

Stock Code: 1444



LEALEA Enterprise Co., Ltd.

2025 Annual Report

Published Date: April 30, 2026

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

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



I. Spokesperson & Deputy Spokesperson

Spokesperson

Name: Chen, Han-ching

Title: President

Tel: +886-2-21002888

Email: chihtn@lealea.com.tw

Acting Spokesperson

Name: Shih, Chi-yu

Title: Vice President

Tel: +886-2-21002888

Email: eric0930@lealea.com.tw

II. Headquarters, Branches & Plants

1. Headquarter

Address: 11F., No. 162, Songjiang Rd., Zhongshan Dist., Taipei City

Tel: +886-2-21002888 (Main Number)

2. Changhua Drawn-texturing yarn Factory I

Address: No.16, Gongqu 7th Rd., Fangyuan Township, Changhua County

Tel: +886-4-813-8168 (Main Number)

3. Changhua Drawn-texturing yarn Factory II

Address: No.6, Gongqu 9th Rd., Fangyuan Township, Changhua County

Tel: +886-4-813-8168 (Main Number)

4. Changhua Polyester Fiber Factory

Address: No.38, Gongye Rd., Fangyuan Township, Changhua County

Tel: +886-4-813-8168 (Main Number)

III. Common Share Transfer Agent and Registrar

Company: Stock Affairs Agency Department of Taishin Securities Co., Ltd.

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

Tel: +886-2-25048125

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

IV. Auditors

Company: Deloitte & Touche

Auditors: Huang, I-min · Hong, Kuo-tyan

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

Tel: +886-2-27259988 (Main Number)

Website: <https://www2.deloitte.com/tw/tc.html>

V. Overseas Securities Exchange and Relevant Info: None.

VI. Company Website: <http://www.lealea.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 and Chinese version, the Chinese version shall prevail.

Contents

	Page
I. Letter to Shareholders.....	1
II. Corporate Governance Report.....	5
1. Information of Directors, President, Vice President, Senior Managers, Department and Branch Office Managers	5
2. Remuneration for Directors, Supervisors, President and Vice President in The Most Recent Year.....	13
3. Implementation of Company Governance	19
4. Information on CPA professional fees.....	45
5. Information on replacement of CPAs	46
6. Chairperson, President and Financial / Accounting Managers Who Ever Employed in Certified Public Account Firms or the Subsidiaries, Should Release Their Names, Job Responsibilities and Employee Period.....	46
7. Shareholder Equity Transfer and Equity Pledge Change Status of Directors, Supervisors, Managers and Shareholders who Hold More Than 10% of the Shares	47
8. Information of Top 10 Shareholders and Stakeholders as Spouses or Relatives within The Second Degrees of Relationship.....	48
9. Number of Shares and Proportion Including Consolidated Shareholding of The Company, Directors, Managers and Revetment Business of Joint Ventures	49
III. Capital Overview	50
1. Capital and Shares	50
2. Bond Issuance.....	53
3. Preferred Stock Issuance.....	53
4. Global Depository Receipt Issuance.....	53
5. Employee Stock Options	53
6. New Shares for Restricted Employee Rights.....	53
7. Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares.....	53
8. Capital Utilization Plan and Deployment Status	53
IV. Operational Highlights.....	54
1. Business Scope	54
2. Market and Production/Sales Overview	57
3. Employees	62
4. Environmental Protection Expenditure.....	62
5. Labor Relationship	62
6. Cyber security management	64
7. Important Contracts	65

V. Review and Analysis of Financial Status and Performance and Risk Management	67
1. Financial Status.....	67
2. Financial Performance.....	68
3. Cash Flow.....	69
4. Impact of Major Capital Expenditure in the Past Year on the Financial	69
5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year	69
6. Analysis and Assessment of Risk Issues	70
7. Other Important Matters	73
VI. Special Disclosure	74
1. Subsidiaries.....	74
2. Private Placement of Securities in The Past Year and as of The Publication Date of The Annual Report	74
3. Other Necessary Supplementary Notes	74
4. Matters That Have A Significant Impact on Shareholders' Equity or Securities Prices According to the Second paragraph of Article 36, Paragraph 3 of the Securities and Exchange Act	74

I. Letter to Shareholders

Ladies & Gentlemen,

1. Operating Results for 2025

(1) Operating Results:

In 2025, the global economic environment continued to be affected by geopolitical risks, inflation, and monetary policies. Overall market demand showed limited recovery momentum, while industry competition remained intense. The Company's operations were adversely impacted by weak end-market demand, pricing pressure from competitors, and fluctuations in energy and raw material costs, resulting in continued pressure on overall operating performance.

In response to evolving market conditions, the Company has continued to optimize its product portfolio, focusing on higher value-added and differentiated products. In addition, through market diversification and operational adjustments, the Company aims to mitigate the impact of external volatility.

In 2025, the Company reported consolidated revenue of NT\$7.113 billion, representing a decrease of 13.99% compared to 2024. Net loss after tax amounted to NT\$891 million. Major products sold included 43,671 tons of polyester textured yarn, 28,712 tons of bottle-grade PET chips, 3,001 tons of polyester chips, 3,186 tons of polyester filament yarn, 366,907 tons of coal, 24.85 million yards of long-fiber fabrics, and 3,529 tons of nylon film.

(2) Budget Execution:

None. The Company established internal budget targets for 2025 but did not publicly disclose any financial forecasts.

(3) Financial Performance and Profitability Analysis:

In 2025, the Company's non-consolidated revenue was NT\$4.609 billion, with a net loss after tax of NT\$772 million. The net profit margin after tax was -16.75%, representing a decrease of 21.14% compared to 2024. Earnings per share (EPS) was -NT\$0.78, a decrease of NT\$1.06 from 2024.

The Company's non-consolidated financial performance and profitability are summarized as follows:

Unit : In Thousands of New Taiwan Dollars

Item		2024	2025	Increase (Decrease) Amount and Ratio
Financial Income and Expenses	Operating Revenues	6,195,330	4,609,591	-1,585,739
	Operating Cost	6,130,484	4,576,075	-1,554,409
	Net Profit before Tax	313,612	-853,234	-1,166,846
	Net Income	272,542	-772,374	-1,044,916
Profitability	Return on Assets (%)	1.94	-4.15	-6.09
	Return on Shareholders' Equity (%)	2.53	-7.56	-10.09
	Pre-Tax Profit to Paid-in Capital Ratio (%)	3.14	-8.57	-11.71
	Net Profit Rate (%)	4.39	-16.75	-21.14
	Earnings per Share (NT\$)	0.28	-0.78	-1.06

(4) Research and Development:

The Company continues to promote the application of recycled materials and resource reutilization technologies to enhance the environmental attributes and market competitiveness of its products. It has also strengthened innovation in eco-friendly fiber materials, including Forever Yarn, bio-based Nylon 11 (N11), biodegradable polyester, foamed TPEE for footwear applications, and PET polyester materials for adhesive lamination.

In response to market trends, the Company continues to optimize its product mix toward higher value-added products, thereby improving overall operating performance. Through a dual strategy of carbon reduction and recycling, the Company is progressively achieving its sustainable product goals and building a comprehensive green supply chain.

Products commercialized in the past two years include:

Type of Yarn	Application	Characteristics
Plaid Silk	Woven, Knitted, Sportswear, Casualwear	Unique aesthetics of a single fiber with several dark and light stripes
Graphene Fiber	Woven, Knitted, Sportswear, Casualwear	Material with the function of heat preservation, far infrared, low static electricity, etc., comfortable to wear
Deep Cationic-Dye Fiber	Woven, Knitted, Sportswear, Casualwear	with special dyeing effect
Nylon Soft Rain Silk	Knitted	The fabric surface exhibits excellent breathability and a soft, smooth texture.
Eco-friendly Recycled Deep Dyed CD Fiber	Warp Knitting, sportswear fabrics, Casualwear fabrics	with special dyeing effect

Type of Yarn	Application	Characteristics
Eco-friendly Recycled Low Temperature Dyed Polyester Fiber	Warp Knitting, sportswear fabrics, Casualwear fabrics	with special dyeing effect
Ultra-dull Fiber	Warp Knitting, sportswear fabrics, Casualwear fabrics	with special surface gloss effect and UV resistance function.
Waved shaped cross section Fiber	Woven, Knitted	The fabric features a slight three-dimensional texture, enhanced opacity, and increased density.
Microporous Fiber	Woven, Knitted	Quick dry and heat insulation
Nylon 11 Solution Dye	Woven	Low moisture absorption, light-weight, high anti-impact and abrasion-resistance
PET laminating adhesive	Fabric, Textile product	PET materials can be fully recycled

2. Business Plan for 2026

The Company has designated 2026 as the “Year of Transformation and Upgrade,” aiming to address the challenges of net-zero emissions and the low-carbon economy. The Company will accelerate transformation and continuous upgrading to create new industry value. By strengthening low-carbon initiatives and collaborating with responsible supply chains, sustainability principles will be integrated into all aspects of operations.

