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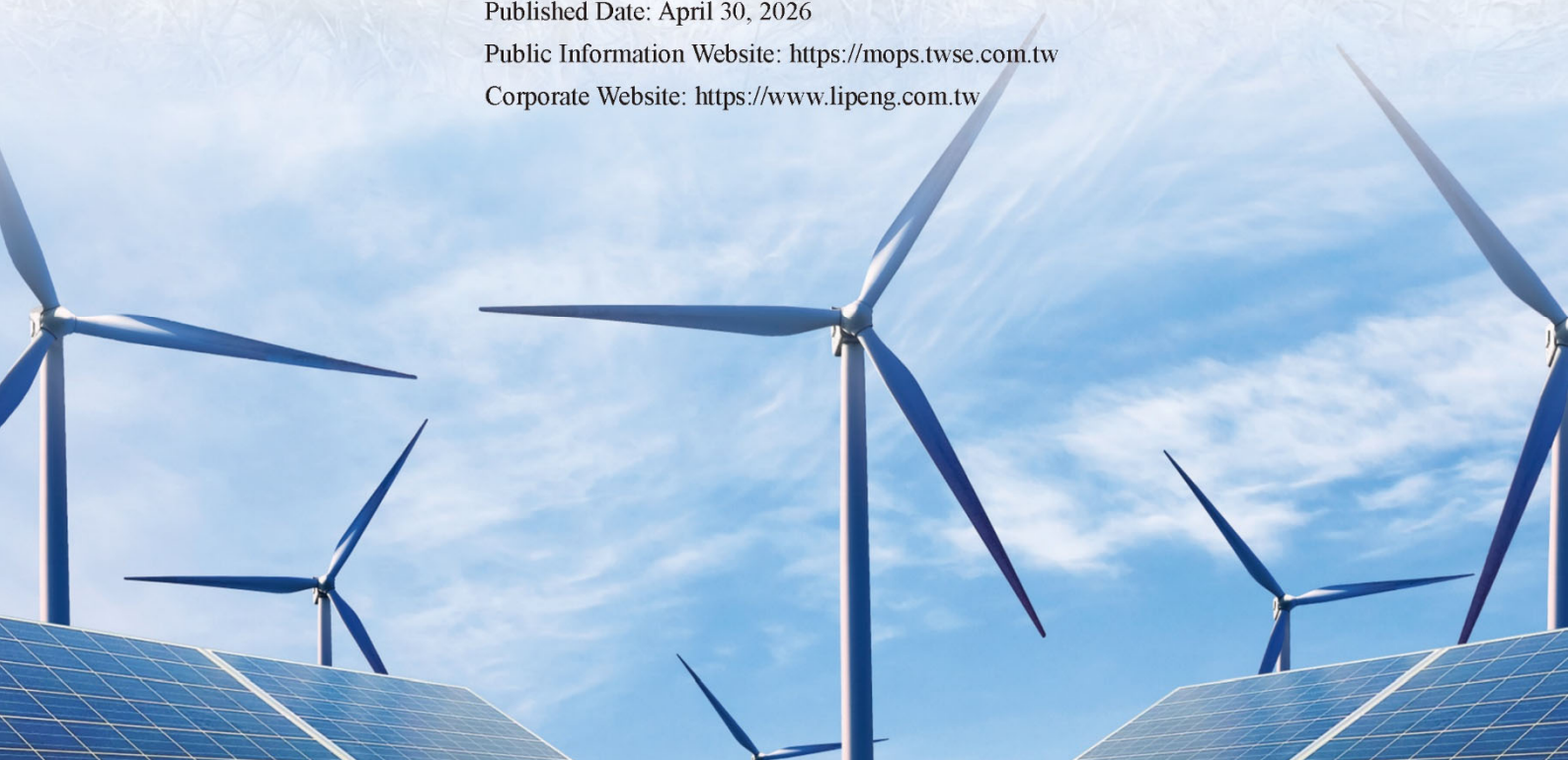
Li Peng Enterprise Co., Ltd.

2025 Annual Report

Published Date: April 30, 2026

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 2025 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. 2025 Business Results

(1) Project Implementation Results:

The year 2025 was marked by significant volatility in the global political and economic landscape. The tariff policies implemented by U.S. President Donald Trump, leadership transitions across multiple countries, and ongoing conflicts in the Middle East led to a more conservative global supply-demand environment. The uncertainties arising from tariff measures and political transitions accelerated the restructuring of supply chains, while fluctuations in crude oil and energy prices caused by Middle Eastern conflicts exerted additional pressure on cost structures. These sudden changes posed substantial challenges to corporate operational strategies and responsiveness.

In response to this uncertain environment, the Company proactively adopted a low-inventory strategy, strengthened raw material cost management, and implemented a build-to-order production model to achieve full production and sales alignment. These measures effectively mitigated the impacts of tariffs, energy costs, and exchange rate fluctuations. At the same time, the Company expanded its presence in emerging markets and leveraged an integrated, vertically aligned production system characterized by refinement, differentiation, customization, and rapid responsiveness, aiming to capture order transfer opportunities arising from global supply chain realignment.

In 2025, the Company reported consolidated revenue of NT\$27.859 billion, representing a 20% decrease compared to 2024. Net loss after tax amounted to NT\$837 million, an increase in losses of 1,245.90% year-over-year. The Company's primary products included 51,062 tons of nylon chips, 12,376 tons of nylon yarn, 50.62 million yards of woven fabrics, 631 tons of knitted fabrics, 1,280,149 tons of petrochemical products, and 307,333 tons of chemical raw materials.

(2) Budget implementation:

Not available. Our company only set the 2025 internal budget, and did not disclose financial forecasts to the public.

(3) Revenue, expenditure, and profitability analysis:

For 2025 the Company's non-consolidated revenue was NT\$8.375 billion. Net loss after tax was approximately NT\$850 million, with a net profit margin of -10.14% and earnings per share (EPS) of NT\$-0.97. The Company's all financial revenue and expenditure and profitability uncombined subsidiary of end of year 2025 are described as the table below.

Unit: Thousand NT\$

| Item | | 2024 | 2025 | Increase (Decrease) Amount and Ratio |
|------------------------------------|--|------------|-----------|---|
| Financial income and expense | Operating income | 10,669,091 | 8,374,675 | -2,294,416 |
| | Operating cost | 10,553,122 | 8,408,689 | -2,144,433 |
| | Before tax profit | 32,420 | -960,826 | -993,246 |
| | Net Income | 39,939 | -849,589 | -889,528 |
| Profitability | Return on asset (%) | 0.68 | -4.75 | -5.43 |
| | Return on equity (%) | 0.44 | -10.37 | -10.81 |
| | Before tax income to paid-in capital ratio (%) | 0.35 | -10.55 | -10.90 |
| | Profit margin (%) | 0.37 | -10.14 | -10.51 |
| | Earnings per share (NT\$) | 0.04 | -0.97 | -1.01 |

(4) Research and development:

The Company’s efforts in the development and promotion of environmentally friendly recycled products and functional performance materials have been widely recognized by customers and brand partners. In addition to textile applications, we are actively expanding our research and development of nylon engineering plastics, moving toward industrial applications. This area also represents a key focus for our R&D division moving forward. 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 | Fabric with natural stretch and excellent abrasion resistance, and to replace the fabric of less OP content |
| Biodegradable eco-friendly fabric | Fabric with brushed or sanded feature | Reduce microplastic pollution |
| ReEcoya™ Ultra-Fine Eco-Friendly Monofilaments & Multifilaments | Spring and Summer waterproof jacket and ski jacket | Eco-Friendly Lightweight Fabrics & 3-Layer Lamination Fabric |
| Nylon and Polyester stretch yarns | Stretchable fabric | Replace OP and enhance Eco recyclability |
| Nylon 11 | Garment, Leisure | Reduce using petrochemical materials |
| Super Fine Denier Yarn | Super light outdoor and sport outfits | Light-weight product |

2. The 2025 business plan summary

The Company has established “Embracing Climate Regulations and Driving Transformation to Create Value” and “Strengthening Low-Carbon Capabilities to Build a Responsible and Sustainable Value Chain” as the overarching principles guiding its operations this year.

In the past, climate change was often regarded as a matter of corporate social responsibility, framed largely as slogans or long-term aspirations. Today, however, it has evolved into a concrete legal and regulatory framework. Companies are now required to assess climate-related risks across all aspects of their operations. The mandatory adoption of international standards, such as IFRS S1 and S2 (Sustainability Disclosure Standards), has incorporated climate-related risks into financial reporting, requiring companies to disclose how climate factors impact their financial performance. In addition, the establishment of regulations by international organizations and national governments has made carbon reduction no longer optional, but a fundamental compliance requirement.

As a result, climate change has shifted from a “public relations issue” to a “business continuity issue.” For enterprises, the challenge is no longer solely about protecting the environment, but about maintaining competitiveness and financial stability amid tightening global regulations and ongoing supply chain restructuring.

Li Peng Enterprise continues to focus on low-carbon environmental practices and circular sustainability, while strengthening its ESG strategy. Through concrete environmental initiatives, the Company aims to enhance brand value and steadily advance toward its goal of sustainable development.

Nylon business unit: We closely monitor changes in oil prices, supply and demand dynamics, carbon costs, and exchange rates to more accurately manage raw and auxiliary material costs.

Nylon chips: The Company closely monitors fluctuations in oil prices, supply and demand dynamics, carbon costs, and exchange rates to achieve more precise control over raw and auxiliary material costs.

Nylon yarn: The Company focuses on the development and promotion of environmentally friendly nylon materials, while enhancing overall gross margins through stable process quality.

High-end textile business unit: The Company actively participates in international exhibitions to stay abreast of market trends, flexibly adjust its R&D directions, and strengthen collaborative ties with brand partners.

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

Looking ahead, energy transition and net-zero decarbonization have become core issues in corporate competitiveness. Rising energy prices, the imposition of carbon fees, and compliance with regional energy policies are placing significant pressure on businesses. Under current regulations in Taiwan, companies are required to conduct phased greenhouse gas (GHG) inventories and verification, followed by the imposition of carbon fees based on emission levels. Li Peng has proactively implemented response measures; through our GHG reduction plan, we expect to significantly mitigate the financial impact of such carbon charges.

In terms of GHG management, the Company has introduced management systems to enhance the efficiency of emissions inventory while enabling effective energy management. In addition, the installation of energy storage systems has improved electricity utilization efficiency in production. As the global economy transitions toward a green model, we are well prepared to address the associated challenges.

