules”, “Code of Ethical Conduct”, “Ethical Corporate Management Best Practice Principles”, “Operating Procedures for the Prevention of Inside Trading”, and various other management principles. These are important educational training tools to link employees closely together with Company's determination, policy, and prevention measures, as well as making people understand the consequences of violating the rules.	No Deviation
(3) Has the Company established action plans to prevent unethical conduct? Has the Company clearly prescribed procedures, code of conduct, punitive measures for violations and appeal systems within the said plan? Did the action plans be implemented accordingly?	✓		(3) In the new recruits orientation training, there are legal documentations for new employees to sign: “Notes for Employees”, “Employment Contract”, “Employee Guarantor Policy”, and articles requesting employee agreeing if violating their commitment to the Company, in addition to receiving the legal trial, they are also subject to pay back the financial losses to the Company. All these legal rights and obligations will be updated and giving training periodically by the Company to the employees after they are reporting to corresponding posts.	No Deviation
2. Implementing ethical corporate management				
(1) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?		✓	(1) Irregular review the transactions between customers and subcontractors. If any abnormal transactions are found, we will stop the cooperation and contracts.	Measures will be taken if there are actual demands or if it is required by laws and regulations.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
(2) Has the Company designated exclusively (or concurrently) dedicated unit reports its ethical business management policy, action plans to prevent unethical conduct, and implementation status of supervisory measures to the Board of Directors?		✓	(2) No.	Measures will be taken if there are actual demands or if it is required by laws and regulations.
(3) Has the Company established policies preventing conflict of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	✓		(3) Any of the proposals in the Board of Director meetings involving interest recusal, the principle of recusal is complied. Employees may report violations and fill petition directly to the relevant supervisor or the auditing unit of the Board of Directors.	No Deviation
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Did internal auditors establish relevant audit plan to verify the status of compliance with unethical conduct prevention action plans based on the result of risk assessment on unethical conduct? Did the Company entrust audits to a CPA?	✓		(4) A. The Company has prudential accounting system and appoints a specific accounting department. All the financial reports have been reviewed and audited by CPAs to ensure the fairness of the financial statements. B. The Company has established effective internal audit system, self-audit system, legal compliance system, and risk management mechanism to maintain effective and appropriate internal operational system. In addition, each year, we appoint external CPAs to hold an internal control audit system review.	No Deviation
(5) Does the Company regularly organize internal and external training for ethical corporate management?		✓	(5) No.	Measures will be taken if there are actual demands or if it is required by laws and regulations.
3. Status for enforcing whistle-blowing systems in the Company				
(1) Has the Company established concrete whistle-blowing and reward systems as well as accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?	✓		(1) Employees may submit suggestions or complaints in writing, verbally, by telephone or by e-mail to the head of the management department or to a trusted supervisor at any level.	No Deviation
(2) Has the Company established standard operating procedures (SOP) for whistleblowing cases, follow-up measures and relevant systems of confidentiality after the investigation?	✓		(2) After the former supervisor accepts the employee's suggestion or complaint, he/she will immediately report it to the President and the President will designate someone to handle it. The designated staff will handle any serious cases as soon as possible with confidentiality.	No Deviation

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
(3) Has the Company adopted protection measures against inappropriate disciplinary actions for the whistle-blower?	✓		(3) If a complaint is investigated and found to be inappropriate or suspected of being illegal, the staff who is neglected of his/her duty shall be penalized pursuant to the relevant company rules and regulations or shall be held legally responsible in accordance with the relevant laws and regulations, and the person who made the complaint shall be protected in his/her identity and privacy.	No Deviation
4. Improvement of information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		The ethical corporate management policies and the results of its implementation are disclosed on the Company's website and MOPS.	No Deviation
5. If the Company has established the Code of Ethics and Business Conduct based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any deviations between the Code of Ethics and Business Conduct and their implementations: No deviation.				
6. Other information helpful for understanding the principle of integrity of the Company's operations (e.g., the Company's amendment of its principles of integrity): None				

3.8 Other important Corporate Governance information that may be disclosed to enhance understanding of corporate governance operations

The Company continues to invest resources in strengthening its corporate governance operations. On the Company's website, the Corporate Governance section is set up to explain the status of Corporate Governance, attached the rules and regulations related to corporate governance for inquiry and download, and promptly discloses material information and regularly hold briefing sessions for corporations.

The most recent (2024) year for directors and corporate governance officer to further their studies:

Job Title	Name	Training Date	Organizer	Course	Training Hours
Chairman	Kuo, Shao-yi	22 Oct 2024	Taiwan Corporate Governance Association	Renewable Energy Certificate System and Green Power Trading Analysis	3
		11 Dec 2024	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3
Director	Kuo, Shu-hhen	22 Oct 2024	Taiwan Corporate Governance Association	Renewable Energy Certificate System and Green Power Trading Analysis	3
		11 Dec 2024	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3
	Chen, Ping-huang	22 Oct 2024	Taiwan Corporate Governance Association	Renewable Energy Certificate System and Green Power Trading Analysis	3
		11 Dec 2024	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3

Job Title	Name	Training Date	Organizer	Course	Training Hours
Director	Tung, Min-hsiung	22 Oct 2024	Taiwan Corporate Governance Association	Renewable Energy Certificate System and Green Power Trading Analysis	3
		11 Dec 2024	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3
	Kuo, Chi-kang	22 Oct 2024	Taiwan Corporate Governance Association	Renewable Energy Certificate System and Green Power Trading Analysis	3
		11 Dec 2024	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3
	Kuo, Ko-chung	22 Oct 2024	Taiwan Corporate Governance Association	Renewable Energy Certificate System and Green Power Trading Analysis	3
		11 Dec 2024	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3
Independent Director	Lin, Yao-chuan	22 Oct 2024	Taiwan Corporate Governance Association	Renewable Energy Certificate System and Green Power Trading Analysis	3
		11 Dec 2024	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3
	Kao, Cheng-shang	22 Oct 2024	Taiwan Corporate Governance Association	Renewable Energy Certificate System and Green Power Trading Analysis	3
		11 Dec 2024	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3
	Lee, Su-chin	22 Oct 2024	Taiwan Corporate Governance Association	Renewable Energy Certificate System and Green Power Trading Analysis	3
		11 Dec 2024	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3
Corporate governance officer	Yuan, Pei-huan	18 Sep 2024	Accounting Research and Development Foundation	2024 ESG Summit: Net Zero Comprehensive Sustainable Future	6
		04 Oct 2024	Securities & Futures Institute	2024 Insider Trading Prevention Advocacy Meeting	3
		07 Oct 2024	Chinese National Association of Industry and Commerce	Company Directors and Supervisors Training – 2024 Taishin Net Zero Summit	3
		04 Dec 2024	Securities & Futures Institute	Sustainable Development Committee and Chief Sustainability Officer Forum	3
		17 Dec 2024	Taipei Bar Association	2024 Company Forum: New Challenges for Corporate Governance Supervisors	3

3.9 The implementation status of the internal control system should disclose the following matters

1. The statement of Internal Control Systems

Li Peng Enterprise Co., Ltd. Statement of Internal Control Systems

Date: 14 March 2025

The Company states the following with regard to its internal control system in 2024, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment 2. Risk assessment 3. Control activities 4. Information and communications 5. Monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that on December 31, 2024 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance of reporting, and compliance with applicable laws, regulations, and bylaws, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement has been passed by the Board of Directors Meeting of the Company held on March 14, 2025 where 0 of the 8 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Li Peng Enterprise Co., Ltd.

Chairman: Kao Shao-yi

President: Tung Min- hsiung

2. If the Company appointed a CPA to review the internal control system, the accountant's review report should be disclosed: None.

3.10 Major resolutions reached in the Shareholders' Meeting and Board meeting in recent fiscal year and as of the publication date of the annual report.

Key Resolutions made by Shareholders' Meeting in 2024 and Status of Implementation:

1. Approved 2023 Annual Business Report and Financial Statements

Implementation Status: Passed by the resolution of the Annual General Meeting

2. Approved the Loss Off-set Plan for the year 2023.

Implementation Status: Passed by the resolution of the Annual General Meeting

3. Completed the re-election of directors (including independent directors).

Implementation Status: Registration was granted by the competent authority on July 11, 2024.

4. Approved the lifting of the restriction on non-compete of new directors and their representatives.

Implementation Status: Passed by the resolution of the Annual General Meeting.