The key business plans for 2026 are outlined as follows:

- (1) Continue process improvements and equipment upgrades to enhance efficiency and reduce carbon emissions.
- (2) Improve resource utilization efficiency and implement energy-saving and carbon reduction measures.
- (3) Continue promoting the “LIBOLON Circular Economy of Green Energy Program”, including textile recycling and the adoption of solid recovered fuel (e.g., wood pellets) as alternative energy sources to achieve ESG and net-zero objectives.
- (4) Install energy storage systems in line with government subsidy programs to reduce peak electricity costs and enhance operational resilience.
- (5) Continue to advance R&D in eco-friendly fiber materials, strengthen product differentiation, and deepen collaboration with brand customers to enhance supply chain integration and competitiveness.

3. The Future Development Strategy of the Company, the Impact of the External Competitive Environment, the Regulatory Environment and the Macroeconomic Conditions:

The Company's future operations will continue to be affected by various factors, including changes in the international political and economic landscape, intensifying industry competition, fluctuations in raw material and energy prices, and changes in relevant environmental regulations. The overall operating environment remains highly uncertain. In view of this, the Company will continue to adjust its direction toward product differentiation and higher value-added development, and will progressively increase the proportion of environmentally friendly and green energy products based on physical and chemical processes. Through operational optimization and resource allocation, the Company aims to enhance its overall competitiveness and operational resilience.

With countries around the world promoting carbon management and net-zero emission policies, enterprises will face higher regulatory compliance requirements and transition pressures. In accordance with current regulations in Taiwan, enterprises are required to conduct greenhouse gas inventories and verification in phases and to bear relevant carbon fees based on their emission levels. The Company will continue to monitor regulatory developments and formulate corresponding response plans, and will promote greenhouse gas reduction measures to mitigate the potential impact of carbon costs on its operations.

In terms of carbon management, the Company conducts greenhouse gas inventory operations and has introduced relevant management systems to improve inventory efficiency and data management capabilities. At the same time, it has strengthened monitoring and management mechanisms for energy usage as the basis for subsequent carbon reduction strategies. In terms of sustainability management, the Company has prepared sustainability reports and will, in line with its implementation progress, plan to introduce third-party assurance mechanisms in the future to enhance the transparency and credibility of information disclosure.

Looking ahead, the Company will adhere to the principle of prudent management, continue to promote transformation and optimization measures, and respond cautiously to market changes. The Company is committed to creating maximum value for shareholders, customers, and employees, and to seizing new development opportunities amid industry transformation.

Best wishes to everyone for good health and success in all endeavors.

II. Corporate Governance Report

1. Information of Directors, President, Vice President, Senior Managers, Department and Branch Office Managers

1.1 Information of Directors (1)

April 11, 2026

Title	Nationality or Place of Incorporation	Name	Gender /Age	Appointment (Assumption) Date	Term of Office	First Appointment Date	Shareholding When Appointed		Current Shareholding		Spouses' and Minor Children's Shareholding		Shareholding in Other People's Names		Main Experience (Education)	Current Adjunct Position in the Company or Other Companies	Other Executives, Directors or Supervisors Who Have Relationship with Spouses or Second Class Relatives			Remarks
							Shareholding Number	Shareholding Ratio	Shareholding Number	Shareholding Ratio	Shareholding Number	Shareholding Ratio	Shareholding Number	Shareholding Ratio			Title	Name	Relationship	
Chairperson		Kuo, Shao-yi	Male /61~70	2025.06.13	3 Years	2001.06.13	15,249,638	1.53%	15,249,638	1.53%	2,582,663	0.26%	79,390,255	7.97%	National Taiwan University EMBA, College of Management, International Business	Lipeng Enterprise Lealea Technology, Liling Film, Apex Fong Yi Technology Lea Jie Energy, Tung Ting Investment, Eton Petrochemical, Libolon Energy, Pt. Indonesia Libolon Fiber System Pt. Indonesia Hwalin Knitting Chairperson	Representative Director	Kuo, Shu-chen	Siblings	
Director		Hung, Tsung-chi	Male /61~70	2025.06.13	3 Years	2007.06.15	3,153,196	0.32%	3,164,196	0.32%	1,084,652	0.11%	0	0	Feng Chia University Department of Industrial and Engineering and Systems Management	Pt. Indonesia Hwalin Knitting Director	None	None	None	
Director	Republic of China	Tung Ting Investment Co., Ltd.	-	2025.06.13	3 Years	2010.06.17	79,390,255	7.97%	79,390,255	7.97%	0	0	0	0	None	Li Ling Film President	None	None	None	
		Representative: Chen, Han-ching	Male /61~70	2025.06.13			16,196	0	16,196	0	114	0	0	0	Nanya Industrial College Department of Fiber and Industry	Lealea President, Pt. Indonesia Libolon Fiber System Director, Li Ling Film and Li Shing Investment Supervisor	None	None	None	
Director		Li Peng Enterprise Co., Ltd.		2025.06.13	3 Years	2004.06.03	76,677,924	7.70%	78,641,924	7.90%	0	0	0	0	None	Li Muo Investment, Li Shing Investment, Hung Shing Investment Chairperson	None	None	None	
		Representative: Kuo, Shu-chen	Female /61~70				1,665,721	0.17%	1,665,721	0.17%	0	0	0	0	Yale University Master of Business Management, Master of Public Health	Liming Construction Chairperson, Rich Development Lealea Hotels Director, Li Peng Enterprise Forest Water Environment Representative Director	Chairperson	Kuo, Shao-yi	Siblings	

Corporate Governance Report

Title	Nationality or Place Incorporation	Name	Gender /Age	Appointment (Assumption) Date	Term of Office	First Appointment Date	Shareholding When Appointed		Current Shareholding		Spouses' and Minor Children's Shareholding		Shareholding in Other People's Names		Main Experience (Education)	Current Adjunct Position in the Company or Other Companies	Other Executives, Directors or Supervisors Who Have Relationship with Spouses or Second Class Relatives			Remarks
							Shareholding Number	Shareholding Ratio	Shareholding Number	Shareholding Ratio	Shareholding Number	Shareholding Ratio	Shareholding Number	Shareholding Ratio			Title	Name	Relationship	
Director	Republic of China	Li Zan Investment Co., Ltd.	-	2025.06.13	3 Years	2019.06.12	6,345,430	0.64%	6,345,430	0.64%	0	0	0	0	None	None	None	None	None	
		Representative: Kuo, Chi-an	Male /41-50				0	0	0	0	0	0	0	0	0	0	Fort Hays State University Department of Business Management	Rich Development, Lealea Hotels and Resorts, Lealea Technology Director Forest Water Environment, Vice Chairperson Lea Crane Investment Ho Ching Enterprises Representative Director	None	None
Director		Shun Yu Investment Co., Ltd.	-	2025.06.13	3 Years	2013.06.13	15,974,309	1.60%	15,974,309	1.60%	0	0	0	0	None	Li Peng Enterprise, Rich Development Director	None	None	None	
		Representative: Kuo, Ko-chung	Male /31-40				862,840	0	1,212,840	0.12%	0	0	0	0	0	0	San Maring High School	Li Peng Enterprise, Rich Development Representative Director	None	None
Independent Director		Jan, Yi-jen	Female /51-60	2025.06.13	3 Years	2025.06.13	0	0	0	0	0	0	0	0	Soochow University Graduate Institute of Accounting	Weide CPAs M-Power Information Representative Director	None	None	None	
Independent Director		Lu, Chi-chant	Male /71-80	2025.06.13	3 Years	2016.06.08	0	0	0	0	0	0	0	0	National Taiwan University Department of Mechanical Engineering	HannStar Board Independent Director	None	None	None	
Independent Director	Shih, Yun-peng	Male /61-70	2025.06.13	3 Years	2025.06.13	10,400	0	0	0	0	0	0	0	Department of Civil and Environmental Engineering, University of Washington	ECOVE Environment Adviser	None	None	None		