Meanwhile, the escalation of tensions between the United States and Iran has caused substantial volatility in the supply and pricing of crude oil and natural gas, contributing to renewed inflationary pressures. The evolving geopolitical landscape continues to drive the restructuring of global supply chains, with Taiwan—highly dependent on imported energy—being particularly sensitive to these changes. The Company will closely monitor developments and strengthen risk management across energy, supply chains, and finance to ensure the maintenance of its competitive position.

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 Yuan, Pei-huan

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 11 April 2026

| | 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% | 176,299,853 | 19.37% | 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% | 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, Kuo, Ko-chung | Male/ 31-40 years old | | | | 0 | 0.00% | 1,541,516 | 0.17% | 0 | 0.00% | 0 | 0.00% | San Maring High School | Representative Director of LEALEA Enterprise, and Rich Development | - | - | - | - |
| 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, Cyntec Company | - | - | - | - |

Table 1: Major Institutional Shareholders

11 April 2026

| 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. | 7.90% |
| | 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. | 2.94% |
| | Chin Hsiang Investment Co., Ltd. | 2.57% |
| | Hong Yi Investment Co., Ltd. | 1.70% |
| | Shun Yu Investment Co., Ltd. | 1.60% |
| | 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

11 April 2026

| 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. | 19.37% |
| | 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 | 37.40% |
| | Kuo, Yu-chun | 18.24% |
| | Yang, I-lin | 14.79% |
| | Chih Hsiang Investment Co., Ltd. | 9.76% |
| | Kuo, Shu-chen | 5.00% |
| | Kuo, Shu-jeu | 5.00% |
| | Kuo, Shu-hua | 5.00% |
| | Yi Rong Investment Co., Ltd. | 1.67% |
| | Tung Ting Investment Co., Ltd. | 1.57% |
| | Hong Yi Investment Co., Ltd. | 1.57% |
| Chih Hsiang Investment Co., Ltd. | Shun Yu Investment Co., Ltd. | 31.40% |
| | Kuo, Chun-nan | 29.74% |
| | Kuo, Ko-chung | 25.47% |
| | Hsu, Pi-yuam | 13.39% |
| 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% |
| Hong Yi Investment Co., Ltd. | Kuo, Shao-yi | 50.00% |
| | Yang, I-lin | 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. |
| 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 8 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:

- A. There are nine members of the board of directors, including three independent directors; the specific weight is one third.
- B. All independent directors meet the independence requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
- C. 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

11 April 2026

| 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 | | 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 | | Liao, Li-chuen | Female | 1 August 2025 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Sociology, National Chung Hsing University | - | - | - | - | - |
| 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. | - | - | - | - |
| General Plant Manager | | Hsiao, Du-hsin | Male | 1 September 2025 | 60 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Molecular Science, National Taipei University of Taipei | - | - | - | - | - |
| 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 | | Yuan, Pei-huan | Female | 23 September 2024 | 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 | - | - | - | - |

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) | Cash | Cash | Cash | Cash | | The Company | Companies in the consolidated financial statements (Note 6) |
| Chairman | Kuo, Shao-yi | 0 | 0 | 0 | 0 | 0 | 249.36 | 300 | 444.4 | 300 -0.04% | 693.76 -0.08% | 6,028.8 | 7,923.6 | 96 | 96 | 0 | 0 | 0 | 0 | 6,424.8 -0.76% | 8,713.36 -1.03% | 4,867.9 |
| Director | Chen, Ping-huang | 0 | 0 | 0 | 0 | 0 | 0 | 300 | 300 | 300 -0.04% | 300 -0.04% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300 -0.04% | 300 -0.04% | None |
| | Kuo, Chi-kang | 0 | 0 | 0 | 0 | 0 | 0 | 300 | 300 | 300 -0.04% | 300 -0.04% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300 -0.04% | 300 -0.04% | 726.5 |
| | LEALEA Enterprise, Representative: Tung, Min-hsiung | 0 | 0 | 0 | 0 | 0 | 249.36 | 300 | 444.4 | 300 -0.04% | 693.76 -0.08% | 4,257.4 | 4,257.4 | 38.4 | 38.4 | 0 | 0 | 0 | 0 | 4,595.8 -0.54% | 4,989.56 -0.59% | 284.4 |
| | Li Mao Investment, Representative: Kuo, Shu-chen | 0 | 0 | 0 | 0 | 0 | 0 | 300 | 300 | 300 -0.04% | 300 -0.04% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300 -0.04% | 300 -0.04% | 1,026.5 |
| | Shun Yu Investment, Representative: Kuo, Ko-chung | 0 | 0 | 0 | 0 | 0 | 0 | 300 | 300 | 300 -0.04% | 300 -0.04% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300 -0.04% | 300 -0.04% | 1,026.5 |
| Independent Director | Lin, Yao-chuan | 0 | 0 | 0 | 0 | 0 | 0 | 600 | 600 | 600 -0.07% | 600 -0.07% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 600 -0.07% | 600 -0.07% | None |
| | Kao, Cheng-shang | 0 | 0 | 0 | 0 | 0 | 0 | 600 | 600 | 600 -0.07% | 600 -0.07% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 600 -0.07% | 600 -0.07% | None |
| | Lee, Su-chin | 0 | 0 | 0 | 0 | 0 | 0 | 600 | 600 | 600 -0.07% | 600 -0.07% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 600 -0.07% | 600 -0.07% | 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 | Tung, Min-hsiung | 1,920 | 1,920 | 38.4 | 38.4 | 2,337.4 | 2,337.4 | 0 | 0 | 0 | 0 | 4,295.8 -0.51% | 4,295.8 -0.51% | 284.4 |
| Vice President | Chen Yu-chou | 945 | 945 | 18.9 | 18.9 | 1,571.6 | 1,571.6 | 0 | 0 | 0 | 0 | 2,535.5 -0.3% | 2,535.5 -0.3% | 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 -0.34% | 2,909.6 -0.34% | 3,516.7 |
| Vice President | Su, Yen-ming | 1,560 | 1,560 | 31.2 | 31.2 | 2,245.3 | 2,245.3 | 0 | 0 | 0 | 0 | 3,836.5 -0.45% | 3,836.5 -0.45% | None |
| Vice President | Wang, Chun-fa | 1,620 | 1,620 | 32.4 | 32.4 | 2,305.7 | 2,305.7 | 0 | 0 | 0 | 0 | 3,958.1 -0.47% | 3,958.1 -0.47% | None |

NoteA: Chen Yu-chou retired on 2025.07.31.

NoteB: Additionally, 4 cars were provided, with a total cost of NT 8,018 thousand Furthermore, due to the retirement of Vice General Manager - Chen Yu-chou on 2025.07.31, 1 car was provided during his tenure, with a total cost of NT 1,504 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 | 1,920 | 1,920 | 38.4 | 38.4 | 2,337.4 | 2,337.4 | 0 | 0 | 0 | 0 | 4,295.8 -0.51% | 4,295.8 -0.51% | 284.4 |
| Vice President | Wang, Chun-fa | 1,620 | 1,620 | 32.4 | 32.4 | 2,305.7 | 2,305.7 | 0 | 0 | 0 | 0 | 3,958.1 -0.47% | 3,958.1 -0.47% | None |
| Vice President | Su, Yen-ming | 1,560 | 1,560 | 31.2 | 31.2 | 2,245.3 | 2,245.3 | 0 | 0 | 0 | 0 | 3,836.5 -0.45% | 3,836.5 -0.45% | 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 -0.34% | 2,909.6 -0.34% | 3,516.7 |
| General Plant Manager | Yang, Han-hsing | 1,390.8 | 1,390.8 | 27.8 | 27.8 | 1,177.7 | 1,177.7 | 0 | 0 | 0 | 0 | 2,596.3 -0.31% | 2,596.3 -0.31% | None |

Note: Additionally, 4 cars were provided, with a total cost of NT 8,018 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 2026
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 | Yuan, Pei-huan | | | | |
| | Vice President | Su, Yen-ming | | | | |
| | Vice President | Wang, Chun-fa | | | | |
| | Assistant Vice Presiden | Liao, Li-chuen | | | | |
| | Assistant Vice President | Kuo, Li-chen | | | | |
| | General Plant Manager | Yang, Han-hsing | | | | |
| | General Plant Manager | Hsiao, Du-hsin | | | | |
| | Accounting Manager | Yuan, Pei-huan | | | | |
| | 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:

| 2024 | | 2025 | |
|--|--|--|--|
| 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 |
| 63.96% | 73.57% | -3.21% | -3.52% |

2. The remuneration policy, standard, and combination procedures

The Articles of Incorporation stipulate that if there are profits in a given year, the Company shall allocate at least 1% as employee compensation and no more than 5% as directors’ remuneration. In addition, at least 1% shall be allocated for salary adjustments or compensation distribution to entry-level employees. 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 (2025), **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 | 10 | 0 | 91% | |
| Director | Shun Yu Investment Co., Ltd. Representative: Kuo, Ko-chung | 11 | 0 | 100% | |
| Director | Chen, Ping-huang | 11 | 0 | 100% | |
| Director | Kuo, Chi-kang | 9 | 0 | 82% | |
| Independent Director | Lin, Yao-chuan | 11 | 0 | 100% | |
| Independent Director | Kao, Cheng-shang | 11 | 0 | 100% | |
| Independent Director | Lee, Su-chen | 10 | 0 | 91% | |

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 46 to 47 "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: No objection or reservation on all proposals.
- 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 16, 2026.

| Evaluation Cycle | Assessment Period | Scope of Evaluation | Evaluation Method | Evaluation Items |
|------------------|---|---------------------|---|---|
| Once a year | From 1st Jan 2025 to 31 Dec 2025 | 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 of 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 |

| Evaluation Cycle | Assessment Period | Scope of Evaluation | Evaluation Method | Evaluation Items |
|------------------|-------------------|---|---|---|
| | | Functional Committees (Audit Committee/ Remuneration Committee) | Self-Assessment Questionnaire on Functional Committees' Performance | <ol style="list-style-type: none"> 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 **10 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 | 10 | 0 | 100% | Re-elected and served for another term on June 21, 2024 |
| | Kao, Cheng-shang | 10 | 0 | 100% | |
| | Lee, Su-chin | 9 | 0 | 90% | |

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 2025 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 loss appropriation proposal, it has been reviewed and completed by the Audit Committee, which found no irregularities..