Important Resolutions by the Board of Director

Date	The 21 th Board of Directors	Contents of Motion	Independent Directors' Opinion	The Company's Response to the Independent Directors' Opinion
21 Jun 2024	The 1 th Meeting	1. The election of the Chairman of the Board of Directors. 2. Proposal of the appointment of members of the 6 th Remuneration Committee.	Approved	None
26 Jul 2024	The 2 th Meeting	1. Appointment of the Company's president and its remuneration. 2. Removal of officers' non-compete clause.	Approved	None
12 Aug 2024	The 3 th Meeting	Endorsements and guarantees.	Approved	None
23 Sep 2024	The 4 th Meeting	1. Annual employee promotions and adjustment of executive salaries. 2. Proposal on the appointment of Accounting officer. 3. Proposal of loans of funds to others. 4. Proposal of loans of funds from subsidiaries.	Approved	None
23 Oct 2024	The 5 th Meeting	Proposal of loans of funds to others.	Approved	None
11 Nov 2024	The 6 th Meeting	1. Proposal of loans of funds to others. 2. Proposal on the fund of subsidiaries lent to others.	Approved	None
20 Dec 2024	The 7 th Meeting	1. Proposal to amend the "Internal Control System". 2. Proposal to formulate and approve the audit plan for the year 2025. 3. Proposal to formulate and approve the business operation plan for the year of 2025. 4. CPAs' Compensation in 2024. 5. Report on Allocation of Remuneration to Board of Directors and Employees. 6. Lending to the subsidiary companies. 7. Proposal on the fund of subsidiaries lent to others. 8. Adjustment of borrowing limit from subsidiaries.	Approved	None
5 Feb 2025	The 8 th Meeting	1. Proposal of the appointment of the CPA. 2. Proposal of loans of funds to others. 3. Proposal on the fund of subsidiaries lent to others. 4. Adjustment of borrowing limit from subsidiaries.	Approved	None

Date	The 21 th Board of Directors	Contents of Motion	Independent Directors' Opinion	The Company's Response to the Independent Directors' Opinion
14 Mar 2025	The 9 th Meeting	1. The 2024 business reports and financial statements. 2. Report on Allocation of Remuneration to Board of Directors and Employees. 3. Motion of 2024 Earnings Distribution. 4. Amendments to some articles of the "Article of Incorporation". 5. Preparation for 2025 Regular Shareholders' Meeting. 6. 2024 Internal Control System Declaration. 7. Proposal of loans of funds to others. 8. Proposal on the fund of subsidiaries lent to others. 9. Endorsements and guarantees.	Approved	None
31 Mar 2025	The 10 th Meeting	Adjustment of borrowing limit from subsidiaries.	Approved	None
22 Apr 2025	The 11 th Meeting	1. Proposal of loans of funds to others. 2. Proposal on the fund of subsidiaries lent to others. 3. Proposal of adjustment of Subsidiary's Fund Lending to Others.	Approved	None

3.11 The objections of the directors or supervisors against the major resolutions reached in the Board meeting recorded or documented in writing in the most recent fiscal year and as of the publication date of the annual report: None

4. Information on CPA professional fees

Unit: NTD1000

Accounting Firm	Name of CPAs	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee (Note)	Total	Remarks
Deloitte & Touches	Huang, I-min	Jan 2024 ~Dec 2024	3,150	180	3,330	
	Hong, Kuo-tyan					

Note: The non-audit fee includes NT\$50 thousand non-managerial salary checklist and NT\$130 thousand for business tax direct deduction method.

- (1) When the non-auditing fee paid to the independent auditors, the CPA firm, and the affiliated companies is more than one fourth of the auditing fee, company shall disclose the amount of auditing and non-auditing fee and the content of non-auditing services: None.
- (2) If the auditing fee paid in the year of changing to another CPA firm is less than the auditing fee paid in the prior year, shall state the amount of reduction and reasons: None
- (3) When the auditing fee is decreased by over 10% from the prior year, shall state the amount of auditing fee reduced, ratio and reasons: None

5. Information on replacement of CPAs

5.1 About the former CPA

Replacement Date	January 30, 2024		
Reason and description of the replacement	Our original CPAs were Wu,Ke-Chang and Hong,Kuo-Tyan of Deloitte & Touche Taiwan. In order to coordinate with the internal organization adjustment of Deloitte & Touche Taiwan, the financial report from the first quarter of 2024 was signed by CPAs Huang-,I-Min and Hong,Kuo-Tyan CPA.		
Description of the termination or non-acceptance of the appointment by the appointer or CPA	The Party	CPA	Appointed person
	Situation	Not applicable	
	Actively terminate the appointment and no longer accept (continue) the appointment		
Opinions and reasons for issuing unqualified opinions and audit reports within the latest two years	No such things.		
No disagreement with the issuers.	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No.	✓	
	Description		
Other disclosures (items 1-4 to 1-7 of paragraph 6 of Article 10 of these standards shall be disclosed)	Nil		

5.2 About succession CPAs

Name of the CPA firm	Deloitte & Touche Taiwan
Names of CPAs	Huang-,I-min 、Hong, Kuo-tyan
Date of Appointment	January 30, 2024
Matters and results of consultation on the accounting process or accounting principles of specific transactions and possible issuance of financial reports before appointment.	Not applicable
Written opinions of the successor CPAs on matters of different opinions of the former CPAs	Not applicable

5.3 Replies from the former CPAs to Article 10, paragraph 6, Item 1 and Item 2, Item 3 of the Standards: Not applicable.

6. Where the company's Chairperson, General Manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at CPA office or at its affiliates, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant:

None.

7. Equity transfer and equity change of the directors, supervisors, managers and shareholders with over 10% shareholding in fiscal year in the latest fiscal year and as of the publication date of the annual report

7.1 Changes in Shareholding of the Directors, Supervisors, Managers, and Major Shareholders

Title	Name	Year 2024		Up to April 15 of the Year	
		Number of Holding Shares Increased (Decreased)	Increase (Decreased) Number of Shares Collateralized	Number of Holding Shares Increased (Decreased)	Increase (Decreased) Number of Shares Collateralized
Chairman	Kuo, Shao-yi	0	0	0	0
Director	Lealea Enterprise Co., Ltd.	11,674,000	0	9,253,000	0
Director	Representative: Tung, Min-hsiung	0	0	0	0
Director	Li Mao Investment Co., Ltd.	0	0	0	0
Director	Representative: Kao, Shu-chen	0	0	0	0
Director	Shun Yu Investment Co., Ltd.	0	0	0	0
Director	Representative: Kuo, Ko-chung	500,000	0	0	0
Director	Chen, Ping-huang	0	0	0	0
Director	Kuo, Chi-kang	0	0	0	0
Independent Director	Lin, Yao-chuan	0	0	0	0
Independent Director	Kao, Cheng-shang	0	0	0	0
Independent Director	Lee, Su-chin	0	0	0	0
President	Tung, Min-hsiung	0	0	0	0
Managerial Officer	Chen Yu-chou	0	0	0	0
Managerial Officer	Yuan, Pei-huan	0	0	0	0
Managerial Officer	Kuo, Li-ching	0	0	0	0
Managerial Officer	Su, Yen-ming	(18,000)	0	0	0
Managerial Officer	Wang, Chun-fa	0	0	0	0
Managerial Officer	Yang, Han-hsing	0	0	0	0
Finance Manager	Huang, Mei yen	0	0	0	0
Accounting Manager	Huang, Yi-ping (Note)	0	0	0	0
Major Shareholder	Lealea Enterprise Co., Ltd.	11,674,000	0	9,253,000	0

Note: Took office on 2024.09.13

7.2 The information regarding the transaction of equity interests and the counterparty as a related party of a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent: None

7.3 Information regarding the pledge of equity interests and the counterparty as a related party of a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent: None.

8. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Name	Current Shareholding		Spouse's/Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives within Two Degrees		Remarks
	No. of Shares	%	No. of Shares	%	No. of Shares	%	Title (or Name)	Relationship	
Lealea Enterprise Co., Ltd.	168,119,853	18.47%	N/A	N/A	N/A	N/A	Li Hao Investment Li Zan Investment	Invested Company with controlling power	None
							Li Mou Investment Hung Shing Investment	Invested Company evaluated by Equity Method	
Representative: Kuo, Shao-yi	10,222,819	1.12%	838,153	0.09%	8,346,403	0.92%	KUO, Chuan - ching	Brother	None
Li Hao Investment Co., Ltd.	44,322,968	4.87%	N/A	N/A	N/A	N/A	Lealea Enterprise Co., Ltd.	Investor with Controlling Power	None
							Li Zan Investment Li Mou Investment Hung Shing Investment	Substantial Related Party	
Representative: Chen,Hui-chen	0	0	0	0	0	0	None	None	None
Li Zan Investment Co., Ltd	41,727,763	4.59%	N/A	N/A	N/A	N/A	Lealea Enterprise Co., Ltd.	Investor with Controlling Power	None
							Li Hao Investment Li Mou Investment Hung Shing Investment	Substantial Related Party	
Representative: Lin Hsiu ling	1,161,888	0.13%	0	0	0	0	None	None	None
Li Mou Investment Co., Ltd.	34,177,995	3.76%	N/A	N/A	N/A	N/A	Lealea Enterprise Co., Ltd.	Investor using equity method valuation	None
							Li Hao Investment Li Zan Investment Hung Shing Investment	Substantial Related Party	
Representative: Lin Hsiu ling	1,161,888	0.13%	0	0	0	0	None	None	None
Hung Shing Investment Co., Ltd.	24,341,087	2.67%	N/A	N/A	N/A	N/A	Lealea Enterprise Co., Ltd.	Investor using equity method valuation	None
							Li Hao Investment Li Zan Investment Li Mao Investment	Substantial Related Party	
Representative: Huang Yi ping	0	0	0	0	0	0	None	None	None
Chin Hsiang Investment Co., Ltd.	23,668,383	2.60%	N/A	N/A	N/A	N/A	Shun Yu Investment	The same Chairperson	None
									None
Representative: Cao Yong-tian	0	0	0	0	0	0			
Kai Hsiang Investment Co., Ltd	15,285,631	1.68%	N/A	N/A	N/A	N/A	None	None	None
Representative: Huang Hui lan	0	0	0	0	0	0	None	None	None
Hong Yi Investment Co., Ltd	15,033,292	1.65%	N/A	N/A	N/A	N/A	None	None	None
Representative: Ou Yang, Wen-ting	0	0	0	0	0	0	None	None	None
Kuo Chuan ching	12,689,591	1.39%	0	0	0	0	Kuo, Shao-yi	Brothers	None
Shun Yu Investment Co., Ltd	11,991,397	1.32%	N/A	N/A	N/A	N/A	Chin Hsiang Investment	The same Chairperson	None
Representative: Cao Yong-tian	0	0	0	0	0	0			None