Table 1: Major Institutional Shareholders

April 11, 2026

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	Shareholding %
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 Muo Investment Co., Ltd.	3.76%
	Hung Shing Investment Co., Ltd.	2.67%
	Chih 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 Zan Investment Co., Ltd.	Lealea Enterprise Co., Ltd.	53.17%
	Li Peng Enterprise Co., Ltd. LTD.	46.83%
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

April 11, 2026

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	Shareholding %
Lealea Enterprise Co., Ltd.	Tung Ting Investment Co., Ltd.	7.97%
	Li Peng Enterprise Co., Ltd.	7.90%
	Li Muo Investment Co., Ltd.	4.47%
	Li Shing Investment Co., Ltd.	4.09%
	Hung Shing Investment Co., Ltd.	3.52%
	Kai Hsiang Investment Co., Ltd.	2.94%
	Chih 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 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 Muo Investment Co., Ltd.	3.76%
	Hung Shing Investment Co., Ltd.	2.67%
	Chih 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%

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	Shareholding %
Li Hao Investment Co., Ltd.	Lealea Enterprise Co., Ltd.	53.38%
	Li Peng Enterprise Co., Ltd.	46.62%
Li Zan Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.17%
	Lealea Enterprise Co., Ltd.	46.83%
Li Muo Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.38%
	Lealea Enterprise Co., Ltd.	46.62%
Hung Shing Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.02%
	Lealea Enterprise Co., Ltd.	46.98%
Chih Hsiang Investment Co., Ltd.	Shuh Yu Investment Co., Ltd.	31.40%
	Kuo, Chun-nan	29.73%
	Kuo, Ko-chung	25.47%
	Hsu, Pi-yuam	13.40%
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-jen	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%	
Hong Yi Investment Co., Ltd.	Kuo, Shao-yi	50.00%
	Yang, I-lin	50.00%
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%

1.1 Information of Directors (2)

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

Criteria Name	Professional qualifications and experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Kuo, Shao-yi	<p>1. Worked from the entry level. Experienced in manufacturing technical engineering and sales. Currently, he acts as Chairperson for polyester, nylon, IT and energy companies. He processes the experience required by the Company in businesses, finance and accounting and sales.</p> <p>2. Does not meet any of the criteria described in Article 30 of the Company Act.</p>	NA	0
Kuo, Shu-chen	<p>1. She is a director and Chairperson of construction, hotel and environmental engineering companies. She has experience in business, construction and management.</p> <p>2. Does not meet any of the criteria described in Article 30 of the Company Act.</p>		0
Kuo, Chi-an	<p>1. He is a director for construction, hotel and environmental engineering companies. He has experience in business, construction and management.</p> <p>2. Does not meet any of the criteria described in Article 30 of the Company Act.</p>		0
Hung, Tsung-chi	<p>1. Formerly worked as a sales supervisor of our company and Vice President of Pt. Indonesia Libolon Fiber System, with experience in commercial and sales management.</p> <p>2. Does not meet any of the criteria described in Article 30 of the Company Act.</p>		0
Chen, Han-ching	<p>1. He acts as President of the Company, and is with work experience in commerce, sales, raw materials, and management.</p> <p>2. Does not meet any of the criteria described in Article 30 of the Company Act.</p>		0

Criteria Name	Professional qualifications and experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Kuo, Ko-chung	<ol style="list-style-type: none"> Acts as staff of the procurement department of an environmental engineering company and has work experience in business and procurement. Does not meet any of the criteria described in Article 30 of the Company Act. 		0
Jan, Yi-jen	<ol style="list-style-type: none"> Passed the National Exam and obtained a certificate. Worked for Weide CPAs firms as a partner. Does not meet any of the criteria described in Article 30 of the Company Act. 	<p>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.</p>	0
Lu, Chi-chant	<ol style="list-style-type: none"> Passed the National Exam and obtained a certificate. Worked for Deloitte & Touche CPAs firms as a partner Does not meet any of the criteria described in Article 30 of the Company Act. 		1
Shih, Yun-peng	<ol style="list-style-type: none"> Former Team Leader at the EPA's Waste Resource Recycling Plant Construction Office and Director & President of ECOVE Environment. Expert in civil and environmental engineering with vast experience in waste plant construction and operation. 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

To ensure the Board achieves its objectives and continuously enhances its effectiveness, the Company has established the “Corporate Governance Best Practice Principles” and stipulated in its Articles of Incorporation that directors (including independent directors) are elected through a candidate nomination system. In addition to considering professional backgrounds and diversity, the number of directors concurrently serving as company executives should not exceed one-third of the total board seats, in order to enhance decision-making quality and overall governance effectiveness.

The composition of the Board is determined based on the Company’s operational model and long-term development needs, with appropriate diversity policies in place. Considerations include, but are not limited to, fundamental attributes and values (such as gender, age, nationality, and culture), as well as professional knowledge and skills (such as law, accounting, industry expertise, finance, environmental protection, international perspective, professional skills, and industry experience).

The Board currently consists of nine directors, including three independent directors, accounting for one-third of the Board. Among them are two female directors (22.22%), one employee director (11.11%), and one independent director who has served three consecutive terms (11.11%). In terms of age distribution: one director is over 71 (11.11%), four are aged 61–70 (44.45%), two are aged 51–60 (22.22%), one is aged 41–50 (11.11%), and one is under 40 (11.11%).

The Board members possess diverse professional backgrounds, including business management, financial accounting, environmental engineering, and public health. Members include industry executives, a former practicing CPA from an internationally renowned firm, and a dual master’s degree holder in business administration and public health from Yale University. All members have substantial practical experience in corporate operations, business, and finance, enabling them to provide insights from different professional perspectives and contribute meaningfully to the Company’s decision-making.

Competent of Board Members

Title	Name	Gender/Age	Nationality	Management	Leadership and Decision Making	Finance and Accounting	Industry Know-how	Legal Expertise	International View
Chairperson	Kuo, Shao-yi	Male/61~70	Republic of China	✓	✓		✓		✓
Director	Kuo, Shu-chen	Female/61~70		✓	✓		✓		✓
Director	Chen, Han-ching	Male/61~70		✓	✓		✓		✓
Director	Hung, Tsung-chi	Male/61~70		✓	✓		✓		✓
Director	Kuo, Chi-an	Male/41~50			✓				
Director	Kuo, Ko-chung	Male/31~40			✓				
Independent Director	Jan, Yi-jen	Female /51~60				✓			
Independent Director	Lu, Chi-chant	Male/71~80				✓			
Independent Director	Shih, Yun-peng	Male/61~70			✓	✓		✓	

(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) If the number of directors of either gender does not reach 1/3, disclose the reasons and corresponding measures:

A. Reasons:

According to the Articles, there are nine seats of directors, and the current directors were elected on the shareholders' meeting on June 13, 2025. Despite being in compliance with the regulations then, there is only one female director, which does not reach 1/3 of the seats. Moreover, female talents are sparse due to industry characteristics.

B. Corresponding Measures:

Suggest authority to amend regulations to enforce nominating candidates of different genders at a certain ratio or to exclude nominations that do not meet the gender ratio from the candidate list to promote gender diversity of directors.