◎ Assessment of operating effectiveness of the internal control system

The Company has completed the self-assessment of internal control system operation for the year 2025. 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 4 rd Session | Proposal Content | Independent directors' objections, qualified opinion or material recommendations | Opinion of Audit Committee | Resolution to Opinion of Audit Committee |
|---------------------------------|--------------------------------------|---|--|----------------------------|--|
| 5 Feb 2025 | The 7 th Meeting | 1. Proposal of the appointment of the CPA for 2025. 2. Lending to the other companies. 3. Proposal on the fund of subsidiaries lent to others. 4. Proposal to adjust the loan amount to subsidiaries | None | Approved | None |

| Date of Audit Committee meeting | Sessions The 4 rd Session | Proposal Content | Independent directors' objections, qualified opinion or material recommendations | Opinion of Audit Committee | Resolution to Opinion of Audit Committee |
|---------------------------------|--------------------------------------|--|--|----------------------------|--|
| 14 Mar 2025 | The 8 th Meeting | <ol style="list-style-type: none"> The 2024 business reports and financial statements. Motion of 2024 Earnings Distribution. 2024 Internal Control System Declaration. Motion of partial articles amendment of the "Articles of Incorporation". Lending to the other companies. Proposal on the fund of subsidiaries lent to others. Endorsements and guarantees. | None | Approved | None |
| 31 Mar 2025 | The 9 th Meeting | Proposal to adjust the loan amount to subsidiaries. | None | Approved | None |
| 22 Apr 2025 | The 10 th Meeting | <ol style="list-style-type: none"> Lending to the other companies. Proposal on the fund of subsidiaries lent to others. Proposal to adjust the borrowing limit of subsidiaries. | None | Approved | None |
| 13 May 2025 | The 11 th Meeting | <ol style="list-style-type: none"> Proposal on the appointment of Accounting officer. Endorsements and guarantees. | None | Approved | None |
| 30 Jun 2025 | The 12 th Meeting | <ol style="list-style-type: none"> Proposal to adjust the borrowing limit. Proposal to adjust the borrowing limit of subsidiaries. | None | Approved | None |
| 30 Jul 2025 | The 13 th Meeting | <ol style="list-style-type: none"> Proposal on funds lent to Subsidiaries. Proposal on the fund of subsidiaries lent to others. | None | Approved | None |
| 24 Sep 2025 | The 14 th Meeting | <ol style="list-style-type: none"> Lending to the other companies. Proposal on funds lent to Subsidiaries. Proposal on the fund of subsidiaries lent to others. Loan matters to subsidiaries. | None | Approved | None |
| 5 Nov 2025 | The 15 th Meeting | <ol style="list-style-type: none"> Proposed Revisions to Specific Articles of the "Insider Trading Prevention Operational Procedures." Endorsements and guarantees. Proposal on funds lent to Subsidiaries. Lending to the other companies. Proposal on the fund of subsidiaries lent to others. | None | Approved | None |
| 24 Dec 2025 | The 16 th Meeting | <ol style="list-style-type: none"> Proposal to formulate and approve the audit plan for the year 2026. Proposal to formulate and approve the business operation plan for the year of 2026. Lending to the other companies. Proposal on the fund of subsidiaries lent to others. Endorsements and guarantees. | 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 |
|------------|---------|------------------|--|--------------------------------------|
| 2026.01.27 | Seminar | CPA | 1. 2024 Audit Quality Index Report. 2. Audit planning stage: (1) Responsibilities of the governance unit. (2) Quality management system for Accounting firms. (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. (4) Group Audit - The group's constituent entities and auditors audit the work. (5) Major accounting policies, major accounting estimates and major events or transactions. (6) Significant Risks and Key Audit Matters - The authenticity of sales revenue from specific customers for woven fabric products, and the accuracy of the presentation of sales revenue from specific customers for chemical raw material trading products." (7) Internal control deficiencies found during the audit process - No significant deficiencies found in this period. (8) IFRS Sustainable Disclosure Standards. | Independent director have no opinion |
| | | Audit supervisor | (1) Description of the progress of tracking and improvement in 2025. (2) Description of the audit operation in the first quarter of 2026. (3) Description of the effectiveness assessment of internal control. | |
| 2026.03.16 | Seminar | CPA | Audit completion stage: (1) Group audit: After assessment, no further audit procedures are required for the equity method investee. (2) Material events and subsequent events: In December 2025, the board of directors approved a reduction in nylon pellet production. Two production lines were suspended, and an impairment provision of approximately NT\$300 million was recognized for idle assets. (3) Key audit matters - no major abnormality is found, which is reasonable. (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 2025. | Independent director have no opinion |
| | | Audit supervisor | Audit operations for the second quarter of 2026. | |

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? (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Dose the company establish internal rules against insiders trading with undisclosed information? | ✓ ✓ ✓ ✓ | | (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. (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) Risk management and firewall system have been established in the internal control system. (4) The Company has formulated the “Operating Procedures for the Prevention of Inside Trading”. | No Deviation |
| 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 8 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 January 27, 2026. | 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 44 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 42~44 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 2025: 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 2025:

(1) Evaluation Unit: Accounting Unit

(2) Evaluation Year: 2025

(3) Evaluation Date: 2026.01.09

(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:

| |
|--|
| <input checked="" type="checkbox"/> Finished the audit process of the Company as scheduled. <input checked="" type="checkbox"/> Finished the financial audit of the reinvested companies as scheduled. <input checked="" type="checkbox"/> Provided financial and tax consultation services from time to time. |
|--|

(7) Evaluation Results:

| |
|--|
| <p>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.</p> |
|--|

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

| Status | Name | Criteria | Independence | Number of other public companies in which the individual is concurrently serving as a remuneration committee member |
|----------------------|-----------------------------|--|---|---|
| | | Professional Qualification and Experience | | |
| 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 29 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 29 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 27 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 **5 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 | 5 | 0 | 100% | Re-elected and served for another term on June 21, 2024 |
| Committee Member | Kao, Chen-shan | 5 | 0 | 100% | |
| Committee Member | Lee, Su-ching | 5 | 0 | 100% | |

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 |
|-------------|--|---|--------------------------------------|---|
| 13 May 2025 | 6 th Session, 4 nd meeting | Proposal on the appointment of Accounting officer. | Approved | None Opinion |
| 30 Jyl 2025 | 6 th Session, 5 nd meeting | Proposal for compensation for promoted Managers. | Approved | None Opinion |
| 24 Sep 2025 | 6 th Session, 6 th meeting | Proposal for compensation for promoted Managers. | Approved | None Opinion |
| 5 Nov 2025 | 6 th Session, 7 th meeting | Partial amendments to certain provisions of the "Salary Regulations." | Approved | None Opinion |
| 24 Dec 2025 | 6 th Session, 8 th meeting | Partial amendments to certain provisions of the "Salary Regulations." | 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? | ✓ | | <p>1. The risk assessment period is from January to December of 2025, and the risk assessment boundary is dominated by the Company.</p> <p>2. Based on the assessed risks, relevant risk management policies or strategies are formulated as follows</p> <table border="1"> <thead> <tr> <th>Material Issues</th> <th>Risk Assessment Items</th> <th>Descriptions</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental impact and management</td> <td> <p>The core value of the Company is to co-exist with the environment and the ecosystem through the following methods:</p> <p>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.</p> <p>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%.</p> <p>3. Product life cycle: Since 2003, the company has been developing environmentally friendly recycled yarn textile products. Starting in 2010, factory-generated production scrap has been collected and, after undergoing recycling processes, reprocessed into products such as RePET-P and RePET-W.</p> <p>From 2025 onward, the company has begun recycling discarded marine fishing nets, which are chemically processed and converted back into CPL raw materials, achieving the objective of extending product life cycles.</p> </td> </tr> </tbody> </table> | Material Issues | Risk Assessment Items | Descriptions | Environment | Environmental impact and management | <p>The core value of the Company is to co-exist with the environment and the ecosystem through the following methods:</p> <p>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.</p> <p>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%.</p> <p>3. Product life cycle: Since 2003, the company has been developing environmentally friendly recycled yarn textile products. Starting in 2010, factory-generated production scrap has been collected and, after undergoing recycling processes, reprocessed into products such as RePET-P and RePET-W.</p> <p>From 2025 onward, the company has begun recycling discarded marine fishing nets, which are chemically processed and converted back into CPL raw materials, achieving the objective of extending product life cycles.</p> | No Deviation |
| Material Issues | Risk Assessment Items | Descriptions | | | | | | | | |
| Environment | Environmental impact and management | <p>The core value of the Company is to co-exist with the environment and the ecosystem through the following methods:</p> <p>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.</p> <p>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%.</p> <p>3. Product life cycle: Since 2003, the company has been developing environmentally friendly recycled yarn textile products. Starting in 2010, factory-generated production scrap has been collected and, after undergoing recycling processes, reprocessed into products such as RePET-P and RePET-W.</p> <p>From 2025 onward, the company has begun recycling discarded marine fishing nets, which are chemically processed and converted back into CPL raw materials, achieving the objective of extending product life cycles.</p> | | | | | | | | |