9. The Shareholding of the Company and The Company's Directors, Supervisors, Managers, and the Enterprises directly or indirectly controlled by the Company in the same invested company, and the consolidated shareholding ratio

Consolidated Shareholding Ratio

23 April 2024
Unit: Share: %

Reinvested Companies (Note)	Investment of Li Peng		Investment of the directors, supervisors, managers, and companies that are directly or indirectly controlled by Li Peng		Total Investment	
	Shares	%	Shares	%	Shares	%
Li Mao Investment Co., Ltd	40,356,000	53.38%	35,244,000	46.62%	75,600,000	100.00%
Hung Hsing Investment Co., Ltd.	26,296,000	53.02%	23,304,000	46.98%	49,600,000	100.00%
Li Shing Investment Co., Ltd.	42,400,000	53.00%	37,600,000	47.00%	80,000,000	100.00%
Li Hao Investment Co., Ltd.	35,244,000	46.62%	40,356,000	53.38%	75,600,000	100.00%
Li Zan Investment Co., Ltd	21,540,000	46.83%	24,460,000	53.17%	46,000,000	100.00%
Rich Development	51,117,852	6.87%	74,306,333	9.99%	125,424,185	16.86%
Lealea Technology Co., Ltd.	11,267,188	18.20%	18,350,146	29.64%	29,617,334	47.84%
Lea JIE Energy Co., Ltd.	9,000,000	30.00%	21,000,000	70.00%	30,000,000	100.00%
Fu Li Transportation Co., Ltd.	2,800,000	20.00%	3,500,000	25.00%	6,300,000	45.00%
In Talent Investments Limited	2,000,000	100.00%	0	0%	2,000,000	100.00%
Li Ling Film Co., Ltd.	600,000	1.30%	28,993,990	63.03%	29,593,990	64.33%
Libolon Energy Co., Ltd	4,244,800	40.00%	6,367,200	60.00%	10,612,000	100%
Pt. Indonesia Libolon Fiber System	6,930,000	30.00%	16,170,000	70.00%	23,100,000	100.00%
Eton Petrochemical Co., Ltd.	2,700,000	75.00%	0	0	2,700,000	75.00%
Pt. Indonesia Hwalin Knitting	7,550,000	82.07%	0	0	7,550,000	82.07%

Note: The Company is using Equity Method Evaluation for Investment.

III. Capital Overview

1. Capital and Shares

1.1 Source of Equity

1. The Process of Capital Formation

Month/ Year	Offering Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Volume	Shares	Volume	Source of Capital	Property other than cash is paid for shares by Subscriber	Others
Jun 1992	10	80,000,000	800,000,000	102,000,000	1,020,000,000	See Note 1	None	None
Jun 1993	10	150,000,000	1,500,000,000	122,400,000	1,224,000,000	See Note 2		
Jun 1994	10	230,000,000	2,300,000,000	170,760,000	1,707,600,000	See Note 3		
Jun 1995	10	230,000,000	2,300,000,000	187,836,000	1,878,360,000	See Note 4		
Jun 1996	10	230,000,000	2,300,000,000	206,619,600	2,066,196,000	See Note 5		
May 1997	10	500,000,000	5,000,000,000	325,000,000	3,250,000,000	See Note 6		
Jun 1998	10	500,000,000	5,000,000,000	496,250,000	4,962,500,000	See Note 7		
Aug 1999	10	680,000,000	6,800,000,000	570,687,500	5,706,875,000	See Note 8		
Jul 2007	10	880,000,000	8,800,000,000	627,756,250	6,277,562,500	See Note 9		
Jul 2008	10	880,000,000	8,800,000,000	652,866,500	6,528,665,000	See Note 10		
Jul 2011	10	880,000,000	8,800,000,000	718,153,150	7,181,531,500	See Note 11		
Jun 2012	10	880,000,000	8,800,000,000	754,060,807	7,540,608,070	See Note 12		
Jun 2013	10	880,000,000	8,800,000,000	791,763,847	7,917,638,470	See Note 13		
Jul 2014	10	880,000,000	8,800,000,000	870,940,231	8,709,402,310	See Note 14		
Jul 2015	10	1,200,000,000	12,000,000,000	914,487,242	9,144,872,420	See Note 15		
Nov 2023	10	1,200,000,000	12,000,000,000	910,071,242	9,100,712,420	See Note 16		

Note 1: Decree No. 01113 (81) issued by the MOF, registration effective on 1 June 1992: Issuance of Common Shares for Cash Capital Increase was NTD 300,000 thousand; Capital Increase by Retained Earning was NTD60,000 thousand; Capitalization by Capital Reserves was NTD60,000 thousand.

Note 2: Decree (82) No. 01466 (1) issued by MOF, registration effective on 18 June 1993: Capital Increase by Retained Earning was NTD 102,000 thousand; Capitalization by Capital Reserves was NTD102,000 thousand.

Note 3: Decree (83) No. 28458 (1) issued by MOF, registration effective on 23 June 1994: Issuance of Common Shares for Cash Capital Increase was NTD 300,000 thousand; Capital Increase by Retained Earning was NTD85,680 thousand; Capitalization by Capital Reserves was NTD97,920 thousand.

Note 4: Decree (84) No. 33111 (1) issued by MOF, registration effective on 6 June 1995: Capital Increase by Retained Earning was NTD 85,380 thousand; Capitalization by Capital Reserves was NTD85,380 thousand.

Note 5: Decree (85) No. 39031 (1) issued by MOF, registration effective on 24 June 1996: Capital Increase by Retained Earning was NTD 131,485.2 thousand; Capitalization by Capital Reserves was NTD56,350.8 thousand.

Note 6: Decree (86) No. 40520 (1) issued by MOF, registration effective on 30 May 1997: Issuance of Common Shares for Cash Capital Increase was NTD873,875 thousand; Capital Increase by Retained Earning was NTD206,619 thousand; Capitalization by Capital Reserves was NTD103,310 thousand.

Note 7: Decree (87) No. 51849 (1) issued by MOF, registration effective on 25 June 1998: Issuance of Common Shares for Cash Capital Increase was NTD 900,000 thousand; Capital Increase by Retained Earning was NTD390,000 thousand; Capitalization by Capital Reserves was NTD422,500 thousand.

Note 8: Decree (88) No. 77675 (1) issued by MOF, registration effective on 25 Aug 1999: Capital Increase by Retained Earning was NTD 397,000 thousand; Capitalization by Capital Reserves was NTD347,375 thousand.

Note 9: Decree No. 0960035050 issued by FSC, registration effective on 9 July 2007: Capitalization by Capital Reserves was NTD 570,687 thousand.

Note 10: Decree No. 0970032564 issued by FSC, registration effective on 1 July 2008: Capitalization by Capital Reserves was NTD 251,102 thousand.

Note 11: Decree No. 1000030447 issued by FSC, registration effective on 1 July 2011: Capitalization by Capital Reserves was NTD 652,866 thousand.

Note 12: Decree No. 1010028245 issued by FSC, registration effective on 28 June 2012: Capitalization by Capital Reserves was NTD 359,076 thousand.

Note 13: Decree No. 1020025030 issued by FSC, registration effective on 27 June 2013: Capitalization by Capital Reserves was NTD 377,030 thousand.

Note 14: Decree No. 1030025255 issued by FSC, registration effective on 3 July 2014: Capital Increase by Retained Earning was NTD 791,763 thousand.

Note 15: Decree No. 1040026159 issued by FSC, registration effective on 13 July 2015: Capital Increase by Retained Earning was NTD 435,470 thousand.

Note 16: Approved by the Ministry of Economic Affairs on Nov 14, 2023, by letter No. 11230195660 · Approved to cancel 4,416,000 treasury shares, reducing paid-in capital by NTS44,160,000.

Category of Shares	Authorized Capital				Remarks
	Outstanding Shares	Treasury Stocks	Un-issued Shares	Total	
Common Shares	910,071,242	0	289,928,758	1,200,000,000	Listed Shares

2. Shelf registration: None

1.2 List of Major Shareholders

15 April 2025

Major Shareholder	Shares	Shares Held	%
LEALEA Enterprise Co., Ltd.		168,119,853	18.47%
Li Hao Investment Co., Ltd.		44,322,968	4.87%
Li Zan Investment Co., Ltd.		41,727,763	4.59%
Li Mao Investment Co., Ltd.		34,177,995	3.76%
Hung Shing Investment Co., Ltd.		24,341,087	2.68%
Chih Hsiang Investment Co., Ltd.		23,668,383	2.60%
Kai Hsiang Investment Co., Ltd.		15,285,631	1.68%
Hong Yi Investment Co., Ltd.		15,033,292	1.65%
Kuo Chuan ching		12,689,591	1.39%
Shun Yu Investment Co., Ltd.		11,991,397	1.32%

1.3 Dividend Policy and Implementation Status

1. Dividend Policy stipulated in the Company's Articles of Incorporation

If there is a surplus in the Company's annual final accounts, it shall first remedy for the accumulated losses, and then allocate 10% of the legal surplus reserve according to law; however, when the legal surplus reserve has reached the total paid-in capital, it shall be exempted. Second, according to the law or the regulations of the competent authority, the special surplus reserve shall be appropriated or reversed. If there is a balance, add the accumulated undistributed surplus at the beginning of the period as the distributable surplus, and allocate 0% to 100% of the distributable surplus, which will be distributed after the Board of Directors drafts a distribution plan and submits it to the Shareholders' Meeting for execution.

Among the shareholder dividends was concluded by the Board of Directors, the cash dividend shall not be less than 5% of the total dividends, but if the cash dividend per share does not reach NT\$0.1, it may be distributed as a stock dividend. Due to the volatile industry environment and its diversified development, it is necessary to change the payment of stock dividends in accordance with the capital budget and capital status.