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

April 11, 2026

Title	Nationality	Name	Gender	Appointment (Assumption) Date	Shareholding		Spouses' and Minor Children's Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education)	Current Adjunct Position in the Company or Other Companies	Other Managers Who have Spouses or within Two Degrees of Kinship			Remarks
					Number	Ratio	Number	Ratio	Number	Ratio			Title	Name	Relation	
President	Republic of China Republic of China	Chen, Han-ching	Male	2012.09.01	16,196	0	114	0	0	0	Nanya Industrial College Department of Fiber and Industry	Pt. Indonesia Libolon Fiber System Director, Li Ling Film and Li Shing Investment Supervisor	None	None	None	
Vice President		Shih, Chi-yu	Male	2021.03.01	0	0	0	0	0	0	Chinese Culture University Department of Economics	Eton Petrochemical Representative Director	None	None	None	
Vice President		Tsai, Chun-chung	Male	2010.09.01	76,981	0.01%	0	0	0	0	Feng Chia University Department of Electrical Engineering	None	None	None	None	
Senior Manager		Wang Tso-jen	Male	2019.09.01	8,484	0	0	0	0	0	Feng Chia University Graduate School of Textile Engineering	Pt. Indonesia Libolon Fiber System President	None	None	None	
Senior Manager		Hsu, Tsui-ping	Female	2019.09.01	74,698	0.01%	0	0	0	0	Chinese Culture University Department of Business Management	None	None	None	None	
Senior Manager		Wu, Shao-wei	Male	2024.09.01	0	0	0	0	0	0	Wits, University of the Witwatersrand Department of Computer Science	Hawk Lea Transportation Representative Director	None	None	None	

Title	Nationality	Name	Gender	Appointment (Assumption) Date	Shareholding		Spouses' and Minor Children's Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education)	Current Adjunct Position in the Company or Other Companies	Other Managers Who have Spouses or within Two Degrees of Kinship			Remarks
					Number	Ratio	Number	Ratio	Number	Ratio			Title	Name	Relation	
General Plant Manager	Republic of China	Chen, Wei-Cheng	Male	2019.09.01	5,645	0	29,513	0	0	0	National Taiwan University of Technology Graduate School of Fiber and Polymer	None	None	None	None	
General Plant Manager		Huang, Yi-wen	Male	2024.02.01	0	0	0	0	0	0	National Union University Department of Mechanical Engineering	None	None	None	None	
Principal Accounting Officer		Hsu, Li-hsueh	Female	2011.08.01	1,769	0	0	0	0	0	National Taipei College of Business Department of Business	None	None	None	None	
Principal Financial Officer		Chen, Ching-tzu	Female	2025.06.01	0	0	0	0	0	0	National Open University Department of Business Administration	None	None	None	None	

Note: Chen, Ching-tzu took office as Principal Financial Officer on June 1, 2025.

2. Remuneration for Directors, Supervisors, President and Vice President in the Most Recent Year

2.1 Remuneration for Common Directors and Independent Directors

Unit: In Thousands of New Taiwan Dollars

Title	Name	Director's 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 Other than the Company's Subsidiary (Note 8)
		Compensation (A) (Note 1)		Pension (B)		Director's Remuneration (C) (Note 2)		Expense for Professional Practice (D) (Note 3)				Salary, and Special Expense (E) (Note 4)		Pension (F)		Employee's Compensation (G) (Note 5)						
		The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	All the Companies Listed in Financial Report (Note 6)	
Chairperson	Kuo, Shao-yi	0	0	0	0	0	442.66	300	444	300 -0.04	886.66 -0.11	6,526.2	12,413.9	108	108	0	0	0	0	6,934.2 -0.90	13,408.56 -1.74	4,674.54
Director	Hung, Tsung-chi	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
Director	Li Peng Enterprise 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	1,026.54
Director	Tung Ting Investment Representative: Chen, Han-ching	0	0	0	0	0	158.25	300	444	300 -0.04	602.25 -0.08	4,052.2	4,052.2	38.4	38.4	0	0	0	0	4,390.6 -0.57	4,692.85 -0.61	None
Director	Li Zan Investment Representative: Kuo, Chi-an	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	4,243.2
Director	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	1,026.54
Independent Director	Jan, Yi-jen	0	0	0	0	0	0	330	330	330 -0.04	330 -0.04	0	0	0	0	0	0	0	0	330 -0.04	330 -0.04	None

Corporate Governance Report

Title	Name	Director's 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 Other than the Company's Subsidiary (Note 8)				
		Compensation (A) (Note 1)		Pension (B)		Director's Remuneration (C) (Note 2)		Expense for Professional Practice (D) (Note 3)				Salary, and Special Expense (E) (Note 4)		Pension (F)		Employee's Compensation (G) (Note 5)										
		The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	The Company	All the Companies Listed in Financial Report (Note 6)	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	All the Companies Listed in Financial Report (Note 6)					
Independent Director	Lu, Chi-chang	0	0	0	0	0	0	600	600	600	600	-0.08	-0.08	0	0	0	0	0	0	0	0	600	600	-0.08	-0.08	None
Independent Director	Shih, Yun-peng	0	0	0	0	0	0	330	330	330	330	-0.04	-0.04	0	0	0	0	0	0	0	0	330	330	-0.04	-0.04	None
Independent Director	Lee, Dow-ming	0	0	0	0	0	0	270	270	270	270	-0.03	-0.03	0	0	0	0	0	0	0	0	270	270	-0.03	-0.03	None
Independent Director	Ou, Yu-lun	0	0	0	0	0	0	270	270	270	270	-0.03	-0.03	0	0	0	0	0	0	0	0	270	270	-0.03	-0.03	None

1. Please state the policy, system, standard and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, investment time and other factors: a fixed amount of remuneration is paid every month regardless of profit or loss.

2. Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services to all companies in the financial report (if a non-employee consultant of the parent company/all companies listed in the financial report/non-employee consultant of re-investment businesses) in the most recent year: none.

Note 1: Refers to the compensation of directors in the most recent year (including directors' salaries, job allowances, pensions, various bonuses, incentives, etc.)

Note 2: Refers to the amount of directors' remunerations approved by the board of directors in the most recent year.

Note 3: Refers to directors' expenses for relevant professional service execution expenses for the most recent year (including traveling expenses, special expenses, various allowances, dormitories, company car and other physical object offering, etc.) When providing housing, cars and other transportation vehicles or personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, which will not be included in the remuneration.

Note 4: Refers to the recent years that directors and adjunct employees (including adjunct president, vice presidents, other managers and employees) received, including salary, job allowance, pension, various bonuses, incentives, traveling expenses fees, special expenses, various allowances, dormitories, company cars, other physical object offering, other transportation vehicles or personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but it will not be included in the remuneration. Besides, salary recognized in accordance with IFRS 2 "Share-based Payment", including obtaining employee stock options, new shares of restricting employee rights, and participating in cash capital increase subscription for shares, should also be included in remuneration.

Note 5: Refers to those who have received employee remuneration (including stocks and cash) for directors also as adjunct employees (including concurrently serving as president, vice president, other managers and employees) in the most recent year, the amount of employee remuneration distributed by the board of directors in the most recent year shall be disclosed. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year.

Note 6: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated report shall be disclosed.

Note 7: Refers to the after-tax net profit of individual financial statement of the most recent year.

Note 8: a. This column should clearly indicate the amount of relevant remuneration received by the directors of the Company from the subsidiary company or the Company except the parent company. (If none, please fill in "None".)

b. The remuneration refers the salary, job allowances and professional service execution expenses received by the directors (including employees, directors and supervisors) of the Company, non-affiliate reinvested companies or parent companies.

* The content of the remuneration disclosed in this table is different from the concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

2.2 Supervisors' Remuneration

Audit Committee is established and works as supervisors.

2.3 President and Vice Presidents' Remuneration

Unit: In Thousands of New Taiwan Dollars

Title	Name	Salary (A) (Note 1)		Pension (B)		Bonus and Special Expense (C) (Note 2)		Employee's Remuneration (D) (Note 3)				Total amount and Ratio of total Remuneration (A+B+C+D) to Net Income (Note 5)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 6)
		The Company	All the Companies Listed in Financial Report (Note 4)	The Company	All the Companies Listed in Financial Report (Note 4)	The Company	All the Companies Listed in Financial Report (Note 4)	The Company		All the Companies Listed in Financial Report (Note 4)		The Company	All the Companies Listed in Financial Report (Note 4)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chen, Han-ching	1,920	1,920	38.4	38.4	2,132.2	2,132.2	0	0	0	0	4,090.6 -0.53	4,090.6 -0.53	None
Vice President	Shih, Chi-yu	1,584	1,584	31.7	31.7	1,512	1,512	0	0	0	0	3,127.7 -0.40	3,127.7 -0.40	None
Vice President	Tsai, Chun-chun	1,620	1,620	32.4	32.4	1,357.6	1,357.6	0	0	0	0	3,010 -0.39	3,010 -0.39	None

Note: Provided three company cars with a total cost of NT\$5,516 thousand and a Staff dormitory with a yearly rent of NT\$164 thousand.