| Promotional Items | Implementation | | | Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons | | | | | | | | | | | | | | | | | | |
|--------------------|-------------------------------------|---|---|--|-----------------------|--------------|--|--|---|---------|--------------------------------|--|----------------------------|---|--------------------|-------------------------------------|--|-----------------------------------|---|---------------------------------|--|--|
| | Yes | No | Explanation in Brief | | | | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <thead> <tr> <th>Material Issues</th> <th>Risk Assessment Items</th> <th>Descriptions</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td> <p>The company continues to maintain its Global Recycled Standard (GRS) certification (valid from 2025/06/24 to 2026/06/23). In addition to GRS certification for its chemical recycling process, the company also obtained ISCC+ certification in August 2025.</p> <p>4. Environmental Certification: The Company requires products to comply with environmental related regulations, therefore, we have obtained "ISO 14001" environmental management verification (expired in 2028) 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 2027) is to ensure the production chain as a whole is harmless to human and the environment. All certifications will extend periodically.</p> </td> </tr> <tr> <td rowspan="2">Society</td> <td>Occupational safety and sanity</td> <td> <p>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 (2025.03.14-2028.03.14)</p> <p>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.</p> </td> </tr> <tr> <td>Product quality and safety</td> <td> <p>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.</p> <p>2. Completed quality management certification ISO9001 (Effective from 2025.05.16-2028.05.16).</p> </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> <p>1. Plan relevant training topics for directors and provide directors with latest regulations and system developments and policies every year.</p> <p>2. Purchased liability insurance for directors in accordance with the law every year, to protect them from lawsuits or claims for compensation.</p> </td> </tr> <tr> <td>Communication with stakeholders</td> <td> <p>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.</p> <p>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.</p> </td> </tr> </tbody> </table> | Material Issues | Risk Assessment Items | Descriptions | | | <p>The company continues to maintain its Global Recycled Standard (GRS) certification (valid from 2025/06/24 to 2026/06/23). In addition to GRS certification for its chemical recycling process, the company also obtained ISCC+ certification in August 2025.</p> <p>4. Environmental Certification: The Company requires products to comply with environmental related regulations, therefore, we have obtained "ISO 14001" environmental management verification (expired in 2028) 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 2027) is to ensure the production chain as a whole is harmless to human and the environment. All certifications will extend periodically.</p> | Society | Occupational safety and sanity | <p>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 (2025.03.14-2028.03.14)</p> <p>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.</p> | Product quality and safety | <p>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.</p> <p>2. Completed quality management certification ISO9001 (Effective from 2025.05.16-2028.05.16).</p> | 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 | <p>1. Plan relevant training topics for directors and provide directors with latest regulations and system developments and policies every year.</p> <p>2. Purchased liability insurance for directors in accordance with the law every year, to protect them from lawsuits or claims for compensation.</p> | Communication with stakeholders | <p>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.</p> <p>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.</p> | |
| Material Issues | Risk Assessment Items | Descriptions | | | | | | | | | | | | | | | | | | | | |
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| Society | Occupational safety and sanity | <p>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 (2025.03.14-2028.03.14)</p> <p>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.</p> | | | | | | | | | | | | | | | | | | | | |
| | Product quality and safety | <p>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.</p> <p>2. Completed quality management certification ISO9001 (Effective from 2025.05.16-2028.05.16).</p> | | | | | | | | | | | | | | | | | | | | |
| 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 | <p>1. Plan relevant training topics for directors and provide directors with latest regulations and system developments and policies every year.</p> <p>2. Purchased liability insurance for directors in accordance with the law every year, to protect them from lawsuits or claims for compensation.</p> | | | | | | | | | | | | | | | | | | | | |
| | Communication with stakeholders | <p>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.</p> <p>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.</p> | | | | | | | | | | | | | | | | | | | | |

| Promotional Items | Implementation | | | Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|----------------|----|--|--|
| | Yes | No | Explanation in Brief | |
| 3. Environmental Issue (1) Does the company establish proper environmental management systems based on the characteristics of their industries? | ✓ | | <p>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.</p> <p>2. Acquired certification of ISO 14001 Environmental Management Systems: Yangmei Plant (2025.08.11-2028.08.11), Changhua Plant (2025.03.03-2028.03.03). 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.</p> | No Deviation |
| (2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment? | ✓ | | <p>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.</p> <p>1. Purchase solar panels to provide a source of green electricity for enterprises.</p> <p>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.</p> <p>3. Actively recycle the yarn waste, put it into reproduction and obtain GRS (Global Recycle Standard) certification. (2025.06.24-2026.06.23), the Yangmei Plant also obtained ISCC PLUS certification (2025.10.22-2026.10.21).</p> | 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? | ✓ | | <p>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.</p> <p>2. We will negotiate with the government to take our emission reduction achievement into consideration for future emission quota references.</p> <p>3. We have introduced ISO14064 to conduct greenhouse gas inventory check and to report in compliance with regulatory requirements.</p> | 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 | ✓ | | <p>1. Greenhouse gas: Please refer to sections “1-1 The company’s greenhouse gas inventory and assurance status for the most recent two years” and “1-2 Greenhouse gas reduction targets, strategies, and specific action plans” in this annual report.</p> <p>2. Water consumption:</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 | | | | | | | | | | | | | | | | | | | | | | | | | |
| formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management? | | | <p>We continue to make process improvements, shorten production time, and enhance the use of recycled water to 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 border="1"> <thead> <tr> <th></th> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td rowspan="2">parent company</td> <td>Water Consumption</td> <td>4,917</td> <td>4,280</td> </tr> <tr> <td>Recycled Water</td> <td>448</td> <td>481</td> </tr> <tr> <td rowspan="2">Subsidiaries included in the consolidated financial statements</td> <td>Water Consumption</td> <td rowspan="2" style="text-align: center;">/</td> <td>2,370</td> </tr> <tr> <td>Recycled Water</td> <td>0</td> </tr> <tr> <td rowspan="2">Total</td> <td>Water Consumption</td> <td>4,917</td> <td>6,650</td> </tr> <tr> <td>Recycled Water</td> <td>448</td> <td>481</td> </tr> </tbody> </table> | | Item | 2024 | 2025 | parent company | Water Consumption | 4,917 | 4,280 | Recycled Water | 448 | 481 | Subsidiaries included in the consolidated financial statements | Water Consumption | / | 2,370 | Recycled Water | 0 | Total | Water Consumption | 4,917 | 6,650 | Recycled Water | 448 | 481 | |
| | | | | Item | 2024 | 2025 | | | | | | | | | | | | | | | | | | | | | | |
| parent company | Water Consumption | 4,917 | 4,280 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Recycled Water | 448 | 481 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidiaries included in the consolidated financial statements | Water Consumption | / | 2,370 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Recycled Water | | 0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | Water Consumption | 4,917 | 6,650 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Recycled Water | 448 | 481 | | | | | | | | | | | | | | | | | | | | | | | | | |
| <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 border="1"> <thead> <tr> <th></th> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td rowspan="2">parent company</td> <td>general business waste</td> <td>9,890.3</td> <td>9,371.8</td> </tr> <tr> <td>Hazardous business waste</td> <td>32.8</td> <td>3.0</td> </tr> <tr> <td rowspan="2">Subsidiaries included in the consolidated financial statements</td> <td>general business waste</td> <td rowspan="2" style="text-align: center;">/</td> <td>0.1</td> </tr> <tr> <td>Hazardous business waste</td> <td>0.0</td> </tr> <tr> <td rowspan="2">Total</td> <td>general business waste</td> <td>9,890.3</td> <td>9,371.9</td> </tr> <tr> <td>Hazardous business waste</td> <td>32.8</td> <td>3.0</td> </tr> </tbody> </table> <p>The company is committed to implementing a circular economy by actively recycling yarn waste, off-grade fabrics, and discarded fishing nets for reuse in production, and has obtained GRS certification. In addition, CPL residues are entrusted to government-certified qualified contractors for recycling and reuse.</p> | | Item | 2024 | 2025 | parent company | general business waste | 9,890.3 | 9,371.8 | Hazardous business waste | 32.8 | 3.0 | Subsidiaries included in the consolidated financial statements | general business waste | / | 0.1 | Hazardous business waste | 0.0 | Total | general business waste | 9,890.3 | 9,371.9 | Hazardous business waste | 32.8 | 3.0 | | | | |
| | Item | 2024 | 2025 | | | | | | | | | | | | | | | | | | | | | | | | | |
| parent company | general business waste | 9,890.3 | 9,371.8 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Hazardous business waste | 32.8 | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidiaries included in the consolidated financial statements | general business waste | / | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Hazardous business waste | | 0.0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | general business waste | 9,890.3 | 9,371.9 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Hazardous business waste | 32.8 | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | |

| Promotional Items | Implementation | | | Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|---|----------------|----|---|--|
| | Yes | No | Explanation in Brief | |
| 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? | ✓ | | 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. | 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 salaries adequately reflect its operation performance or results? | ✓ | | <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 company’s articles of incorporation stipulate that if there are annual profits, no less than 1% shall be allocated as employee compensation, and at least another 1% shall be set aside to adjust salaries or distribute compensation to entry-level employees, in order to share operating results with 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> | No Deviation |
| (3) Has the Company offered a safe and healthy work environment and | ✓ | | 1. Measures for a safe and healthy working environment: (1) Monitor the vital signs of employees: blood pressure, blood oxygen, and blood glucose measurement if necessary. | 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 | |
| routinely implements safety and health education for its employees? | | | <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. Certification status obtained by the company:</p> <p>(1) ISO 9001 Quality Management</p> <p>(2) ISO 14001 Environmental Management</p> <p>(3) ISO 45001 Occupational Health and Safety Management</p> <p>(4) Higg FEM & FSLM certification</p> <p>(5) Swiss Oeko-Tex Standard 100 certification, ensuring that the products provided do not pose a risk to human health</p> <p>(6) Bluesign certification</p> <p>(7) ZDHC Zero Discharge of Hazardous Chemicals organization member</p> <p>3. 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 2025: 4 cases (4 people) 0.29%</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> <p>4. 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 2025: None.</p> <p>(2) Measures:</p> <p>A. When a fire occurs, the personnel will start grouping into firefighting groups immediately according to SOP.</p> | |

| Promotional Items | Implementation | | | Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|----------------|----|--|--|
| | Yes | No | Explanation in Brief | |
| | | | <p>B. According to individual grouping tasks, implement safety protection, report, evacuation guidance, firefighting, and rescue.</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 2025, the number of internal training hours for environmental safety and health will reach 2297.5 hours. There were 50 external training courses under the Environmental safety and health license, and the total training expenditure was NTD259 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> <ol style="list-style-type: none"> 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. 2. Long-term training: The company specially arranges professional training by internal and external lecturers, with the costs borne by the company. With the rapid application and development of AI, digital learning has in recent years become a core trend for enterprises in building internal training systems. In order to cultivate managers who can absorb new knowledge anytime and anywhere regardless of location, the company jointly promotes corporate digital learning courses through digital learning platforms, enabling managers to stay up to date with global trends, new knowledge, and the pulse of the world, achieving comprehensive improvement from knowledge to mindset and from thinking to competencies. 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. | 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 | |
| | | | 4. Assigned training: in accordance with government laws and regulations 5. Special training: project training required for business. | |
| (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? | ✓ | | 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. 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. | 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 received the confirmation or guarantee of a third-party authenticator? | | ✓ | 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. |
| 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. | | | | |