2. Distribution of dividends proposed at the most recent AGM

The 2024 earnings distribution proposal was approved by the Board of Directors on March 14, 2025. Although there was an after-tax profit for 2024, it will not be distributed as it will first be used to offset losses, pending the resolution of the shareholders' meeting.

3. Any expected material changes to the dividend policy in the future: None.

1.4 Effects on the Company's business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent AGM:

There is no proposal of distribution of stock dividends for resolution at the AGM.

1.5 Rewards Distributed to Employees, Directors, and Supervisors

1. Percentage or range of rewards, distributed to employees and directors as stipulated in the Company's Articles of Incorporation:

As stipulated in Article 28 of the Articles of Incorporation of the Company: If the Company is profitable in the current fiscal year, no less than 2% of the profit shall be allocated as the employee rewards and no more than 5% of the profit shall be allocated as the Directors' compensation. However, the Company shall reserve its profit to cover its loss, if cumulative loss is recorded before the aforementioned ratios are distributed to employees and Directors. The Board of Directors shall resolve if employee rewards are to be paid in the form of stock or cash. The payees of the employee rewards also include the employees working for the subordinate companies who meet the criteria set by the Board of Directors.

2. Basis for estimating the amount of rewards to be distributed to employees, directors and supervisors, basis for calculating the number of shares to be distributed as employee rewards and accounting treatment for discrepancies between the actual and the estimated rewards to be distributed for this period:

- (1) Basis for estimating the amount of rewards to be distributed to employees, directors, and supervisors:

For the year 2024, there was a pre-tax profit. However, it will first be used to offset losses, so no amounts have been estimated for employee, director, and supervisor remuneration.

- (2) Basis of calculating the number of shares to be distributed as employee rewards: N/A

- (3) Accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed: N/A

3. Distribution of the rewards for the fiscal year of 2024 approved by the Board of Directors' Meeting in 2025

- (1) Rewards for employees and directors shall be distributed in the form of cash or shares. If there is any discrepancy between the above-mentioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be explained:

No amounts have been estimated for employee, director, and supervisor remuneration for the year 2024.

- (2) Amount of employee rewards distributed in the form of shares and its proportion to NIAT provided in the parent company-only or individual financial statements, as well as its proportion to the total amount of employee rewards: N/A

4. If there is any discrepancy between the actual amount of rewards distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of rewards for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:

As the Company recorded loss in the year 2023, the amount of rewards to employees, directors, and supervisors were not estimated.

1.6 The Company buys back the Company's Common Shares: None

2. Domestic Corporate Bonds: None.

3. Preferred Shares: None

4. Overseas Depositary Receipts: None

5. Employee Stock Options: None

6. Restricted Stock Awards (New Restricted Shares for employees' subscription): None

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

8. Implementation of the Company's capital allocation plans

8.1 Content of the Plan: None

8.2 Implementation Status: None

IV. Operational Highlights

1. Business Scope

1.1 Business Items

1. The company's major lines of business and the relative weight (%) of each

Business Line Ratio

Product	Ratio to Net Operating Income (%)
Petrochemicals	68.42
Nylon Chips	13.00
Woven (Knitted) Fabrics	10.00
Nylon Filament	4.43
Others	4.15
Total	100.00

2. Current Products (Services)

The main products manufactured by the Consolidated Company are divided into two areas: In the upstream of the textile industry, we have nylon chips and nylon filament; in the downstream, we have outdoor sports Textiles, fashion fabrics, upholstery & furnishing fabrics; in the post-processing section of manufacturing processes, we provide dyeing and finishing services, others are trading businesses.

3. Products (Services) under development

(1) Nylon Chips

1) BOPA Nylon Film Development

A. The Company collaborates with Li Ling Film to develop nylon film product, which has the advantages of higher intensity and better air resistance than PE and BOPP film; the new nylon film product also requires lesser costs in manufacturing and is more environmentally friendly than EVOH and PVDC film. With the rising awareness of food safety in the recent years, BOPA films features in freezing, steaming, vacuum packaging, and non-toxic and non-hazardous recyclability, make BOPA -- widely used for food preservation.

B. Collaborate with customers to develop customized BOPA film granules and obtain relevant quality certifications.

2) Development of Eco-plastics for Electricals and Electronics

The Company uses recycled nylon and polyester fiber waste to develop new environmentally friendly plastic materials. In addition, we collaborate with electronics material manufacturers to develop environmentally friendly recycled plastics for electronics products, automobiles as well as related component accessories, machinery and tool cases. The Company's increasing use of recycled plastics not only conserves the earth's resources, but also demonstrates our determination on environmental protection.

3) Development of nylon granules through chemical recycling

A. Develop nylon granules from recycled fishing nets and marine waste, and obtain GRS certification.

B. Recycle nylon waste using a newly developed depolymerization process to produce recycled caprolactam and nylon granules, aiming to save marine life, respond to environmental demands, and expand product scale.

4) Environmentally Friendly Recycled Pallets

To Reduce the secondary solid wastes generated in the recycling and reproduce processes of waste yarns and to respond to the market demand for replacing wood pallets.

5) Nylon materials are suitable for a variety of automotive parts due to their high strength and impact resistance, such as automotive wheel frames, lampshades, water, fans/sheaths, hoods, automotive air intake manifolds, airbag parts, automotive exterior and interior parts, timing belt cover parts, etc. The domestic and foreign companies are competing to invest in the application and development of nylon materials in automotive products, driving the strong demand for nylon materials in the automotive industry.

6) Under the transportation safety policy norms, the demand for flame retardant materials in industries including railways, automobiles, aircraft, and shipping continues to increase. Among them, the electric vehicle industry has created a new market for flame retardant materials.

Electric vehicle materials need to pay attention to two characteristics:

A. In order to reduce power losses, use a high-voltage electric system.

B. Unsupervised charging situation.

In order to ensure driving and charging safety, the materials used in electric vehicles require higher flame retardant properties. Nylon is the ideal material choice.

(2) Nylon Yarn

1) Compound anti-bacteria Nylon Yarns

We use engineering plastics to develop compound Multi-functional Masterbatch (with silver) with JIS 1902 anti-bacterial value >2.0. Our formula and improved manufacturing process reduce silver content and increase anti-bacterial stability after dyeing and finishing.

2) Low Hygroscopic Nylon Yarns

The low hygroscopic nylon yarns self-developed through engineering plastics is to replace externally purchased low moisture absorption nylon yarns (N610, N1010, N12). Our newly developed yarn has better features such as thermal retention, avoiding heat dissipation, water repellent effect, anti-abrasion, and anti-hook effects.

3) Development of solution-dyed nylon yarn

A. Collaborate with customers to develop multifunctional solution-dyed nylon yarn to achieve energy savings, reduce carbon emissions, and wastewater benefits.

B. Produce recycled solution-dyed nylon yarn using pre-consumer and post-consumer recycled nylon granules, which has been introduced into high-end textiles, increasing company revenue.

(3) Application of Engineering Plastics

Apart from the original nylon chips for spinning, we have developed nylon chips for other usage in the engineering plastics and films to replace the original imported special-purpose nylon chips and increase the sales of nylon chips in the future with cost advantage.

In addition, to meet the demand of energy saving, we have developed lightweight material nylon to be used by related nylon and polyester modified material.

(4) Functional Masterbatch

We use the existing nylon 6 as the base material, applying them with color masterbatch processing, to derive functional masterbatches. In response to the trend of environmental recycling at the same time supplying to existing spinning additives and engineering plastic modifiers with added value, we add GRS and recycled spinning grade nylon chips to produce environmentally friendly recycled nylon yarns.

1.2 Industry Overview

1. Current Status and Development of the Industry

Nylon production volume in Taiwan ranks third globally, after China and the United States. In addition to supplying domestic use, Taiwan actively exports nylon products to global markets. In the recent years, facing the fierce low-price competition from China, the Company shifted our strategies to customization, reduced quantity with choice of diversification and development of Dope-dyed filament yarns.

As for woven fabrics, due to export increase from developing countries such as China, India, Pakistan and Vietnam, Taiwan's textile industry has shifted focus on high value-added functional fabrics in order to upgrade our industrial structure to non-price related competition advantage, which has gradually taken effect and will be able to address the pressure of low-price competition in the international market.

2. Correlations between Upstream, midstream and downstream industry

Our main products are Nylon Chips, Nylon Yarn, Woven Fabrics, Knitted Fabrics.

- (1) In addition to supplying some of the nylon chips for our own use, we also sell them to major domestic and foreign manufacturers. Domestic customers have Li Ling Film, Acelon Chemicals & Fiber Corporation, Chain Yarn Co., LTD., etc. Foreign customers have MADURA INDUSTRIAL TEXTILES LIMITED、Marubeni Plax Corporation、Standard Carpets, etc. The market covers Japan, Indonesia, Vietnam, India, Korea, Europe and America.
- (2) The nylon chips required for the production of nylon yarns are all produced in our company and the nylon yarns are sold not only for our own use but also to other countries, such as Taiwan LEALEA, Lovetex Industrial Corp., Honmyue Enterprise Co., Ltd., Ho Yu Textile Co., Ltd., Golden light enterprise Co., Ltd., etc. It is also exported to other countries such as China, Japan, Vietnam, Thai, Brazil, etc.
- (3) The main raw material required for the production of woven or knitted fabrics is processed yarns, the main suppliers of which are LEALEA、TAIWAN E TEX and ZIG SHENG INDUSTRIAL etc. The finishing products are sold to the garment factories or steel factories of various domestic and foreign designer brands, such as GORE, Adidas, SALEWA, Arc'teryx, Decathlon, Patagonia, etc.