Note 1: Refers to the compensation of president and vice presidents in the most recent year (including directors' salaries, job allowances, pensions)

Note 2: Refers to the recent years that the president and the vice presidents received, including salary, job allowance, pension, various bonuses, incentives, traveling expenses fees, special expenses, various allowances, dormitories, company cars, other physical object offering, other transportation vehicles or personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but it will not be included in the remuneration. Besides, salary recognized in accordance with IFRS 2 "Share-based Payment", including obtaining employee stock options, new shares of restricting employee rights, and participating in cash capital increase subscription for shares, should also be included in remuneration.

Note 3: Refers to those who have received employee remuneration (including stocks and cash) for the president and the vice presidents in the most recent year, the amount of employee remuneration distributed by the Board of Directors in the most recent year shall be disclosed. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year.

Note 4: The total amount of remuneration paid to the president and vice presidents of the Company by all companies (including the Company) in the consolidated report shall be disclosed.

Note 5: After tax net profit refers to the after tax net profit of individual financial statement of the most recent year.

Note 6: a. This column should clearly indicate the amount of relevant remuneration received by the president and the vice presidents of the Company from the subsidiary company or the Company except the parent company. (If none, please fill in "None".)

b. The remuneration refers the salary, job allowances and professional service execution expenses received by the president and the vice presidents (including employees, directors and supervisors) of the Company, non-affiliate reinvested companies or parent companies.

* The content of the remuneration disclosed in this table is different from the concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

2.4 Remuneration of Top Five Remunerated Executives of TWSE/TPEX Listed Company

Unit: In Thousands of New Taiwan Dollars

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonus and Special Expense (C) (Note 3)		Employee's Remuneration (D) (Note 4)				Total amount and Ratio of total Remuneration (A+B+C+D) to Net Income (Note 6)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 7)
		The Company	All the Companies Listed in Financial Report (Note 5)	The Company	All the Companies Listed in Financial Report (Note 5)	The Company	All the Companies Listed in Financial Report (Note 5)	The Company		All the Companies Listed in Financial Report (Note 5)		The Company	All the Companies Listed in Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chen, Han-ching	1,920	1,920	38.4	38.4	2,132.2	2,132.2	0	0	0	0	4,090.6 -0.53	4,090.6 -0.53	None
Vice President	Shih, Chi-yu	1,584	1,584	31.7	31.7	1,512	1,512	0	0	0	0	3,127.7 -0.40	3,127.7 -0.40	None
Vice President	Tsai, Chun-chung	1,620	1,620	32.4	32.4	1,357.6	1,357.6	0	0	0	0	3,010 -0.39	3,010 -0.39	None
Senior Manager	Hsu, Tsui-ping	1,260	1,260	25.2	25.2	854.7	854.7	0	0	0	0	2,139.9 -0.28	2,139.9 -0.28	None
General Plant Manager	Huang, Yi-wen	1,200	1,200	24	24	686.1	686.1	0	0	0	0	1,910.1 -0.25	1,910.1 -0.25	None

Note: Provided three company cars with a total cost of NT\$5,516 thousand and a Staff dormitory with a yearly rent of NT\$164 thousand.

Note 1: Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 0920001301 dated March 27, 2003. The letter stipulates the scope of application of the "manager". As for the "top five highest remuneration" calculation and determination principle, it is based on the sum of the salary, pension, bonus and special expenses received from all companies in the consolidated financial report by the Company manager, as well as the total amount of the employee's remuneration (that is the total amount of A+B+C+D), and the five highest remunerations will be recognized after sorting.

Note 2: Refers to the compensation of the top five executives in the most recent year (including directors' salaries, job allowances, and pensions)

Note 3: Refers to the remuneration that the top five executives received in recent years, including salary, job allowance, pension, various bonuses, incentives, traveling expenses fees, special expenses, various allowances, dormitories, company cars, other physical object offering, other transportation vehicles or personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but it will not be included in the remuneration. Besides, salary recognized in accordance with IFRS 2 "Share-based Payment", including obtaining employee stock options, new shares of restricting employee rights, and participating in cash capital increase subscription for shares, should also be included in remuneration.

Note 4: Refers to those who have received employee remuneration (including stocks and cash) for the top five in the most recent year, the amount of employee remuneration distributed by the board of directors in the most recent year shall be disclosed. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year.

Note 5: The total amount of remuneration paid to the top five executives of the Company by all companies (including the Company) in the consolidated report shall be disclosed.

Note 6: After tax net profit refers to the after tax net profit of individual financial statement of the most recent year.

Note 7: a. This column should clearly indicate the amount of relevant remuneration received by top five executives of the Company from the subsidiary company or the Company except the parent company. (If none, please fill in "None".)

b. The remuneration refers the salary, job allowances and professional service execution expenses received by the top five executives (including employees, directors and supervisors) of the Company, non-affiliate reinvested companies or parent companies.

* The content of the remuneration disclosed in this table is different from the concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

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

Unit: In Thousands of New Taiwan Dollars

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Amount vs. After Tax Net Profit (%)
Management Team	President	Chen, Han-ching	0	0	0	0
	Vice President	Shih, Chi-yu				
	Vice President	Tsai, Chun-chung				
	Senior Manager	Wang, Tso-jen				
	Senior Manager	Hsu, Tsui-ping				
	Senior Manager	Wu, Shao-wei				
	General Plant Manager	Chen, Wei-cheng				
	General Plant Manager	Huang, Yi-wen				
	Principal Accounting Officer	Hsu, Li-hsueh				
	Principal Financial Officer	Chen, Ching-tzu				

Note: Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 0920001301 dated March 27, 2003. The letter stipulates the scope of application of the "manager":

- (1) President and equivalent position
- (2) Vice president and equivalent position
- (3) Senior Manager and equivalent position
- (4) Finance Manager and equivalent position
- (5) Accounting Manager and equivalent position
- (6) Others that are authorized to sign on behalf of the Company for business management

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. Analysis of Proportion:

2024		2025	
Ratio of remuneration paid to directors, supervisors, president and vice presidents vs. after tax net profit (%)		Ratio of remuneration paid to directors, supervisors, president and vice presidents vs. after tax net profit (%)	
The Company	All Companies in Financial Report	The Company	All Companies in Financial Report
10.50%	13.22%	-2.65%	-3.53%

2. The Policies, Standards, Combinations and Procedures of Remuneration Payments:

The Articles of Incorporation clearly stipulate that if there is a profit in a given year, at least 1% shall be allocated for employee remuneration, no more than 5% for directors’ remuneration, and at least 1% shall be allocated for salary adjustments or compensation distribution to frontline employees. However, when there are accumulated losses, the amount to cover then loss shall be reserved in advance, and then the remuneration of employees and directors and supervisors shall be allocated in accordance with the aforementioned proportion. In addition to receiving fixed compensation, directors and independent directors may also receive directors’ remuneration. Manager’s remuneration includes salary and annual bonus, among which salary is handled in accordance with “Organization System, Rank and Title Classification “, “Salary Policies” and “Annual bonus payment policies”. Annual bonuses (year-end and surplus bonuses) are reasonably given based on financial indicators (such as the industry’s earnings per share) and non-financial indicators (such as appraisal, ranking, merit and demerit).

3. Procedure of Remuneration Payment:

The rate and amount of the remuneration distribution shall be assessed by the Remuneration Committee with advice of distribution principles, concluded by the Board of Directors and after a resolution of the Board of Directors and reported to the Shareholders’ Meeting.

4. The Correlation between Company Operation Performance and Future Risks:

The remuneration of managers has fully taken into account their professional capabilities and the Company’s operations and financial status, and personnel below the vice president (including) participate in the semi-annual performance appraisal. Important decisions of the Company’s management are made after considering cautiously assessing various risks. The performance of these important decisions will be reflected in the Company’s profits, which will then affect the remuneration of the Company’s directors and managers.