3.6 Implementation Status of Climate-related Information

| Items | Implementation Status | | | | | | | | |
|--|--|---------------|----------------------------|--|--|---|--|----------------------|---|
| <p>1. Description of how the Board of Directors and managers supervise and governance of the climate related risks and opportunities.</p> | <p>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 planned and implemented greenhouse gas inventory and emission reduction measures related to climate change to implement sustainable development.</p> | | | | | | | | |
| <p>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).</p> | <p>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.</p> | | | | | | | | |
| <p>3. Description of the financial impact of extreme climate and transformation actions.</p> | <p>3.</p> <table border="1" data-bbox="587 875 1417 1240"> <thead> <tr> <th data-bbox="587 875 890 913">Climate risks</th> <th data-bbox="890 875 1417 913">Potential financial impact</th> </tr> </thead> <tbody> <tr> <td data-bbox="587 913 890 1021">Natural disaster (typhoon, flood, and drought)</td> <td data-bbox="890 913 1417 1021">It may cause damage to the Company's equipment or cause serious shutdowns, resulting in increased operating costs.</td> </tr> <tr> <td data-bbox="587 1021 890 1128">Total volume control of greenhouse gas and carbon tax and carbon fee.</td> <td data-bbox="890 1021 1417 1128">It will impact the operation and cost structure of the Company and impact the Company's financial profitability consequently.</td> </tr> <tr> <td data-bbox="587 1128 890 1240">Temperature increase</td> <td data-bbox="890 1128 1417 1240">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. | | | | | | | | |
| <p>4. Description of how the identification, assessment and management process can be consolidated into the risk management system as a whole.</p> | <p>4.</p> <table border="1" data-bbox="587 1317 1417 2042"> <thead> <tr> <th data-bbox="587 1317 890 1355">Risk items</th> <th data-bbox="890 1317 1417 1355">Management strategies</th> </tr> </thead> <tbody> <tr> <td data-bbox="587 1355 890 1644">Greenhouse gas emission and energy management</td> <td data-bbox="890 1355 1417 1644"> <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 data-bbox="587 1644 890 2042">Disposals management</td> <td data-bbox="890 1644 1417 2042"> <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. • 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> </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. • 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 | | | | | | | | |
| 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. • 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. | | | | | | | | |

| 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>5. Currently we are not using scenario analysis to assess the resilience toward climate change risks.</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>6. Currently there is no transformation plans toward management of climate-related risks.</p> |
| <p>7. If using internal carbon pricing as a planning tool, please explain the pricing basis.</p> | <p>7. Currently there is no planning tools for carbon pricing.</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>8. Currently there is no climate related goals set.</p> |
| <p>9. Greenhouse gas inventory and assurance status, and reduction goal, strategy and action plans (provided in 1-1 and 1-2).</p> | <p>9. Please refer to sections “1-1 The company’s greenhouse gas inventory and assurance status for the most recent two years” and “1-2 Greenhouse gas reduction targets, strategies, and specific action plans” in this annual report.</p> |

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

1-1-1 Greenhouse gas inventory information

Specify the greenhouse gas emissions for the most recent two years (in metric tons of CO₂e), the emissions intensity (metric tons of CO₂e per million currency units), and the scope of data coverage.

Scope of data coverage required to be disclosed in accordance with the Sustainability Development Roadmap for listed and OTC companies:

- The parent company entity should begin conducting an inventory starting in 2024.
- Subsidiaries included in the consolidated financial statements should begin inventory checks starting in 2025.

The consolidated company establishes its greenhouse gas inventory mechanism in accordance with the ISO 14064-1 greenhouse gas accounting standard issued by the International Organization for Standardization (ISO). The greenhouse gas inventory data for the most recent two years are compiled based on the operational control approach, including the greenhouse gas emissions of the Company and its subsidiaries included in the consolidated financial statements. The details are as follows:

| | | 2024 | | 2025 | | | |
|--|----------|--|---|--|---|------|------|
| | | Emissions (metric tons of CO ₂ e) | Emissions intensity (metric tons of CO ₂ e per million in operating revenue) | Emissions (metric tons of CO ₂ e) | Emissions intensity (metric tons of CO ₂ e per million in operating revenue) | | |
| Parent company | Scope 1 | 144,154 | / | 128,764 | / | | |
| | Scope 2 | 100,198 | | 84,512 | | | |
| | Subtotal | 244,352 | | 213,276 | | 7.66 | |
| Subsidiaries included in the consolidated financial statements | Scope 1 | / | | 22 | | / | |
| | Scope 2 | | | 516 | | | |
| | Subtotal | | 538 | 0.02 | | | |
| Total | | | 244,352 | 22.90 | 213,814 | | 7.68 |

Note: The 2025 intensity is calculated based on consolidated revenue.

1-1-2 Greenhouse gas assurance information

Describe the assurance status for the most recent two years as of the annual report printing date, including the scope of assurance, assurance provider, assurance standards, and assurance opinion.

For the Company’s 2024 greenhouse gas verification, SGS Taiwan Ltd. was engaged to conduct the verification of the Company’s Nylon Main Plant and Yangmei plant sites in accordance with ISO 14064-3:2019. Scope 1 and Scope 2 were verified at a reasonable assurance level, while Scope 3 was verified at a limited assurance level. The 2025 greenhouse gas verification is still in progress. Upon completion of the third-party verification and receipt of the assurance statement, the full verification information will be disclosed in the Sustainability Report.

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

Specify the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans, and the progress toward achieving the reduction targets.

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

- Increase the proportion of green electricity usage.
- Greenhouse gas reduction plans proposed by each plant site.
- 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.
- Purchase of the energy-saving machines
- 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 (2025) year for directors and corporate governance officer to further their studies:

| Job Title | Name | Training Date | Organizer | Course | Training Hours |
|-----------|---------------|---------------|---|---|----------------|
| Chairman | Kuo, Shao-yi | 21 Oct 2025 | Taiwan Corporate Governance Association | Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors – Asset Optimization by Publicly Listed Companies | 3 |
| | | 2 Dec 2025 | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 3 |
| Director | Kuo, Shu-chen | 21 Oct 2025 | Taiwan Corporate Governance Association | Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors – Asset Optimization by Publicly Listed Companies | 3 |
| | | 2 Dec 2025 | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 3 |

| Job Title | Name | Training Date | Organizer | Course | Training Hours |
|-----------|------------------|---------------|---|---|----------------|
| Director | Chen, Ping-huang | 21 Oct 2025 | Taiwan Corporate Governance Association | Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors – Asset Optimization by Publicly Listed Companies | 3 |
| | | 2 Dec 2025 | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 3 |
| | Tung, Min-hsiung | 21 Oct 2025 | Taiwan Corporate Governance Association | Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors – Asset Optimization by Publicly Listed Companies | 3 |
| | | 2 Dec 2025 | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 3 |
| | Kuo, Chi-kang | 21 Oct 2025 | Taiwan Corporate Governance Association | Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors – Asset Optimization by Publicly Listed Companies | 3 |
| | | 2 Dec 2025 | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 3 |
| | Kuo, Ko-chung | 21 Oct 2025 | Taiwan Corporate Governance Association | Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors – Asset Optimization by Publicly Listed Companies | 3 |
| | | 2 Dec 2025 | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 3 |

| Job Title | Name | Training Date | Organizer | Course | Training Hours | |
|----------------------|------------------------------|----------------|---|---|--|---|
| Independent Director | Lin, Yao-chuan | 21 Oct 2025 | Taiwan Corporate Governance Association | Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors – Asset Optimization by Publicly Listed Companies | 3 | |
| | | 2 Dec 2025 | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 3 | |
| | Kao, Cheng-shang | 21 Oct 2025 | Taiwan Corporate Governance Association | Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors – Asset Optimization by Publicly Listed Companies | 3 | |
| | | 2 Dec 2025 | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 3 | |
| | Lee, Su-chin | 21 Oct 2025 | Taiwan Corporate Governance Association | Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors – Asset Optimization by Publicly Listed Companies | 3 | |
| | | 2 Dec 2025 | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 3 | |
| | Corporate governance officer | Yuan, Pei-huan | 26 Aug 2025 | Accounting Research and Development Foundation | 2025 ESG Summit: Professional Workshop Series | 6 |
| | | | 26 Sep 2025 | Securities & Futures Institute | 2025 Insider Trading Prevention Advocacy Meeting | 3 |
| 2 Dec 2025 | | | Taiwan Corporate Governance Association | How the Board of Directors Ensures Sustainable Corporate Development – Starting from Talent Identification and Development | 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: 16 March 2026

The Company states the following with regard to its internal control system in 2025, 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, 2025 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 16, 2026 where 0 of the 9 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 2025 and Status of Implementation:

1. Approved 2024 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 2024.

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

3. Approved amendment of certain articles in the Articles of Incorporation.

Implementation Status: Passed by the resolution of the Annual General Meeting, and registration was granted by the competent authority on August 12, 2025.

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 |
|-------------|---|--|--------------------------------|--|
| 13 May 2025 | The 12 th Meeting | 1. Proposal on the appointment of Accounting officer. 2. Endorsements and guarantees. | Approved | None |
| 30 Jun 2025 | The 13 th Meeting | 1. Proposal to adjust the borrowing limit. 2. Adjustment of Subsidiary's Fund Lending to Others. | Approved | None |
| 30 Jul 2025 | The 14 th Meeting | 1. Proposal for compensation for promoted Managers. 2. Lending to the subsidiary companies. 3. Proposal on the fund of subsidiaries lent to others. | Approved | None |
| 24 Sep 2025 | The 16 th Meeting | 1. Proposal for compensation for promoted Managers. 2. Proposal of loans of funds to others. 3. Lending to the subsidiary companies. 4. Proposal on the fund of subsidiaries lent to others. 5. Proposal of loans of funds from subsidiaries. | Approved | None |
| 5 Nov 2025 | The 17 th Meeting | 1. Proposal to amend the "Internal Control System". 2. Proposed Revisions to Specific Articles of the “Insider Trading Prevention Operational Procedures.” 3. and guarantees. 4. Lending to the subsidiary companies. 5. Proposal of loans of funds to others. 6. Proposal on the fund of subsidiaries lent to others. | Approved | None |
| 24 Dec 2025 | The 18 th Meeting | 1. Temporary Shutdown of Certain Nylon Chip Production Lines. 2. Proposal to formulate and approve the audit plan for the year 2026. 3. Proposal to formulate and approve the business operation plan for the year of 2026. 4. Proposal to amend the "Internal Control System". 5. Proposal of loans of funds to others. 6. Proposal on the fund of subsidiaries lent to others. 7. Endorsements and guarantees. | Approved | None |
| 27 Jan 2026 | The 19 th Meeting | 1. Proposal on the Audit Fees for Fiscal Year 2025 2. Proposal of the appointment of the CPA. 3. Appointment for the Implementation of IFRS Sustainability Disclosure Standards | Approved | None |