3. Product development trends and competition situations

Taiwan's textile industry has excellent competitiveness - in terms of capacity and quality. Considering the advance in its technologies, the future will be determined by applying nylon chips to engineering plastic field and developing products with functionalities and with novelty usages to appeal to environmental protection demands. The Company's nylon plant has economies of scale, with the latest technology equipment, low manufacturing cost and high quality, which makes it highly competitive. Although woven fabrics are facing the rapid catch-up speed from Mainland China and other developing countries, with continuous research and development, the Company has enhanced the competency and mitigated the threats of global competition.

1.3 R&D Outlook

1. Foreword

In response to the global trend of consumers' concern about climate change, depletion of natural resources, industrial pollution and non-toxic and safe products, we are developing green recycled fibre products "RePET® recycled polyester fiber", "ReEcoya® recycled dope dyeing fiber", "NylonPlus® recycled nylon fiber", and RePET+LiFRA products. All these products are developed based on green concepts of recycling and reusage to expand our business with high standards and new perspectives. Our company maintains the advantages of the one-stop shop by integrating the upstream and downstream factories - and setting up Indonesia Libolon Fiber System and Indonesia Hwalin Knitting as an additional production base in Indonesia to diversify product lines and focus on customization. Apart from the woven fabric business, there are yarn dyeing factories and professional knitting dyeing and finishing factories so that we can develop to a higher level of professionalism, technology and management. Across all our departments, we have talented professionals. Based on this foundation, we are able to establish the one-stop shop from "polymerization, yarn, weaving, dyeing and finished

fabric" to create high value-added and stable finishing products. Based on this, we develop towards engineering plastics and electronic materials. On the aspect of customer services which emphasize rapid response to customers' demands, we have setting up an imminent project to build up the knowledge management system for all R&D's projects.

2. Research and development expenses for the most recent year and up to the printing date of the annual report

Unit: NTD1000

Item \ Year	2024	(January to March) 2025
R&D Expense	122,020	30,558
R&D Expense as % of Net Revenue	0.35%	0.44%

3. Technology or products successfully developed in the most recent fiscal year and up to the date of publishing of the Annual Report

- (1) Nylon fishnet and ocean recycled yarn
- (2) Pre-consumer / Post-consumer Nylon recycle yarn
- (3) Nylon chip & Fibre for Electric Vehicle / Lightweight Nylon chip & Fibre
- (4) Recycle Tire carbon black yarn
- (5) Other development of modification in plastic function
- (6) CRZ high-performance eco-friendly yarn
- (7) Eco-friendly ReFLEX™ abrasion-resistant stretch fabric
- (8) Biodegradable eco-friendly fabric
- (9) ReEcoya™ Ultra-Fine Eco-Friendly Monofilaments & Multifilament

4. Future Annual Research Development Plan

Our company has been continuing to maintain the advantages of one-stop shop operations with excellent high-tech R&D team. The production center is expanded to Indonesia. To be aligned with the recent sports trend, we have focused more on the development and manufacturing of knitted fabrics. At the beginning of 2022, the company invested in Indonesian Hwalin Knitting equity by cash capital increase. This has enabled us to lead the product development ahead our competitions and our customers. From a batch-to-batch quality and stability of raw material all the way to accuracy of delivery dates, we are able to maintain our competitive edge.

Our products are all consumer-oriented, with a wide range of customers and diversified categories of products to meet market demands for different price points. In response to future market demand, the company will continue to expand its product range, continue to develop vertically in addition to apparel fabrics, and is committed to the expansion of home furnishing fabrics and industrial fabrics. Through several years of hard working, we have seen the achievements and have received affirmation from our customers.

In the future, we will continue to invest in the development of products related to environmental protection and combine with industries in related fields to form an environmental alliance to work together for environmental protection.

Through self-development of upstream raw materials, the Company's development of differentiated and multifunctional products will grow significantly, creating another wave of peak point in the textile industry and laying the foundation for sustainable management.

1.4 Long-term and short-term business development plans

➤ Short Term Business Development Plan

1. In the nylon yarn and grain section, in addition to the existing new products that have been developed and matured, we have also developed new products in line with the overall marketing strategy and customer needs. This year, we also broke through the technical bottleneck and produced 30D/1F monofilament, achieving the predetermined results.
2. Nylon yarn's advantages are exceptional strong, fast dyeing, easy wash, quick dry, brighter dyeing and printing effects, which make Nylon yarn irreplaceable in the textile market. In industrial applications, Nylon chips has even wider usages, where we have seen strong demand, for example, in automobile accessories, computer components, package films, etc. This along with nylon chips demand from the upper and midstream weaving manufacturers, especially in Taiwan, has helped us to decrease nylon chips inventory.
3. In recent years, brand owners have reduced order quantities to lower inventory. However, due to the transformation of the eco-friendly material - Ecoya, the order volume remained stable. In addition to curtains, the Company also successfully expanded the sofa fabric and entered the hotel channel with 3M flame retardant blackout orders, and the development of yarns on Lealea's new drawn texturing yarn machine has successfully penetrated Japanese uniform trays and wear-resistant outdoor fabrics for European and American snow coats without Lycr elasticity.
4. Adjust inventory mechanism in accordance with brand name customers. Apart from utilizing ERP to establish a rapid response mechanism upstream and downstream, we also hold weekly video discussions with clients to discuss market conditions and future development directions.

➤ Long Term Business Development Plan:

1. Our daily production capacity of nylon chips is 1,300 tons. However, in the face of intense competition from China, we have been actively exploring other markets, such as America, Japan, and Southeast Asia. The Company maintains stable relationships with major suppliers of CPL raw materials and acquired the stable supply from CPL production suppliers in mainland China in 2024.
2. In the four product areas of industrial fabrics, fashion apparel, sports and outdoor casual apparel, and home furnishing fabrics, we actively cooperate with brand vendors, establish strategic alliances with garment factories, and strengthen cooperation with brand vendors. In response to the demand for 3M curtain fabrics in Europe and America, we purchased 40 sets of 3.6m TOYOTA air jet looms to provide high-end hotel fabrics and to meet the trend of elasticity of garment materials, the weaving factory replaced the old with the new and introduced 70 sets of 230-width 2-shrink and 3-shrink Japanese TOYOTA high-speed water weaving machines and to meet the requirements for lightweight, high-durability outdoor fabrics, Changhua Textile Factory plans to replace 30 old wide-width air-jet looms with new ones.
3. Relying on the integrated advantages of R&D team, we have been able to integrate the advantages of our yarn, weaving, dyeing, and coating in a consistent manner to maintain a flexible supply of diversified products and further improve the quality of our products.
4. As global warming has become increasingly serious, the protection of the ecosystem to preserve our beautiful planet for the future generation has become a social responsibility and imperative for every enterprise on the planet. Our company has developed RePET Recycle fabrics, which is extracted from recycled PET bottles. RePET is highly regarded by multinational brands such as H&M, Decathlon, Arc'teryx, Patagonia, etc; Furthermore, in cooperation with Sheico's matured development of tire recycling yarn, there will be a gradual increase in production in 2025. In addition, to meet the carbon-neutral/net-zero requirements of various brands by 2050, textile design is not only focused on development through Reduce/Reuse/Recycle but also aims for zero waste by incorporating CRZ garment recycling. The main nylon factory has established a chemical recycling system with a monthly capacity of 300 tons, capable of melting and re-spinning waste-coloured fabrics and garment scraps from the dyeing and finishing production process.

5. The dyeing and finishing are the most polluting steps in the textile manufacturing processes. It is due to heavy oil used in the process which release massive amount of CO₂, which is the root cause of global warming. In response to the major issue of global carbon reduction, the company has developed Ecoya environmentally friendly solution-dyed yarns, which not only greatly reduce CO₂ emissions, but also reduce wasted water and chemicals use. At the same time, Ecoya has proven to be superior in features such as color fastness to sunlight, fastness to water perspiration. In response to the global focus on eco-friendly materials and sustainable processes, the Company continues to deepen its R&D investment in the field of fine denier eco-friendly yarns. We are actively promoting the development and production of recycled material technology for yarns ranging from 9D to 200D. This product range is extensive, incorporating not only recycled materials but also ReEoya water-saving dye-free technology. Applications range from ultra-lightweight windproof fabrics to highly weather-resistant outdoor functional fabrics, all demonstrating excellent quality and stability. By integrating recycled materials and high-efficiency processes, our company not only enhances product value but also significantly reduces environmental impact. This R&D achievement fully demonstrates our company's technical advantages and commitment to sustainability in fine denier yarns, further solidifying our leadership in the global functional and eco-friendly textile market. We will continue to introduce low-carbon technologies and green processes in the future to create textile solutions that combine innovation, quality, and sustainable value.
6. Established an electronic material service team to cooperate with Lealea to provide yarn for Apple, and continue to obtain orders from other 3C brands to develop a high-value market.
7. To expand the sales proportion of niche nylon products, we are investing in the transformation of 16 spinning positions to enhance our ability to receive orders from high-end outdoor brands.
8. We are beginning to plan chemical recycling processes to meet the future demand for eco-friendly products.

2. Markets and Sales Status

2.1 Market Analysis

1. Markets of Major Products (Net Amount)

Unit: 1000

Year \ Area	Taiwan	Export			Total
		Asia	Americas	Others	
2024	20,854,126	10,135,355	3,479,445	356,297	34,825,223

2. Market Share of Major Products

The domestic market share of nylon filament is about 14%; the domestic market share of nylon chips is about 43%.