3. Implementation of Company Governance

3.1 Board of Directors

11 Meetings of the Board of Directors were held in 2025, and The Attendance was as Follows:

Title	Name	Actual Attendance	By Proxy	Attendance Rate (%)	Remarks
Chairperson	Kuo, Shao-yi	11	0	100	2025.6.13 Re-elected
Director	Li Peng Enterprise Representative: Kuo, Shu-chen	10	0	90.91	2025.6.13 Re-elected
Director	Tung Ting Investment Representative: Chen, Han-ching	11	0	100	2025.6.13 Re-elected
Director	Hung, Tsung-chi	11	0	100	2025.6.13 Re-elected
Director	Li Zan Investment Representative: Kuo, Chi-an	10	0	90.91	2025.6.13 Re-elected
Director	Shun Yu Investment Representative: Kuo, Ko-chung	11	0	100	2025.6.13 Re-elected
Independent Director	Jan, Yi-jen	7	0	100	2025.6.13 Appointed
Independent Director	Lu, Chi-chant	11	0	100	2025.6.13 Re-elected
Independent Director	Shih, Yun-peng	5	1	71.43	2025.6.13 Appointed
Independent Director	Lee, Dow-ming	4	0	100	2025.6.13 Discharged
Independent Director	Ou, Yu-lun	3	0	75	2025.6.13 Discharged

Other important items:

- General election was held on June 13, 2025, for 9 Board seats (incl. 3 independent directors). A total of 4 meetings were held before the election and 7 thereafter. The actual attendance rate (%) is determined by the number of meetings held during each director's tenure and their actual attendance records.
- If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:
 - Matters referred to in Article 14-3 of the Securities and Exchange Act
Please refer to page 44~45, Important Matters Concluded in the Board of Directors.
 - In addition to the previous issues, other board meeting resolutions that have been opposed or reserved by independent directors and should have records or written statements: None.
- The implementation of the directors' avoidance of the interested proposal shall state the name of the director, the content of the proposal, the reason for the avoidance of interest and the status of participation in voting: None.
- The TWSE/TPEX listed company shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the Board of Directors self-evaluation (or peer review): The results of the performance evaluation of the Board of Directors were submitted on March 16, 2026.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2025.01.01 ~ 2025.12.31	Board of Directors	Internal self-evaluation of the board	1. The involvement status on company operation 2. Improve quality of decision made by Board of Directors 3. Composition and structure of Board of Directors 4. Election of directors and continuous education 5. Internal control

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
		Directors	Self-evaluation by the board members of themselves	1. Management Corporate's goal and mission 2. Recognition to the responsibilities of directors 3. The involvement status on company operation 4. Internal relationship management & communication 5. Directors' professional and continuous education 6. Internal control
		Functional committee (audit/compensation)	Internal self-evaluation by functional committee	1. The involvement status on company operation 2. Recognition to the responsibilities of functional committee 3. Improve quality of decision made by functional committee 4. Composition and election of functional committee 5. Internal control

5. The goal of improving the function of Board of Directors in current year and the most recent year (such as composing the audit committee, improving information transparency, etc.) and assessment of deployment:

- (1) Announce every important resolution of the Board of directors on the Company's website, and insure directors with liability insurance to improve the transparency of the Company's operation information and protect the rights and interests of shareholders. An audit committee has been set up to support the Board of Directors in fulfilling the supervisory duties.
- (2) In order to implement Corporate Governance and enhance the functions of the Board of Directors, and establish performance targets to enhance the operational efficiency of the Board of Directors, the Company proceeds internal performance assessment on Board of Directors and functional committee in accordance with the "Board Performance Evaluation Measures" approved by the board of directors on October 28, 2020.

3.2 Audit Committee

10 Meetings (A) of Audit Committee were in 2025, and The Attendance was as Follows:

Title	Name	Actual Attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Jan, Yi-jen	6	0	100	2025.6.13 Appointed
Independent Director	Lu, Chi-chant	10	0	100	2025.6.13 Re-election
Independent Director	Shih, Yun-peng	4	1	66.67	2025.6.13 Appointed
Independent Director	Lee, Dow-ming	4	0	100	2025.6.13 Discharge.
Independent Director	Ou, Yu-lun	3	0	75	2025.6.13 Discharge

Other Special Items:

1. General election of directors took place on June 13, 2025, with 4 meetings held before the election and 6 after. The actual attendance rate (%) is determined by the number of meetings held during each director's term of office and their actual attendance records.
2. "Audit Committee" was set up on June 8, 2016 to perform supervisors' duties and the annual work focus is listed as follows:
 - (1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act
 - (2) Evaluation of the effectiveness of the internal control system
 - (3) In accordance with the Article 36 of the Securities and Exchange Law, it stipulates or amends the procedures for the acquisition or disposal of assets, derivative commodity transactions, and lending funds to others, endorsements or guarantees for others.
 - (4) Matters involving the director's own interests
 - (5) Important asset or derivative commodity transaction
 - (6) Important capital loan, endorsements or guarantees for others
 - (7) Raising, issuing or private placement of equity securities

- (8) Appointment, dismissal or remuneration of certified public accountants
 (9) Appointment and dismissal of financial, accounting or internal audit officers
 (10) Annual financial report signed or stamped by the Chairperson, managers and accounting manager, and the second quarter financial report verified by accountants
 (11) Other major matters defined by the Company or the competent authority

◎ Audit Financial Report

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 motion of Loss Appropriation, and reviewed by the Audit Committee. Audit Committee verified that the reports existed were no discrepancies.

◎ Inspection of Efficiency of Internal Control

2025 self-assessments of internal control (hereafter referred to as internal control self-assessment) have been completed, and a draft statement of the internal control system was issued according to the results of the internal control self-assessment. After the audit committee approves, the audit unit submits it to the board of directors for approval.

3. If the operation of the audit committee is in one of the following circumstances, the date, period, the content of the proposal, the independent directors' qualified opinion or material recommendations, the results of the Audit Committee's resolution, and the Company's action of the audit committee's opinions shall be stated.

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

Date	3 rd Audit Committee	Summary of Motions	Objections, qualified opinion or material recommendations	Results of the Audit Committee's resolution	Resolution to Opinion of Audit Committee
2025.02.05	22 nd Meeting	1. Proposal for the change and appointment of the CPAs for 2025. 2. Loan of funds to others by subsidiaries. 3. Loans of funds to others. 4. Endorsements and guarantees.	None	Approve	None
2025.03.14	23 rd Meeting	1. 2024 business report and financial statement. 2. 2024 Earnings Distribution. 3. Amendments to certain articles of the "Articles of Incorporation". 4. Evaluate the design of "Internal Control System" and its implementation. 5. Loans of funds to others. 6. Loan of funds to others by subsidiaries. 7. Endorsements and guarantees.	None	Approve	None
2025.04.22	24 th Meeting	1. Proposal of adjustment of 2024 earnings distribution. 2. Endorsements and guarantees. 3. Proposal for the Adjustment of Lending Funds to Other Parties by Subsidiaries.	None	Approve	None
2025.05.13	25 th Meeting	1. Loan of funds to others by subsidiaries. 2. Proposal on Related Party Transactions. 3. Proposal for the Appointment of the Principal Financial Officer.	None	Approve	None
Date	4 th Audit Committee	Summary of Motions	Objections, qualified opinion or material recommendations	Results of the Audit Committee's resolution	Resolution to Opinion of Audit Committee
2025.06.13	1 st Meeting	The election of the Chairperson of the Board of Directors..	None	Approve	None
2025.06.30	2 nd Meeting	Proposal for the Adjustment of Loans to Others.	None	Approve	None
2025.07.30	3 rd Meeting	1. Loans of funds to others. 2. Loan of funds to others by subsidiaries.	None	Approve	None
2025.08.12	4 th Meeting	Endorsements and guarantees.	None	Approve	None

Date	4 th Audit Committee	Summary of Motions	Objections, qualified opinion or material recommendations	Results of the Audit Committee's resolution	Resolution to Opinion of Audit Committee
2025.11.05	5 th Meeting	1. Amendments to certain articles of the "Procedures for Preventing Insider Trading". 2. Endorsements and guarantees. 3. Loans of funds to others. 4. Loan of funds to others by subsidiaries.	None	Approve	None
2025.12.24	6 th Meeting	1. 2026 audit plan. 2. 2026 company operation plan. 3. Proposal for the Acquisition of Assets. 4. Endorsements and guarantees. 5. Loans of funds to others. 6. Loan of funds to others by subsidiaries.	None	Approve	None

(2) Except for the previous matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

4. The implementation of the independent directors' avoidance of the interested proposal shall state the name of the independent directors, the content of the proposal, the reason for the avoidance of interest and the status of participation in voting: None.
5. The communication with independent directors, internal Audit Manager and CPAS (it should cover resolutions and results for important matters, such as company financial and business status):

Date	Method	Party	Summary	Results
2026.02.17	Seminar	CPA	1. 2024 AQI Report 2. Audit planning stage: (1) Responsibilities of the governance unit. (2) The system of Quality Control of Deloitte Taiwan. (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 audit work of constituent individuals and auditors using constituent individuals. (5) Major accounting policies, major accounting estimates and major events or transactions. (6) Material risks and key audit matters – The authenticity of sales revenue to specific DTY clients (7) Material deficiencies found in the audit- No deficiency was found. (8) IFRS Sustainability Disclosure Standards.	Independent directors 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) Audit scope and results: Disclosures required for Lipeng Enterprise based on individual financial materiality (a significant associate). (2) Materiality threshold: Unchanged. (3) Material item and its subsequent event. Significant accounting estimates: • Recognized an impairment loss of approximately NT\$130 million on goodwill for subsidiary Li Ling Film. • Recognized an impairment provision of approximately NT\$190 million for idle assets. Significant events or transactions: • On October 1, the Board of Directors approved the suspension of PET chip bottle-grade production and a reduction in polyester chip production. (4) Key audit matters - no major abnormality is found, which is reasonable. (5) Results- No material violation to the financial reporting preparation standards for securities issuers and the preparation of IFRSs approved and published by the Financial Supervisory Commission was found in the 2025 Consolidated Financial Statement.	Independent directors have no opinion
		Audit supervisor	Audit operations for the second quarter of FY 2026.	