| Date | The 21 th Board of Directors | Contents of Motion | Independent Directors' Opinion | The Company's Response to the Independent Directors' Opinion |
|-------------|---|--|--------------------------------|--|
| | | 4. Report on Allocation of Remuneration to Board of Directors and Employees. 5. Bonus Base Days and Calculation Method. 6. Amendments to Certain Provisions of the "Procedures for Fund Lending and Endorsement Guarantees." 7. Proposal to amend the "Internal Control System". 8. Participation in Cash Capital Increase of Affiliate Companies 9. Proposal of loans of funds to others. 10. Proposal on the fund of subsidiaries lent to others. | | |
| 16 Mar 2026 | The 20 th Meeting | 1. The 2025 business reports and financial statements. 2. Report on Allocation of Remuneration to Board of Directors and Employees. 3. Proposal for Covering Losses for Fiscal Year 2025. 4. Preparation for 2026 Regular Shareholders' Meeting. 5. 2025 Internal Control System Declaration. 6. IFRS Sustainability Disclosure Standards Implementation Plan. 7. Proposal of loans of funds to others. 8. Proposal on the fund of subsidiaries lent 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 2025 ~Dec 2025 | 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 | |
| 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 2025 | | Up to April 11 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. | 16,482,000 | 0 | 951,000 | 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 | 400,000 | 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 | Yuan, Pei-huan | 0 | 0 | 0 | 0 |
| Managerial Officer | Kuo, Li-ching | 0 | 0 | 0 | 0 |
| Managerial Officer | Su, Yen-ming | 0 | 0 | 0 | 0 |
| Managerial Officer | Wang, Chun-fa | 0 | 0 | 0 | 0 |
| Managerial Officer | Yang, Han-hsing | 0 | 0 | 0 | 0 |
| Managerial Officer | Liao, Li-chuen | 0 | 0 | 0 | 0 |
| Managerial Officer | Hsiao, Du-hsin | 0 | 0 | 0 | 0 |
| Finance Manager | Huang, Mei yen | 0 | 0 | 0 | 0 |
| Accounting Manager | Yuan, Pei-huan (Note) | 0 | 0 | 0 | 0 |
| Major Shareholder | Lealea Enterprise Co., Ltd. | 16,482,000 | 0 | 951,000 | 0 |

Note: Took office on 2025.05.13

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. | 176,299,853 | 19.37% | 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 | 1,163,888 | 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 | 1,163,888 | 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 |
| Representative: Cao Yong-tian | | | | | | | | | 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 |
| 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 |
| Kuo Chuan ching | 12,688,591 | 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 |

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

11 April 2026
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 | 52,651,387 | 6.87% | 70,584,139 | 9.21% | 123,235,526 | 16.08% |
| Lealea Technology Co., Ltd. | 13,407,953 | 18.20% | 21,796,529 | 29.59% | 35,204,482 | 47.79% |
| 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 | 1.00% | 43,044,567 | 71.74% | 43,644,567 | 72.74% |
| Libolon Energy Co., Ltd | 4,244,800 | 40.00% | 6,367,200 | 60.00% | 10,612,000 | 100% |
| Pt. Indonesia Libolon Fiber System | 9,148,325 | 30.00% | 21,346,092 | 70.00% | 30,494,417 | 100.00% |
| Eton Petrochemical Co., Ltd. | 5,265,000 | 75.00% | 0 | 0 | 5,265,000 | 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

11 April 2026

| Major Shareholder | Shares | Shares Held | % |
|----------------------------------|--------|-------------|--------|
| LEALEA Enterprise Co., Ltd. | | 176,299,853 | 19.37% |
| 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 | | 12,688,591 | 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 appropriation of the loss for 2025 was approved by the Board of Directors on Mar 16, 2026, and the distribution of the dividends for current year was not made due to the loss, pending the resolution at the AGM.

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 there is a profit in the year, at least 1% should be allocated for employee compensation, and no more than 5% for directors' compensation, in addition, 1% shall be adjusted salary and allocated compensation for Grassroots employees. However, when there are accumulated losses, the compensation amount shall be reserved. The remuneration of employees and Grassroots employees shall be paid by stock or cash, and the payment objects may include employees of affiliated companies who meet the conditions 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:

As the Company recorded loss in the year 2025, the amount of rewards to employees, directors, and supervisors were not estimated.

- (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 2025 approved by the Board of Directors' Meeting in 2026

- (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 2025.

- (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 accumulated losses were offset by pre-tax profit in fiscal year 2024, no employee compensation or directors' remuneration was accrued.

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

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

Business Line Ratio

| Product | Ratio to Net Operating Income (%) |
|-------------------------|-----------------------------------|
| Petrochemicals | 68.18 |
| Nylon Chips | 9.08 |
| Woven (Knitted) Fabrics | 13.69 |
| Nylon Filament | 3.74 |
| Others | 5.31 |
| Total | 100.00 |

- 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.

- Products (Services) under development

(1) Nylon Chips

1) BOPA Nylon Film Development

- 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.
- 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

- Developing the recycling of fishing nets, marine waste, and nylon waste, and using a newly developed depolymerization process to produce recycled caprolactam and recycled nylon chips in order to protect marine life, respond to environmental sustainability demands, and expand product scale. The company has obtained GRS certification.
- Development of blended-material separation technology using a selective solvent system to effectively separate nylon 6 from other materials in blended or laminated waste textiles, and to

recover nylon 6. The recovered nylon 6 is further processed through a depolymerization process to produce recycled caprolactam and regenerated nylon pellets, thereby achieving the resource recovery of waste textiles and promoting a circular economy.

Separable materials include: PET, cotton fibers, elastic fibers (OP), polyethylene (PE), and liquid crystal fibers (Vectran).

- 4) 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.
- 5) 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) Development of bio-based nylon yarn.

Nylon 11 is made from plant-based raw materials (castor beans) and then drawn into filament yarn. In addition to reducing carbon emissions, it is derived from renewable resources and does not rely on petrochemical feedstocks. The yarn features high tensile strength and elongation, excellent abrasion resistance, lightweight properties, resistance to pilling, and a soft hand feel.

- 2) Development of ultra-fine denier nylon yarn.

After equipment and process improvements, 7-denier yarn has been developed, incorporating an additive feeding system and spinnerets with modified cross-sections. In addition to achieving lightweight properties through ultra-fine yarn fineness, the system enables the production of dope-dyed yarns, functional yarns, shaped cross-section yarns, and monofilaments, thereby integrating multiple functionalities into a single yarn product.

- 3) Development of nylon monofilament.

Using high-performance rapid cooling air equipment, monofilaments below 30D are produced. The monofilaments feature high stiffness, good support, resistance to snagging, excellent strength, and stable denier. They can also be used in combination with the production of dope-dyed yarns, functional yarns, and shaped cross-section yarns, achieving multi-functional integration in a single yarn product.

- 4) Development of special-shaped cross-section nylon.

By designing spinnerets with new cross-sectional shapes, shaped yarns are developed beyond the basic cross, triangular, and hexagonal profiles. These include hollow cross-sections (for warmth retention and lightweight properties), grid-shaped cross-sections (combining moisture-wicking and thermal insulation), and flat cross-sections (for high coverage and opacity). These designs can also be combined with different raw materials to produce dope-dyed yarns, functional yarns, or eco-friendly yarns.

- 5) Development of eco-friendly recycled nylon yarn.

By using recycled eco-friendly pellets to produce recycled yarn, carbon emissions and waste discharge can be reduced, thereby achieving a circular economy.

(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.

(5) Elastic nylon and polyester fibers.

In response to the trend toward environmental sustainability and recycled, GRS-certified regenerated spinning-grade nylon pellets, eco-friendly recycled nylon yarns have been developed. Due to the difficulty in recycling OP dissimilar materials, environmentally friendly products that are easier to recycle are being developed through elastic modification of materials with the same composition.

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. Always Champion Enterprise Co., Ltd etc. Foreign customers have Eiwa Bussan Company, 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. 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, Forever yarn products. All these products are developed based on green concepts of recycling and reusage to expend 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 | |
|---------------------------------|---------|-------------------------|
| | 2025 | (January to March) 2026 |
| R&D Expense | 122.897 | 31,259 |
| R&D Expense as % of Net Revenue | 0.44% | 0.39% |

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
- (10) Nylon and Polyester stretch yarns
- (11) Nylon 11
- (12) Super Fine Denier Yarn

4. Future Annual Research Development Plan

The company, leveraging its integrated manufacturing advantages and strong R&D team, has expanded its production base to Indonesia in response to the current competitive market. In line with the growing popularity of sports trends, the company has strengthened the development and production of knitted products. Through a capital increase, it has invested in PT Hualing Knitting Indonesia, thereby further enhancing its leadership in product development.

This allows for better control over raw material batch stability, quality, and delivery schedules compared to the past, and is more conducive to maintaining competitive advantages.

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 in-house development of upstream raw materials, the Company's development of differentiated and multifunctional products will grow significantly, creating new market opportunities and blue ocean strategies, and laying a solid foundation for sustainable corporate operations.

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, and continuously develop a series of monofilament products to achieve the planned target 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 400 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, Yangmei Weaving Factory has introduced 70 units of 230-width double-shrink machines.-shrink and 3-shrink 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 has introduced 30 wide-width air-jet weaving machines.

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 Decathlon, Arc'teryx, Patagonia, etc; Furthermore, in cooperation with Sheico's matured development of tire recycling yarn, there. 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 increase the share of niche nylon products in sales, the upgraded 16-position spinning equipment enhances the ability to secure orders from high-end outdoor brands.
8. Gradually expand the production capacity of chemical recycling processes to meet future demand for environmentally friendly products.
9. Plan energy storage equipment.
10. Develop bio-based nylon products to meet future brand customers' waste reduction initiatives.
11. To fulfill social responsibility and achieve ESG sustainable business practices required by the brand, the Yangmei plant has implemented a zero recruitment fee policy for migrant workers since 2020, and the Changhua plant will also implement this policy in 2026.