3. Supply & Demand of the Market in the Future and Growth

(1) Nylon Chips, Nylon Filament:

We are the only company in the world that can provide integrated one stop shop processes, from upstream to downstream services, including nylon chips, nylon filaments, weaving, dyeing and finishing to the entire operation processes. Therefore, our nylon chips and nylon filaments are very competitive in the market.

(2) Textiles:

Taiwan's textile industry already leads - the world technologically in - apparel textiles. In response to the industrial transformation and upgrading to meet the increasing demand for functional textiles from Europe and the United States and to avoid low-price competition from emerging textile countries, our R&D center will have to respond even faster to all the changing needs of the industry.

4. Competitive Niches and Development Prospects: Advantageous and Disadvantageous Factors

(1) Advantageous Factors

- Taiwan has excellent nylon chips and nylon filament manufacturing technologies, which differentiate us from the nylon products made by the competitors in China. Because of the technological merits, Taiwan's nylon products enjoy certain competitive advantages in the world.
- Through unremitting efforts over the years, the single market dependency of the nylon chips orders from Mainland China have reduced significantly. We have opened Southeast Asia market, seeing the sales of Southeast Asia increased significantly. Moreover, we have been able to open the market in Japan, which requires high quality products. We believe that that in the future we will see increased turnover and profitability.
- With the improvement of dye ability, the factory environment complies with more stringent environmental protection requirements. This move has enabled us to invest in the manufacturing of high-unit price fabrics (i.e. fine denier polyester/nylon Ecoya lightweight fabrics, etc.) to increase profitability.

(2) Disadvantageous Factors

- In the employment mindset of young generation, lots of the professionals are looking for jobs in the high-tech industries. The younger generation is hesitant to join the textile industry, resulting talent shortage and affecting the development and marketing of new products.
- On fabric dyeing and finishing, many of our domestic competitors have moved to mainland China and Southeast Asia to set up factories for low labor wages and mass manufacturing costs to compete with low price strategy for easier market entry. Compounded to that, the branded customers are affected by weak global economic environment with reduce orders. This in addition to the increasingly regulatory requirements on chemical restrictions on textile products in Europe and in the USA, have made it more difficult to receive orders with our products manufactured under the domestic specification requirements, in other words, lacking competitive edge internationally.

(3) Coping Strategies:

With regard to talent shortage, we cooperate with the government to work on academic-industry collaboration projects and education programs. We accept resources from Taiwan Textile Federation, Taiwan Textile Research Institution, etc. to improve the abilities of employees and cultivate employees, and to train foreign supervisors by the project, to facilitate the passing on of technology and management in the future.

On the structures of products, we focus on limited quantity with diversified choices, and developing high quality products. As the world is facing the dilemma and challenge of climate change, - and concern for ecological conservation has become increasingly important, the company actively approves relevant safety certified products and services, such as GRS and Bluesign certifications, to comply with the requirements of international laws and regulations management, improve brand trust, and enhance international competitive edge. In addition, to upgrade manufacturing automation for labor-saving machines to replace labor costs, we are able to surpass competitors, create extraordinary performance and move toward the goal of sustainable business.

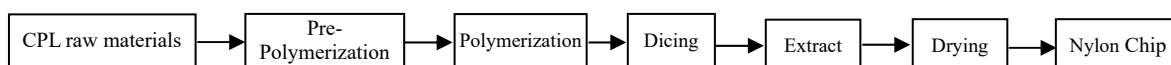
2.2 Major Usages of Core Products and Manufacturing Process

1. Major Usage of Core Products

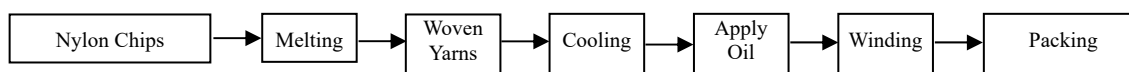
In addition to nylon chips, filaments, and woven fabrics, our company produces a wide range of products, including microfiber fabrics, new synthetic fabrics, lycra, artificial suede fabrics, strong-twister fabrics, trouser (skirt) materials, furniture fabrics, nylon fabrics, and other long-fiber fabrics. Apart from sports, casual clothes, our fabrics can also be applied to industrial usages, such as lamination, luggage (bags), shoe materials and other diversified applications.

2. Manufacturing Process

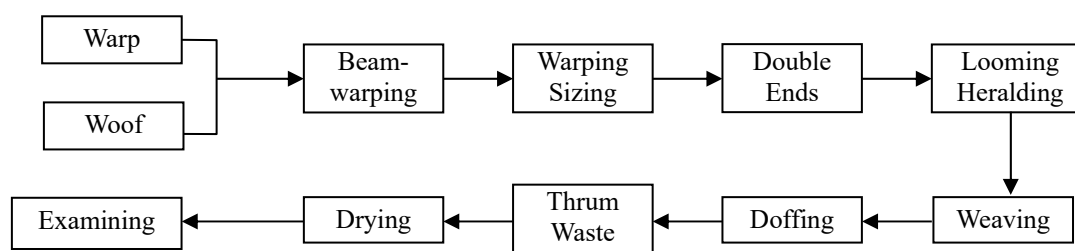
Nylon Chip Manufacturing Process



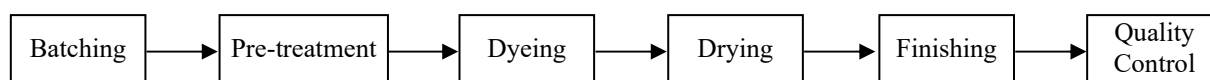
Nylon Filament Manufacturing Process



Woven Fabrics Manufacturing Process



Dyeing and Finishing Process



2.3 Supply Conditions of Major Raw Materials

The major raw materials of the Company are CPL and Textured Yarn

1. CPL

China Petrochemical Development Corporation (CPDC) is the only supplier of CPL in Taiwan. We have maintained long-term supply relationship with CPDC. In Taiwan as the demand for CPL is higher than supply, we have signed long-term supply contracts with large international companies, such as, UBE, SCC etc. In addition, we have also increases the purchase amount from the open market with main source from Russia. This is to reduce the purchase cost of CPL to increase overall profitability.

2. Textured Yarn

The suppliers of the textured yarns are Lealea, Tuntelon, Toung Loong and Taiwan E Tex etc. Because of the large production volume and good quality, the Company is able to obtain the right amount of high-quality raw material with a good price to lower the purchase cost and thus increase the Company's profitability

2.4 Information of the Suppliers in the Most Recent Two Years

Unit: NTD1000

Item	2023				2024			
	Name	Amount	As a percentage of net purchase for the year %	Relationship with Issuer	Name	Amount	As a percentage of net purchase for the year %	Relationship with Issuer
1	TOTAL	7,380,972	29	None	TOTAL	5,638,828	18	None
2	Formosa Chemicals	4,124,390	16	None	IDEMITSU	4,378,014	14	None
3	IDEMITSU	4,111,972	16	None	GUNVOR	3,855,506	12	None
4	Other	10,258,747	39		SK NETWORKS	3,319,619	11	None
5		-	-			14,015,168	45	
	Net Purchase	25,876,081	100		Net Purchase	31,207,135	100	

Note: The manufacturers who made more than 10% of the net purchases in 2023 and 2024 were chemical importers.

Reasons for changes: the merged company has a long-term cooperative relationship with its major suppliers. However, the operations of each supplier are different. Changes in suppliers' production volume may lead to differences in purchases.

2.5 Information of Major Customers in the Most Recent Two Years

Unit: NTD1000

Item	2023				2024			
	Name	Amount	As a percentage of net purchase for the year %	Relationship with Issuer	Name	Amount	As a percentage of net purchase for the year %	Relationship with Issuer
1	TOTAL	8,416,222	28	None	Oriental Petrochemical	5,360,341	15	None
2	CAPCO	3,194,217	11	None	TOTAL	5,163,348	15	None
3	Other	18,059,298	61		Formosa Chemicals	4,715,052	14	None
4		-	-		CAPCO	4,137,502	12	None
5		-	-		Other	15,448,980	44	
	Net Sales	29,669,737	100		Net Sales	34,825,223	100	

Note: Customers accounting for more than 10% of net sales in 2023 and 2024 are chemical product sales customers.

Reasons for changes: the merged company has a long-term cooperative relationship with its major sales customers. However, the operations of each customer are different. Changes in customer demand may lead to differences in sales.

3. Employees

Year		2023	2024	As of 31 March 2025
Employees Headcount	Staff	253	255	250
	Technicians	167	170	165
	Operators	868	876	870
	Total	1288	1301	1285
Average Age		40.91	40.95	41.19
Average Years of Service		10.21	10.13	10.37
Academic Qualification %	Doctoral	0%	0%	0%
	Master	2.64%	1.77%	1.79%
	University	29.27%	29.06%	28.79%
	Senior High School	24.53%	23.67%	23.66%
	Below Senior High School	43.56%	45.5%	45.76%

4. Environmental Protection Expenditure

4.1 Description: For the past two years and as of the issue date of this annual report, losses suffered due to pollution (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspections, specifying the deposition dates, disposition, reference numbers, the provisions of law violated, and the content of the dispositions): None

4.2 Current and Future Estimated Amounts and Countermeasures: None

5. Employer/Employee Relationship

We have -always cared about and emphases on the employees' welfare and growth, and we have focused on the training and education of our employees. Building good rapport with employees is one of the keys to the success of business management. In the recent years, due to fast changing pace of economic development, the industry is facing the challenge of structural transformation. Therefore, the awareness of the importance of the labor relations to employers has been especially highlighted. Since the establishment of our company, labor relations have always been harmonious, -, thus no labor disputes have ever occurred.