3.3 The Deviations and Root Causes between Company Governance Status and the Practice on Corporate Governance for TWSE/TPEX Listed Companies

Assessment Item	Operation Summary			Deviations and Root Causes with the Practice on Corporate Governance for TWSE/TPEX Listed Companies
	Yes	No	Explanation of Summary	
1. Has the Company formulated and disclosed the Code of Practice for Corporate Governance in accordance with the "Code of Practice for Corporate Governance for TWSE/TPEX Listed Companies"?	✓		The "Code of Practice for Corporate Governance" has been formulated and disclosed on the Company and public information observatory website.	No Deviation
2. Company shareholding structure and shareholders' equity				
(1) Has the Company established internal procedures to handle shareholder suggestions, doubts, disputes and litigation, and implement them in accordance with the procedures?	✓		(1) Set up spokespersons and acting spokespersons as a channel for external communication, and instruct the Stock Affairs and Legal Departments to handle shareholder suggestions, doubts, disputes, and litigation issues	No Deviation
(2) Does the Company have a list of the major shareholders who actually control the Company and the ultimate controller of the major shareholders?	✓		(2) The Stock Affairs department and the appointed stock affairs agency keep the list updated at any time and declare in accordance with regulations.	No Deviation
(3) Does the Company establish and implement risk control and firewall between affiliate companies?	✓		(3) Conveyed in the internal control system	No Deviation
(4) Does the Company internal regulations to prohibit insiders from using undisclosed information on the market to buy and sell securities?	✓		(4) The "Rules for Preventing Insider Trading" has been set	No Deviation
3. The composition and responsibilities of the Board of Directors				
(1) Does the Board of Directors formulates a diversity policy, specific management objectives and implement it regarding the composition of members?	✓		(1) In addition to formulating the "Corporate Governance Best Practice Principles," the Company has stipulated in its Articles of Incorporation that the election of directors (including independent directors) adopts a candidate nomination system. In selecting directors, consideration is given not only to their professional backgrounds, but also to diversity as an important factor. The Board currently consists of nine directors, including three independent directors, accounting for one-third of the Board. Among the Board members, there are two female directors (22.22%), one employee director (11.11%), and one independent director who has served three consecutive terms (11.11%). In terms of age distribution, one director is over 71 (11.11%), four are aged 61–70 (44.45%), two are aged 51–60 (22.22%), one is aged 41–50 (11.11%), and one is under 40 (11.11%). The directors' professional backgrounds cover business management, financial accounting, environmental engineering, and public health. Members include industry executives, practicing lawyers, former certified public accountants from internationally renowned firms, and a dual master's degree holder from Yale	No Deviation

Assessment Item	Operation Summary			Deviations and Root Causes with the Practice on Corporate Governance for TWSE/TPEX Listed Companies
	Yes	No	Explanation of Summary	
<p>(2) In addition to the Compensation Committee and Audit Committee established in accordance with the law, does the Company voluntarily set up other various functional committees?</p> <p>(3) Does the Company formulate board performance evaluation methods, conduct annual and regular performance evaluations, and report the performance evaluation result to the Board of Directors, and take the result as a reference for the compensation and nomination of individual directors?</p> <p>(4) Does the Company regularly assess the independence of certified accountants?</p>		<p>✓</p>	<p>University. All possess relevant experience in business operations and finance, and are able to provide professional insights from different perspectives, contributing significantly to the Company's operations.</p> <p>(2) None.</p> <p>(3) Formulate "Board Performance Evaluation Method". The Compensation Committee will set and review director performance evaluation and compensation policies, systems, standards and structures, and submit recommendations to the Board of Directors for discussion.</p> <p>(4) Evaluate the independence and suitability of the CPAs at least once a year (Note 1), besides requesting CPAs to submit "Statement of Independence" and "Audit Quality Indicators (AQIs)," the Company refers to the AQI disclosure structure and sample published by Financial Supervisory Commission on August 19, 2021, as objective reference indicators for corporates and audit committees when appointing CPAs. The evaluation results of the most recent year were approved by the Board of Director's resolution on January 27, 2026.</p>	<p>According to actual needs or in accordance with laws and regulations</p> <p>No Deviation</p> <p>No Deviation</p>
<p>4. Has the TWSE/TPEX listed company appointed a suitable and appropriate number of corporate governance personnel, and designated a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to perform their business, assisting directors and supervisors in complying with regulations, supporting matters related to meetings of the Board of Directors and shareholders meeting in accordance with the law, making minutes of the Board of Directors and shareholders meeting, etc.)?</p>		<p>✓</p>	<p>(1) A head of corporate governance has been set up to be responsible for corporate governance-related matters, and the Stock Affairs Department provides the directors with the necessary information to perform their business and assists in complying with regulations, and supporting matters related to the meetings of the board of directors and the shareholders meeting in accordance with the law.</p> <p>(2) Corporate governance officer continuing education, please refer to page 42.</p>	<p>No Deviation</p>
<p>5. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and vendors), and set up a special section for stakeholders on the Company's website, and appropriately respond to important corporate social responsibility issues that stakeholders are concerned about?</p>		<p>✓</p>	<p>The website sets up a "Stakeholders' Section" to disclose contact information, bridge the issues of different stakeholders to relevant departments and participate in communication, and respond appropriately</p>	<p>No Deviation</p>

Assessment Item	Operation Summary			Deviations and Root Causes with the Practice on Corporate Governance for TWSE/TPEX Listed Companies
	Yes	No	Explanation of Summary	
6. Does the Company appoint a professional stock affairs agency to handle the affairs of the shareholders' meeting?	✓		Appoint the " Taishin Securities Co., Ltd. Stock Affairs Agency Department" to handle affairs of the shareholders' meeting	No Deviation
7. Information Disclosure (1) Does the Company set up a website to disclose financial, business and corporate governance information?	✓		(1) A website has been set up to continuously update the financial, business and corporate governance information, and related information can also be inquired from the "Open Information Observatory" website	No Deviation
(2) Does the Company adopt other methods of information disclosure (such as setting up an English website, designating a specific person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the Company website in the process of legal person briefings, etc.)?	✓		(2) A person is designated for information collection and disclosure, implementation of the spokesperson system, and the content of legal person briefing sessions is disclosed on the website for investors to inquire	No Deviation
(3) Does the Company announce and report the annual financial report within two months after fiscal year end, and announce the financial reports for the first, second and third quarters and the operation status of each month before the prescribed deadline?		✓	(3) The financial reports for the first, second, and third quarters and the operation status of each month will be announced and filed within the prescribed time limit	There are a large number of merged individual companies, and the financial report has not yet been announced and filed in advance
8. Does the Company have other important information that helps to understand the corporate governance operation (including but not limited to employee benefit, employee care, investor relations, vendor relations, the rights of stakeholders, education status of directors and supervisors, implementation status and measurement of and risk management, implementation status of customer relationship management policies and status of companies insures liability insurance for directors and supervisors, etc.)?	✓		(1) Focus on the harmonious labor-management relationship, and continue to improve employee welfare, work environment safety and quality, as well as employee meals, travel, health check, bonus, weddings and funerals, and education subsidies... etc. In addition, employees are covered by group insurance to have a more complete sense of security (2) Communicate with investors through legal person briefing, meetings held by securities companies, and feedback opinions to the Company's senior management and related units for reference for improvement and adjustment. In addition, a "Corporate Governance" section is set up on the website to provide stakeholders with an understanding of various internal control systems and management practices. Directors continuing education, please refer to page 41~42. (3) For any procurement, environmental protection, energy saving, and quality are the priority considerations, but not only price is factor for consideration for procurement (4) In addition to providing customers with high-quality products, it also actively promotes and implements the quality management, environmental protection, and factory safety and health management of the manufacturing process, and has been certified	No Deviation