2. Markets and Sales Status

2.1 Market Analysis

1. Markets of Major Products : Presented below in terms of consolidated net operating revenue for 2025.

Unit: 1000

| Area | Taiwan | Export | | | Total |
|-------------------------|------------|-----------|-----------|-----------|------------|
| | | Asia | Americas | Others | |
| Major products. | | | | | |
| Petrochemicals | 7,357,730 | 5,689,872 | 3,315,059 | 2,631,438 | 18,994,099 |
| Woven (Knitted) Fabrics | 578,986 | 2,406,476 | 213,172 | 613,917 | 3,812,551 |
| Others | 2,935,432 | 1,667,255 | 181,955 | 267,743 | 5,052,385 |
| Total | 10,872,148 | 9,763,603 | 3,710,186 | 3,513,098 | 27,859,035 |

2. Market Share of Major Products

(1) Trade Department

The principal products of the trading division of the consolidated company are petrochemical products, which are marketed worldwide. Given the wide range of petrochemical products, each individual product of the consolidated company accounts for a very small proportion of the global market; therefore, it is not feasible to present global market share. If only Taiwan-related statistical data are considered, the industry classifications are not sufficiently detailed to allow for an accurate calculation of market share. Accordingly, the company's market share within its industry in Taiwan is estimated solely with reference to aggregated data from the "Wholesale, Retail and Food Services Survey" database published by the Department of Statistics, Ministry of Economic Affairs for Year 2025. The calculation is as follows:

| Classification by the Department of Statistics, Ministry of Economic Affairs | The Consolidated Company's Taiwan Revenue from Petrochemical Products for Fiscal Year 2025 | Statistical Data for Year 2025 from the Ministry of Economic Affairs | Market Share |
|--|--|--|--------------|
| Wholesale Industry – Chemical Materials and Their Products | 7,357,730 | 572,411,741 | 1.29% |

(2) Manufacturing Department

The manufacturing division of the consolidated company is primarily engaged in the weaving, dyeing, finishing, and sales of woven (knitted) fabrics. It focuses on the high-end woven (knitted) fabric market and is mainly export-oriented. According to export statistics from the Customs Administration, Ministry of Finance, the total export value of Taiwan under the tariff codes commonly used by the company in fiscal year 2025 was NT\$72,195,310 thousand. The company's export value accounts for approximately 4.48% of this total, making it one of the major exporters of polyester and nylon dyed fabrics in Taiwan.

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.

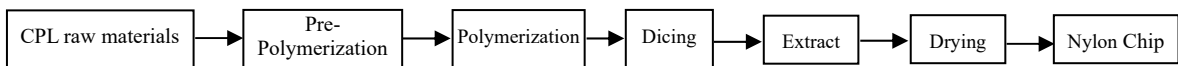
2.2 Major Uses of Core Products and Manufacturing Process

1. Major Uses of Core Products

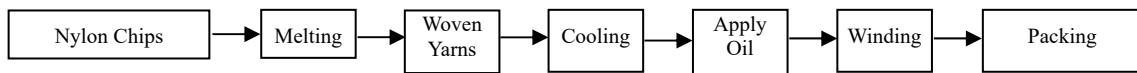
In addition to nylon chips, filaments, and woven fabrics, our company produces a wide range of products, including microfiber fabrics, new synthetic fabrics, lycra, artificial suede fabrics, strong-twister fabrics, trouser (skirt) materials, furniture fabrics, nylon fabrics, and other long-fiber fabrics. 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

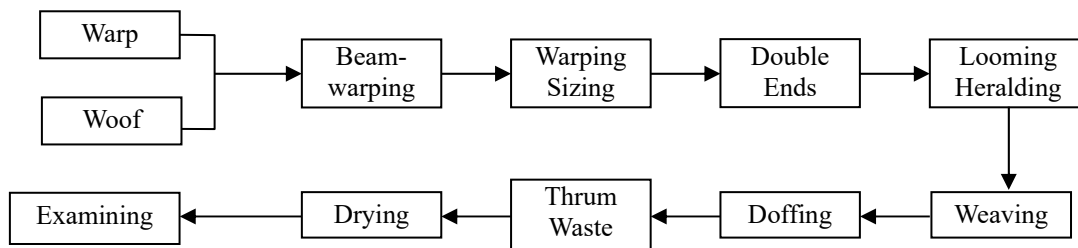
Nylon Chip Manufacturing Process



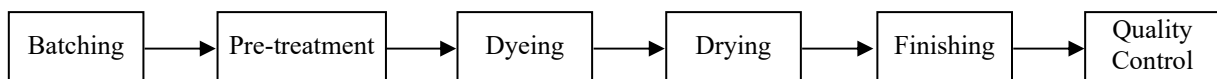
Nylon Filament Manufacturing Process



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, FIBRANT ,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

Suppliers of textured yarn raw materials include major manufacturers such as LeaLea, Hunvira, Toung Loong, CMFC, as well as the company's own production. Due to their large production capacity and high quality, the company is able to obtain raw materials in appropriate quantity, quality, and cost, thereby enhancing profitability.

2.4 Information of the Suppliers in the Most Recent Two Years

Unit: NTD1000

| Item | 2024 | | | | 2025 | | | |
|------|--------------|------------|--|--------------------------|-------------------|------------|--|--------------------------|
| | 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 | 5,638,828 | 18 | None | IDEMITSU | 3,141,508 | 13 | None |
| 2 | IDEMITSU | 4,378,014 | 14 | None | ASCEND | 3,122,913 | 13 | None |
| 3 | GUNVOR | 3,855,506 | 12 | None | Formosa Chemicals | 2,905,808 | 12 | None |
| 4 | SK NETWORKS | 3,319,619 | 11 | None | SUMITOMO | 2,809,610 | 12 | None |
| 5 | Other | 14,015,168 | 45 | | TOTAL | 2,682,805 | 11 | None |
| 6 | | | | | Other | 5,419,624 | 39 | |
| | Net Purchase | 31,207,135 | 100 | | Net Purchase | 20,082,268 | 100 | |

Note: The manufacturers who made more than 10% of the net purchases in 2024 and 2025 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 | 2024 | | | | 2025 | | | |
|------|------------------------|------------|--|--------------------------|------------------------|------------|--|--------------------------|
| | 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 | Oriental Petrochemical | 5,360,341 | 15 | None | TOTAL | 8,205,851 | 29 | None |
| 2 | TOTAL | 5,163,348 | 15 | None | CPC Corporation Taiwan | 3,131,023 | 11 | None |
| 3 | Formosa Chemicals | 4,715,052 | 14 | None | CAPCO | 3,078,158 | 11 | None |
| 4 | CAPCO | 4,137,502 | 12 | None | Other | 13,444,003 | 49 | |
| 5 | Other | 15,448,980 | 44 | | | | | |
| | Net Sales | 34,825,223 | 100 | | Net Sales | 27,859,035 | 100 | |

Note: Customers accounting for more than 10% of net sales in 2024 and 2025 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 | | 2024 | 2025 | As of 31 March 2026 |
|-----------------------------|--------------------------|--------|-------------|---------------------|
| Employees Headcount | Staff | 255 | 265 | 263 |
| | Technicians | 170 | 180 | 177 |
| | Operators | 876 | 918 | 908 |
| | Total | 1301 | 1363 | 1348 |
| Average Age | | 40.95 | 39.98 | 40.22 |
| Average Years of Service | | 10.13 | 9.35 | 9.59 |
| Academic Qualification % | Doctoral | 0% | 0.07% | 0.07% |
| | Master | 1.77% | 2.27% | 2.23% |
| | University | 29.06% | 27.59% | 27.74% |
| | Senior High School | 23.67% | 24.21% | 24.11% |
| | Below Senior High School | 45.5% | 45.86% | 45.85% |

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):

1. Ref. No. 1140423 Fu Xiao Wei Zi No. 1140108340

For violation of Article 15 of the Fire Services Act, a fine of NT\$50,000 is imposed in accordance with Article 42 of the same Act.

At an indoor storage site, kerosene (flash point: 210°C; Class IV petroleum; controlled quantity: 6,000 liters) was stored in an amount of 35,000 liters, reaching 5.83 times the controlled quantity.

2. Ref. No. 1140924 Fu Xiao Wei Zi No. 1140278223

For violation of Article 15 of the Fire Services Act, a fine of NT\$50,000 is imposed in accordance with Article 42 of the same Act.

(1) At an indoor storage site, SeraSpense M-Hz (flash point: 50°C; Class II petroleum, non-water-soluble; total controlled quantity: 1,000 liters) was stored in 5 drums totaling 600 liters.

(2) At an indoor storage site, ABLUTEX RT-420 (flash point: 30°C; Class II petroleum, non-water-soluble; total controlled quantity: 1,000 liters) was stored in 5 drums totaling 600 liters.

The combined total of 1,200 liters exceeded the overall controlled quantity (1,000 liters).

4.2 Current and Future Estimated Amounts and Countermeasures:

- During the Taipower outage in July of the same year, the Company replaced the high-flash-point kerosene and submitted the purchase documentation to the Fire Department to lift the regulatory control.
- For regulated chemicals with low flash points, suppliers are required to deliver in smaller quantities and more frequently to reduce on-site inventory levels.
- Suppliers are also being requested to gradually replace products so that they comply not only with fire safety regulations but also with the dyeing auxiliaries required for in-house manufacturing processes.

5. Employer/Employee Relationship

We have always cared about and emphasizes 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 2025, the Company assigned employees to receive educational training courses, with external training focusing on professional knowledge and skill certification. These courses include "Continuing Education for Accounting Supervisors," "Applications of AI in Enterprises," "Innovative Materials Driving Green Transformation," "AI-Driven Fabric Design, Creation, and Collaboration," "Using AI Tools to Address Pain Points in the Textile Industry," "Analysis of Sustainability Reports and Practices in Sustainability Information Auditing," "Corporate Financial and Tax Governance under Global Supply Chain Restructuring and Global Tax Reform," "Legal Liabilities in Cases of Corporate Profiteering Allegations," and "Legal Responsibilities and Case Studies of Workplace Bullying," 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 2025, the "Golden Team Motivation ~ High-Performance Team Cohesion" course was held at the Hsinchu Azabu Hills Training Center. Through activities such as outstanding team building, out-of-the-box thinking, and the new combat capability UVCA experience, participants were able to unlock team potential, enhance their willingness to face future challenges and tasks, maintain a proactive and positive attitude with shared action consensus, and strengthen effective team interaction skills to promote better collaborative outcomes in the future. The series of activities received enthusiastic feedback from participants.