Our benefits are described as below:

5.1 The Company's Welfares

(1) Labor Insurance (2) National Health Insurance (3) Festivals, Wedding & Funeral Subsidies (4) Health Examine (5) Annual Bonus (6) Profit Sharing & Stock Ownership

5.2 The Employee Welfare Committee's Benefits

(1) Small Group Social Gathering (2) Festivals, Wedding & Funeral Subsidies (3) Scholarship and Grants (4) Club Activities (5) Travel Subsidies (6) Year End Party (7) Birthday Gift (8) Festival Gift (9) Year End Gift Draw (10) Book, Magazines, Newspapers (11) Group Insurance (12) Cultural & Recreational Activities (13) Employee's Children Scholarship

5.3 On Job Training

In order to improve the quality of human resources and to enhance the job-related knowledge and skills of our employees, to improve their competitiveness both within and outside the enterprise and to give them the stage to fully expand their potential, based on the needs of employees and according to their ranks and different business types, the Company has established an on-the-job training program for the employees, which is implemented as follows:

1. Short-term Training:

Assigned or approved to receive training at various training centers, consulting firms, associations, etc. In 2024, the Company assigned employees to receive educational training courses, with external training focusing on professional knowledge and skill certification. These courses include "Continuous Education for Accounting Supervisors," "New Trends in International Net Zero and Sustainability Disclosure," "Common Deficiencies in Financial Statement Review and Issues in Asset Acquisition/Disposal," "Practical Analysis of ESG Sustainability Policies and Regulations Related to Annual Report Preparation," "Legal Responsibilities Related to Management Rights Disputes," "Cases of Breach of Trust and Transactions Not in Accordance with Business Norms," and "Cybersecurity and Cloud Security," among others, to cultivate executives and obtain professional certifications. Internal training focuses on social responsibility and environmental protection, employee safety with "Hazard General Knowledge," "Hazard Identification," employee health with "Hearing Protection," "CPR & AED," "Physical and Mental Health Protection Measures," and "General Safety and Health Education Training for Migrant Workers."

2. Long-term Training:

The Company has established internal and external, instructor lead professional training programs, the cost are borne by the Company.

(1) In 2024, the "Activate the Team, Win the Future" and "International Situation Development" courses were held at the Mabuville Training Center in Hsinchu. Through team experiential activities, participants were able to stimulate team potential, build cooperation and trust within the team, and break habitual thinking to find the best solutions for achieving goals. Through team discussions and sharing, team cohesion was enhanced. The series of activities received enthusiastic responses from the participants.

(2) With the rapid development and application of AI, and the war, energy, inflation and economic recession, businesses are facing numerous daunting challenges. To cultivate leaders capable of absorbing new knowledge anytime and anywhere, and to promote corporate digital learning courses, regardless of location, a learning platform has been established. This enables leaders to constantly grasp new global trends and worldly dynamics, facilitating comprehensive enhancement from acquiring new knowledge to sharpening mindset, from refining thinking to improving competencies.

(3) We also implement the Youth Education and Employment Savings Account program in conjunction with the Youth Navigator program.

3. Overseas Training:

Employees' handling customer complaints, receiving orders, or responsible for company approved project related international travel, the cost of business travel will be borne by the Company.

4. Assigned Training (In Compliance with Legal Requirements):

Assigned to the following courses in 2024 of the Company: "Fixed Crane Operators", "Chemical Operations Management Training", "Public Safety Regulations Training for Warehouse Buildings", "Seminar on Product and Environmental Sustainability Standards", "Aerial Work Platform Operators", "Forklift Operators", "Occupational Health Service Nurses", "Type I Pressure Vessel Operators", "Radiation On-the-Job Training", "Occupational Safety and Health Personnel", "Fire Training and Emergency Response Plan", "Prevention Plan for Unlawful Harm During Duty and Maternal Health Protection Plan in the Workplace", "Emergency Rescue and Evacuation for Specific Chemical Substance Leaks", "Explanation of Carbon Fee Regulations", "Prevention of Heat Hazards for Outdoor Workers in High Temperatures", and "Methods of Using Protective Equipment", etc.

5. Special Training (Special Project Training as required to conduct business):

Assigned the following training courses in 2024 by the Company: 「 “Instrument Calibration and Quality Management”, “Lifesaving Techniques Instructor Training”, “Warp and Weft Yarn Arrangement Method”, “GRS Global Recycled Standard”, “X-Ray Fluorescence Analyzer Operation and Maintenance”, “Antibacterial, Bacteriostatic, and Antiviral Processing and Testing”, “Vacuum Kneading Tank Work Specifications”, “Granule Packaging and Solid Amine Feeding Personnel Work Specifications”, “Nitrogen Circulation Wind Turbine Disassembly and Installation”, “Reagent Preparation and Calibration Method”, “Principles of Polymerization and Recycling Process Flow”, and “Steam Boiler Equipment Operation Specifications”, etc.

5.4 Pension System

1. The Company has established a retirement plan in accordance with the Labor Standards Law and established the Labor Pension Fund Supervisory Committee to regularly monitor the allocation status of the pension fund and review of the retirement applications.
2. In addition to setting up the retirement plan in accordance with the Labor Standards Law, the Company also designed better retirement measures for employees.
3. Starting from 1 July 2005, in accordance with the government's implementation of the Labor Pension Act (hereinafter referred to as the "new system"), the Company has been making monthly contributions to the designated pension accounts of the Labor Insurance Bureau for employees who choose the new system.

5.5 As of now, there has been no labor dispute occurred in the Company.

6. Cyber security management

6.1 Cyber security risk management structure, cyber security policy, specific management plan and resources invested in cyber security management:

1. Cyber security risk management structure:

To comprehensively manage information security policies and resource allocation matters, our company established a cybersecurity supervisor in June 2023 and allocated one part-time staff member. They are responsible for promoting and implementing information security policies. The Company entrusts the related company LEAEA TECHNOLOGY CO., LTD. and the information security division to coordinate and implement the Cyber security policy, advocate Cyber security Cyber, and collect and improve the performance and effectiveness of the organization's Cyber security management system technology, products or procedures.

2. Cyber security policy:

To implement the security management, the Company has established an internal control system, and through the joint efforts of all colleagues, it is expected to achieve the following policy objectives

- (1) Confidentiality and integrity of information
- (2) Ensure that data access is regulated according to the functions of the department
- (3) To ensure the continuous operation of the cyber system
- (4) Prevent unauthorized modification or use of data and systems

3. Specific management plan:

- (1) Internet security control: set up firewalls, regular virus scanning, etc.
- (2) Data access control: different access rights are granted according to functions, the original authority of the transferred personnel is cancelled, and the remote login information system should be properly approved.
- (3) Strain recovery mechanism: implementation of off-site backup, regular review of network security control measures, etc.

4. Invest resources in cyber security management:

In order to implement the security policy, the resources invested are as follows:

- (1) Network hardware devices such as firewalls, email anti-virus, and spam filtering
- (2) Software systems such as backup management software, VPN authentication and encryption software.
- (3) Invest manpower such as regular backup and backup of the implementation of off-site storage of media, annual CPA audit, etc.

6.2 Losses, possible impacts and measures suffered as a result of major cyber security incidents in the most recent year and as of the date of publication of the annual newspaper, if it cannot be reasonably estimated, shall state the facts that it cannot reasonably estimate:

On October 28, 2024, some main servers at our Yangmei plant were subjected to an encryption attack, and local data was deleted. However, due to our company's off-site backup mechanism, the data has been restored, and there is no impact on our company. In addition to enhancing our employees' awareness of information security, we have also upgraded our security equipment to compensate for the shortcomings of the firewall.

7. Major Contracts

Nature of Contract	Party	Effective Period	Main Content	Restriction Terms
Long-term Loan Agreement	Bank of Taiwan	30 Mar 2021 ~ 30 Mar 2028	Collaterals loan with month interest payment .The total loan amount is NTD1 billion. Starting from 30 Sep 2023, every 6 months, one installment is paid back; for the first 9 payment terms, each repayment is NTD55 million. The remaining principal shall be paid in full when the loan is due.	None
Long-term Loan Agreement	Export-Import Bank	25 Mar 2023 ~ 25 Mar 2028	Long-term credit loan with month interest payment; total principal, NTD144 million. Starting from 25 Sep 2024, one installment is paid back every 6 months, installment to pay the principal of NT\$18,000 thousand.	None
Long-term Loan Agreement	KGI Commercial Bank	23 Dec 2024 ~ 7 Nov 2026	Long-term credit loan with month interest payment; total principal, NTD500 million. The principal is to be paid when the loan is matured.	
Long-term Loan Agreement	Chang Hwa Commercial Bank	29 Nov 2024 ~ 27 Mar 2027	Collaterals loan with month interest payment. The total loan amount is NT\$375 million and the principal amount is repayable in one lump sum at maturity.	None

V. Review and Analysis of the Financial Condition, Performance Review and Risk Management

1. Financial Position

Review and analysis on financial status

Unit: NTD1000

Item \ Yea	2023	2024	Difference	
			Amount	%
Current assets	8,766,420	8,811,865	45,445	0.52
Non-Current assets	10,275,272	9,845,749	(429,523)	(4.18)
Current Liabilities	6,803,153	6,794,862	(8,291)	(0.12)
Non-Current Liabilities	2,235,945	2,051,941	(184,004)	(8.23)
Total Stockholders'	10,002,594	9,810,811	(191,783)	(1.92)
Analysis of Changes over 20% in financial ratios: The change in each item was not over 20% in both periods, so it was not analyzed.				

2. Financial Performance

Analysis of Financial Performance Table

Unit: NTD1000

Item	2023	2024	Increase (Decrease) Amount	Difference Ratio (%)
Gross Sales	29,669,737	34,825,223	5,155,486	17.38
Cost of Sales	29,438,180	34,439,447	5,001,267	16.99
(Unrealized) Realized Sales Profit	(799)	(95)	704	88.11
Gross Profits (Loss)	230,758	385,681	154,923	67.14
Operating Expenses	829,539	798,047	(31,492)	(3.80)
Operating Loss	(598,781)	(412,366)	186,415	31.13
Non-operating Income and Losses	96,961	487,145	390,184	402.41
Net profit (loss) before tax	(501,820)	74,779	576,599	114.90
Income Tax (Expense) Benefit	68,526	(1,704)	(70,230)	(102.49)
Net Income (Loss)	(433,294)	73,075	506,369	116.86

2.1 The main reasons for the significant changes in operating income, operating profit and income before tax for the most recent two years.

1. This year's net operating profit increased by NT\$186,415 thousand, mainly due to an increase of NT\$207,713 thousand in the operating profit of our textile department. The gross profit of the textile department increased by NT\$245,537 thousand. For a detailed analysis of the changes in the gross profit of the textile department, please refer to the table below:

Unit: NTD1000

Operating Gross Profit	Changes of increase or decrease in relation to the prior or later period	Reasons for Differences			
		Price Difference	Cost Difference	Sales Mix Difference	Volume Difference
	245,537	544,761	(287,185)	(106,770)	94,731
Explanation	In 2024, the main reason for the increase in gross profit compared to 2023 was the significant rise in sales prices, resulting in favorable price differences.				

2. This year's non-operating income and expenses increased by NT\$390,184 thousand, mainly due to the greater depreciation of the New Taiwan Dollar against the US Dollar in 2024 compared to 2023. As the consolidated company holds a substantial amount of US dollars, the exchange gains increased by NT\$237,246 thousand compared to 2023. Additionally, favorable factors such as foreign exchange operations involving derivative products and the rise in market prices resulted in an increase of NT\$102,297 thousand in net gains from financial assets and liabilities measured at fair value through profit or loss compared to 2023.

2.2 Sales volume forecast and the basis therefor and the effect upon the Company's financial operations as well as measures to be taken in response:

The Company does not disclose the financial forecast for the year of 2024. Therefore, it does not intend to reveal the estimate sales volume.

3. Cash Flow

3.1 Cash Flow Analysis

Unit: NTD1000

Cash at the Beginning of Year	Full Year Net Cash Flow from Operating Activities	Full Year Net Cash Outflow	Cash Surplus (Deficit)	Remedy for Cash Shortage	
				Investment Plan	Financial Plan
2,102,831	711,811	4,625,935	(1,811,293)	6,418	3,570,231

3.2 Analysis of change in cash flow in the current year

In 2024, the Company primarily experienced a cash outflow of NT\$4,625,935 thousand due to the repayment of long-term loans, the purchase of property, plant, and equipment, as well as an increase in loans advanced to related parties. To address the shortfall in funds, the Company mainly increased long-term borrowings.

3.3 Cash Flow Analysis for the coming year

Unit: NTD1000

Cash at the Beginning of Year	Full Year Net Cash Flow from Operating Activities	Full Year Net Cash Outflow	Cash Surplus (Deficit)	Cash Surplus (Deficit)	
				Investment Plan	Financial Plan
1,765,356	170,232	463,157	1,472,431	3,300	-

4. Impact of Major Expenditures on Finances during the most recent fiscal year: None.

5. Reinvestment policy for the most recent fiscal year, main reasons for profits/losses generated, plans for improving profitability and investment plans for the coming year:

None.

6. Risk assessment and analysis:

6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Profit and loss, and Future Response Measures

In 2024, as the inflation index gradually declined, many European and American countries began to lower interest rates. Compared to 2023, the global economic momentum started to grow slowly. The economic overview of major countries is as follows:

- United States: The economic situation, initially predicted to have a "hard landing" or "soft landing," has so far maintained stable growth.
- Japan: The economy has entered a moderate recovery phase, stimulated by rising wages and increased domestic consumption.
- China: Due to weak domestic demand and the uncertainty of U.S. trade policies, economic growth has slowed.
- Taiwan: Export volume has grown significantly compared to the previous year, mainly in electronic components and ICT products such as artificial intelligence (AI). However, traditional industry goods continue to be affected by overseas overcapacity, leading to dumping and price competition.

Additionally, the Russia-Ukraine war and the Israel-Palestine conflict have not yet ended, and geopolitical risks remain, posing various changes and challenges to global economic trade in 2025. The company will closely monitor global economic conditions and central bank dynamics to plan interest rate hedging in advance.

Regarding the foreign exchange market, with President Trump taking office, entering the Trump 2.0 era, his constantly changing U.S. trade policies have increased uncertainty, leading to the rise of protectionism in various countries. This phenomenon is unfavourable for global trade development, potentially weakening economic growth and stimulating inflation. It also poses challenges for the monetary policy adjustments of major central banks. Currently, the U.S. inflation index has cooled but remains close to 3%. The market estimates that the Federal Reserve will cut interest rates twice in 2025. This year, the stock market and exchange rates will fluctuate with international situations. The company will closely monitor the potential impacts of the foreign exchange market and manage exchange rate risks based on future actual USD receipts and payments.

6.2 Policies on High Risk, Highly Leveraged Investments, Loans to other Parties, Endorsements, and Derivative Trading Policies, main Reasons for Profits or Losses, and Future Response Measures:

In the most recent year, the Company and its subsidiaries have prudent financial management and do not engage in high-risk and highly leveraged investments. The Company's subsidiary, Eton Petrochemical Co., Ltd. and Eton Petrochemical International Co., Ltd. is currently applying for a letter of credit from its bank for its material purchase needs, in order to enable the subsidiary to proceed smoothly, the Company provided endorsement. The Company and its subsidiaries have established comprehensive policies and internal control procedures for loans of funds to others and derivative transactions, and regularly report to the Board of Directors on the status of loans of funds and gains and losses on derivative transactions.

The Company engages in derivative swap transactions, primarily for the purpose of diversifying assets, increasing the flexibility of capital deployment, allocating capital efficiently and enhancing profitability under the principle of risk diversification, and all transactions for 2024 and up to date have been in compliance with the relevant regulations.

6.3 Future Research & Development Projects and Corresponding Budget

Research Item	Budget Research Expenditure (NTD1000)
Nylon Chips	95,000
Engineering Plastics	50,000
Eco-friendly Dope Dyed Yarn	45,000
Modified Nylon Fibre	30,000
Special Function Fibre	20,000

6.4 Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad and measures to be taken in response.

The Company's financial operations are all handled in accordance with related regulatory requirements. As of today, all important domestic policies and legal changes have no major effects on the Company's financial operations. In the future, the Company will pay attention to all relation information and will obtain relevant information and new on timely basis to study and come up with necessary responsive measures to meet the operation requirements of the Company.

6.5 Effect on the company's financial operations of developments in science and technology as well as industrial change (including cyber security risks), and measures to be taken in response.

1. In the recent years, manufacturers of CPL and Nylon slices have expanded capacity significantly and lately the China market has reached self-sufficient. The only small gap which remains unsatisfied is the high-end special function nylon slice. We will maximize the opportunity to keep selling our nylon slice to Mainland China. Recently we have successfully developed non fiber applications, such as thin filament, film, engineering plastic, etc. We have seen steady growth of orders in these products. We will use this opportunity to gradually increase the manufacturing facility utilization of nylon chips.
2. To increase our competitive advantage and to increase the sophistication of our products, in the recent years, we continued to retire old type of water-jet looms, and purchased new Broad Width water-jet looms. Among those new machines, 40 sets are used to produces stretch cloth to create flexibility for order combination. With installation of new machines, we are able to improve production efficiency, lower overall manufacturing costs, allowing new development possibilities for special equipment, such as Dual Beam or Picks of multiple colors. Especially the marketing of home decoration cloth, we began to see good marketing results through a focused sales effort on the 3- meter width blackout fabric, flame retardant series and sofa fabric for domestic sales.
3. Furthermore, due to the rapid advancements in technology, companies are frequently targeted by hacker attacks. To ensure information security, the Company also regularly updates its security equipment.

6.6 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

The Company has always been operating on stability and integrity to continuously deepening the strength and capability of the management team. Our corporate image is sound and fair. No major change is foreseen.

6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

6.9 Risks associated with any consolidation of sales or purchasing operations and mitigation measures being or to be taken.

1. Explanation of Purchase Consolidation:

The Company has established long-term partnership relationship with upstream suppliers. We have adopted multiple supplier strategy with multiple supply resources and all of them signed contracts with us. Therefore, there is no consolidation of purchase situation.

2. Explanation of Sales Consolidation:

The Company has set a credit limit for each customer and strictly control collection of payment from each customer. Meanwhile, we actively explore new customers and new geographic areas to spread the risk of sales concentration or the operation impact of losing single largest customer.

6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There is no significant transfer or change of ownership.

6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:

None.

6.12 Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

There is no litigious, non-litigious matters, nor administrative disputes.

6.13 Other important risks and countermeasures: None.

7. Other important matters: None

VI. Special Disclosure

1. Information about affiliated enterprises

Please refer to the Market Observation Post System (MOPS) <https://mops.twse.com.tw> > Single Company > Electronic Document Download > Affiliated Enterprises Reports Section. Enter the company code to search for related information.

2. Private placement of securities in the most recent year and as of the printing date of the annual report: None.

3. Other supplementary information: None

4. Pursuant to the Article 36-3-2 of Security Exchange Act, event having material impact on shareholder's equity or share price: None

Li Peng Enterprise Co., Ltd.

Chairman: Kuo, Shao-yi