(2) 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 2025 of the Company: "Confined Space Operations Training", "Extra-High Voltage Hazardous Equipment Training", "Respiratory Protection Program", "Security Supervisor", "Greenhouse Gas Inventory Seed Course", "Occupational Safety and Health Manager", "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 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 2025 by the Company: "Industrial AI Talent Seed Training," "Sludge Dryer Operation and Abnormal Handling," "Chemical Management Procedures," "CPF Filter Tube Assembly, Installation, and Switching," "Introduction to DCS System Training," "FB Servo Motor Controller Homing Reset," "K.F Moisture Analyzer Operation and Maintenance," "How to Conduct Occupational Safety and Health Hazard Assessment," "Polyester Textile Dyeing and Finishing Technology," "Long-Fiber Woven Fabric Defects and Loom Improvement Countermeasures," "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: None.

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 | Export-Import Bank | 22 Sep 2025 ~ 22 Sep 2028 | Long-term credit loan with month interest payment; total principal, NTD400 million. Starting from 22 Mar 2027, one installment is paid back every 6 months, installment to pay the principal of NT\$25,000 thousand. | None |
| Long-term Loan Agreement | KGI Commercial Bank | 26 Dec 2025 ~ 1 Dec 2027 | Long-term credit loan with month interest payment; total principal, NTD500 million. The principal is to be paid when the loan is matured. | None |
| Long-term Loan Agreement | Chang Hwa Commercial Bank | 24 Dec 2025 ~ 24 Dec 2028 | 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 | 2024 | 2025 | Difference | |
|--|-----|-----------|-----------|-------------|---------|
| | | | | Amount | % |
| Current assets | | 8,811,865 | 7,299,757 | (1,512,108) | (17.16) |
| Non-Current assets | | 9,845,749 | 8,619,718 | (1,226,031) | (12.45) |
| Current Liabilities | | 6,794,862 | 5,683,340 | (1,111,522) | (16.36) |
| Non-Current Liabilities | | 2,051,941 | 1,967,962 | (83,979) | (4.09) |
| Total Stockholders' | | 9,810,811 | 8,268,173 | (1,542,638) | (15.72) |
| 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 | 2024 | 2025 | Increase (Decrease) Amount | Difference Ratio (%) |
|------------------------------------|------------|------------|----------------------------|----------------------|
| Gross Sales | 34,825,223 | 27,859,035 | (6,966,188) | (20.00) |
| Cost of Sales | 34,439,447 | 27,659,527 | (6,779,920) | (19.69) |
| (Unrealized) Realized Sales Profit | (95) | 132 | 227 | (238.95) |
| Gross Profits (Loss) | 385,681 | 199,640 | (186,041) | (48.24) |
| Operating Expenses | 798,047 | 697,389 | (100,658) | (12.61) |
| Operating Loss | (412,366) | (497,749) | (85,383) | 20.71 |
| Non-operating Income and Losses | 487,145 | (437,436) | (924,581) | (189.80) |
| Net profit (loss) before tax | 74,779 | (935,185) | (1,009,964) | (1,350.60) |
| Income Tax (Expense) Benefit | (1,704) | 97,817 | 99,521 | (5,840.43) |
| Net Income (Loss) | 73,075 | (837,368) | (910,443) | (1,245.90) |

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

The pre-tax loss for the current year increased by approximately NT\$1 billion compared to 2024. Among this, operating net loss and non-operating expenses both increased by NT\$85 million and NT\$924 million respectively compared to 2024. The details are explained as follows:

1. The operating net loss for the current year increased by NT\$85 million, mainly due to a decrease in gross profit by NT\$186 million in 2025 compared to 2024. The primary reason was an increase of NT\$166 million in losses from the sale of nylon pellet products. For an analysis of gross profit changes across all products, 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 |
| | (186,041) | 1,249,353 | (1,491,929) | 190,768 | (134,233) |
| Explanation | In 2025, the main issue was that cost price increases were greater than selling price increases, resulting in an unfavorable price difference, which caused the loss in 2025 to increase compared to 2024. | | | | |

2. Non-operating income and expenses increased by approximately NT\$924 million compared to fiscal year 2024. The main differences are as follows:

- (1) In 2025, the New Taiwan dollar continued to appreciate against the US dollar, resulting in an exchange loss of NT\$129 million for the consolidated companies, which are primarily export-oriented. In contrast, in 2024, the depreciation of the New Taiwan dollar against the US dollar generated an exchange gain of NT\$344 million, leading to a year-over-year difference of approximately NT\$473 million.
- (2) Due to global overcapacity, nylon chip products have entered a low-price competitive environment, and demand has shown no signs of recovery and has continued to contract. Given that it is difficult to maintain production across all nylon chip production lines under the current market conditions, the company decided in 2025 to cease operations on certain production lines. As a result, an impairment loss of production equipment of approximately NT\$315 million was recognized.
- (3) Net gains on financial assets and liabilities measured at fair value through profit or loss also decreased by NT\$44 million compared to 2024.

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 2025. 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 |
| 1,765,356 | (225,468) | (4,097,838) | (2,557,950) | 26,898 | 3,973,025 |

3.2 Analysis of change in cash flow in the current year

In fiscal year 2025, our company primarily incurred a cash outflow of 4,097,838 thousand due to the repayment of long-term and short-term borrowings and increased purchases of property, plant, and equipment. The company mainly covered the funding shortfall by increasing long-term borrowings and advances payable to related parties.

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 |
| 1,441,973 | 615,147 | (719,717) | 1,337,403 | - | - |

4. Impact of Major Expenditures on Finances during the most recent fiscal year:

There were no significant capital expenditures in 2025.

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:

(1) Recent-year investment policy

To achieve investment objectives, the Company aims at diversification of operations, expansion of business scope, risk reduction, and increasing stable long-term profitability. Investment businesses may experience fluctuations in profitability due to cyclical industry conditions; however, the investment amounts are all within the Company's affordable range. The Company had no significant investment amounts in 2025.

(2) Main reasons for investment gains or losses: Not applicable

(3) Investment plan for the coming year

The Company will carefully evaluate investment plans from a long-term strategic perspective in response to future market conditions and capacity expansion needs, and will continue to strengthen its market competitiveness.

6. Risk assessment and analysis:

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

The Company's net interest expense (interest expense less interest income) in 2025 was approximately NT\$43.95 million, accounting for about 0.16% of operating revenue. Due to the low proportion, changes in interest rates have a limited and controllable impact on the Company's overall operations.

To address future changes in market interest rates, the Company adjusts the allocation of short-term and long-term funds based on operational needs, strengthens cash flow management, and closely monitors monetary policies and interest rate trends in financial markets at all times to reduce the impact on profit and loss.

Exchange rate fluctuations

The Company's foreign exchange gains and losses mainly arise from imported raw materials and export proceeds. In 2025, the appreciation of the New Taiwan Dollar, affected by the United States' announcement of reciprocal tariffs and interest rate cuts, resulted in a foreign exchange loss of approximately NTD 129 million. Nevertheless, exchange rate fluctuation risks and foreign exchange gains and losses remain within the Company's controllable range.

The company adopts natural hedging for foreign currencies and will continuously monitor international political and economic conditions, financial market information, and changes in domestic economic data, adjusting foreign currency positions in a timely manner to reduce the impact on profits and losses.

Inflation

In 2025, crude oil prices were in a low range, and raw material prices were also low; therefore, there was no significant impact on the company.

At the end of February 2026, a sudden outbreak of conflict occurred in an energy-supplying country in the Middle East. Since energy supply is directly related to inflation, crude oil prices are currently showing an upward trend, and in the short term, global currencies—except the US dollar—have sharply depreciated. The company will closely monitor crude oil price trends and domestic price information, and adjust product prices and inventory in a timely manner to reduce the impact of price fluctuations on profits and losses.

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

Our company does not engage in high-risk or high-leverage investments.

Lending of funds to others, endorsements and guarantees, and derivative financial instrument transactions are all handled in accordance with the Company’s “Procedures for Lending Funds and Endorsements and Guarantees” and “Procedures for Acquisition or Disposal of Assets.”

For derivative financial instrument transactions, the Company only engages in FX swap transactions, using short-term monthly funding operations, and maintains the originally held currency without foreign exchange risk.

6.3 Future Research & Development Projects and Corresponding Budget

| Research Item | Budget Research Expenditure (NTD1000) |
|-----------------------------|---------------------------------------|
| Nylon Chips | 65,000 |
| Engineering Plastics | 30,000 |
| Eco-friendly Dope Dyed Yarn | 85,000 |
| Modified Nylon Fibre | 20,000 |
| 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.

1. Taiwan’s three sub-regulations on carbon fees

In August 2024, Taiwan announced three sub-regulations on carbon fees: the “Carbon Fee Collection Regulations,” the “Regulations on Voluntary Emission Reduction Plans Management,” and the “Designated Targets for Greenhouse Gas Reduction for Carbon Fee Entities.” The Ministry of Environment subsequently also announced the “Carbon Fee Rate.” According to the regulations, companies that submit voluntary emission reduction plans and set designated targets may apply a preferential fee rate after approval by the competent authority. Our company will actively promote carbon reduction initiatives and apply for voluntary emission reduction plans to obtain preferential rates, thereby reducing carbon fee expenses.

2. IFRS Sustainability Disclosure Standards

The Financial Supervisory Commission announced in 2023 Taiwan’s roadmap for aligning with the IFRS Sustainability Disclosure Standards, requiring listed companies to disclose relevant information in a dedicated sustainability section of their annual reports in accordance with the IFRS Sustainability Disclosure Standards in stages starting from 2027, based on paid-in capital. This aims to enhance the quality and comparability of sustainability reporting in Taiwan. The Taiwan Stock Exchange also released in 2024 the “Reference Example of a Company’s Implementation Plan for IFRS Sustainability Disclosure Standards,” to assist companies in establishing implementation plans for IFRS Sustainability Disclosure Standards, and it stipulates that execution

status must be reported to the board of directors at least quarterly for oversight. According to the standards, sustainability disclosures should cover all subsidiaries within the consolidated financial statements and rely on close cross-departmental collaboration. Our company established a project task force in early 2026 to be responsible for sustainability disclosures and overall coordination, ensuring that relevant information is disclosed in accordance with the IFRS Sustainability Disclosure Standards within the required timeline.

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