Assessment Item	Operation Summary			Deviations and Root Causes with the Practice on Corporate Governance for TWSE/TPEX Listed Companies
	Yes	No	Explanation of Summary	
			(5) Insures directors, supervisors and important staff liability insurance, the maximum insured amount can reach USD 6 million	
<p>9. Please illustrate the improvement regarding the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year, and prioritize items haven't been reinforced with improvement action (those who are not included in the assessed companies do not need to fill in)</p> <p>(1) Improvement in 2025: The content of information disclosed on the external website has been gradually increased and updated on a regular basis, and in future, the provision of information on shareholders' meetings will be a priority in recent years.</p> <p>(2) Improvements with higher priority and actions for items which have not been improved: the principle is not to increase operation costs, according to actual needs and in accordance with relevant and regulations.</p>				

Note 1: 2025 Independence Evaluation of CPAs

(1) Evaluating Unit: Accounting Department

(2) Year of Evaluation: 2025

(3) Date of Evaluation: 2026.01.05

(4) Evaluated CPAs and their firm: CPAs: Huang, I-min, Hong, Kuo-tyan and their firm Deloitte Taiwan

(5) Content of Evaluation:

With reference to Article 47 of the Accountants Law and the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, Bulletin No. 10 "Integrity, impartiality, objectivity and independence", it is stipulated that:

Assessment Items	Assessment Results
1. Not having a direct or material indirect financial interest in the audit client	■ Yes □ No
2. No significant and close business with the Company	■ Yes □ No
3. Not entering into a potential employment negotiations with the audit client	■ Yes □ No
4. Not having any money lending with the Company	■ Yes □ No
5. Not accepting gifts or preferential treatment from the client, the client's director, supervisor or manager (the value exceeds normal social etiquette)	■ Yes □ No
6. Not providing audit service to the Company for seven years	■ Yes □ No
7. Not holding shares of the Company	■ Yes □ No
8. The Certified Public Accountant, the spouse or the dependent relatives and the member of the assurance team being, have not been a director, or supervisor of the client, or employed by the client in a position to exert significant influence over the subject matter of the engagement or perform related jobs within the last two years	■ Yes □ No
9. Complies with the independence regulations in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, Bulletin No. 10 and obtained the "Independence Statement" issued by the Certified Public Accountant.	■ Yes □ No

(6) Performance:

<ul style="list-style-type: none"> ■ Completed all financial attestation of the Company as scheduled. ■ Completed all financial audits of the Company's re-invested Companies as scheduled. ■ Provided irregular financial and taxation consulting services.

(7) Evaluation Results:

<p>The Company appointed CPAs Huang, I-min, Hong, Kuo-tyan from Deloitte Taiwan to audit and attest the financial statement of this year. The CPAs independence and suitability have been evaluated to be competent.</p>
--

3.4 If the Company has a Compensation or Nomination Committee, it should disclose the composition, responsibilities and operation

1. Compensation Committee

March 31, 2026

Title	Name	Criteria	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Compensation Committee Members
		Professional Qualification and Experience		
Independent Director / Chairperson	Jan, Yi-jen	Passed the national examination and received a certificate. With more than 30 years of experience, Previously served at PwC Taiwan, Inotera Memories, Inc., and Dynamic Medical Technologies Inc. Currently serves as a partner at Weide CPA Firm and as a director of M-Power Information Co., Ltd..	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	Lu, Chi-chan	Passed the national examination and received a certificate. With more than 30 years of experience, he was a partner of Deloitte & Touche CPA firm and retired from that firm.		1
Independent Director	Shih, Yun-peng	Possesses professional qualifications in civil and environmental engineering with over 30 years of career experience. Previously served as Team Leader at the Construction Office of Waste Resource Recycling Plant (Environmental Protection Administration, Executive Yuan, R.O.C.) and as Director and President of ECOVE Environment Corporation, eventually retiring from the latter. Brings extensive expertise in both public and private sectors of the environmental industry.		0

2. Operation of Compensation Committee

(1) Three members of the Compensation Committee

(2) Tenure of the current committee: From June 13, 2025 to June 12, 2028, 3 Times (A) of Compensation Committee in 2025, and The Criteria of Committee Members and The Attendance was as Follows:

Title	Name	Actual Attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairperson	Jan, Yi-jen	2	0	100	2025.6.13 Appointed
Committee Member	Lu, Chi-chant	2	0	100	2025.6.13 Re-election
Committee Member	Shih, Yun-peng	2	0	100	2025.6.13 Appointed
Chairperson	Lee, Dow-ming	1	0	100	2025.6.13 Discharge.
Committee Member	Ou, Yu-lun	1	0	100	2025.6.13 Discharge

Other mentionable items:

1. General election of directors took place on June 13, 2025, and the appointment of Remuneration Committee members was completed accordingly. There was 1 meeting held before the election and 2 after. The actual attendance rate (%) is determined by the number of meetings held during each member's term of office and their actual attendance records.

2. Scope of Authorities:

(1) Defines and reviews the performance evaluation, policies of compensation, system, standard and structure of directors and managers

(2) Assesses and set directors and managers' compensation

3. If the Board of Directors do not approve or adjust the Compensation Committee's recommendations, the dates of the meetings, sessions, contents of motion, opinions, resolutions of the Board of Directors and handling to Compensation Committee's recommendations should be specified: None.

4. To Compensation Committee's concluded items, if committee members object or have reservation with records or written declarations, the dates of the Compensation Committee meetings, sessions, contents of motion, all committee members' opinions, and resolutions should be specified:

Date	The 5 th Compensation Committee	Contents of Motion	Opinion of Compensation Committee	Resolution to Compensation Committee
2025.05.13	10 th meeting	1. Proposal for Distribution of Directors' Remuneration. 2. Proposal for the Appointment of the Principal Financial Officer.	Approved	None
Date	The 6 th Compensation Committee	Contents of Motion	Opinion of Compensation Committee	Resolution to Compensation Committee
2025.11.05	1 st meeting	Amendments to certain articles of the "Salary Administration Regulations".	Approved	None
2025.12.24	2 nd meeting	Amendments to certain articles of the "Salary Administration Regulations".	Approved	None

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

Assessment Item	Operation Summary			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
	Yes	No	Explanation of Summary										
1. Has the Company established a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development, which is delegated by the board of directors to senior management, and is supervised by the board of directors?		✓	No full-time (Part-time) unit for sustainable development has been set.	According to actual needs or cooperate with laws and regulations									
2. Does the Company follow the materiality principle to conduct risk assessments on environmental, social and corporate governance issues related to company operation, and formulate relevant 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. According to the results of risk assessment, the Company has established relevant risk management policies and strategies as follow:</p> <table border="1"> <thead> <tr> <th>Material Motion</th> <th>Risk Assessment Item</th> <th>Detail</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental Impact and Management</td> <td> <p>The Company will continue working toward sustainable low-carbon production and implement a circular economy via the following methods:</p> <p>1. Develop green and environmentally friendly products: “Libolon Green Energy Circular Economy Plan” starts from green design → green production → green products to produce a series of environmentally friendly products, including environmentally friendly polyester regenerated fiber RePET®, environmentally friendly solution-dyed fiber Ecoya®, environmentally friendly recycled solution-dyed fiber ReEcoya®</p> <p>2. Environmental design: LEALEA CRZ (Closed loop Recycling Zero Waste System), which remade recycled PET bottles (RePET®), recycled polyester yarn (PolyPlus®) or recycled nylon yarn (NylonPlus®), etc., into usable yarn, realizing a cradle-to-cradle circular design to promote environmental protection and sustainable design.</p> <p>3. Environmental certification: The Company requires products to comply with environmental regulations, and it has successively acquired “ISO 14001” environmental management verification (valid until 2028), passed the Swiss Oeko-Tex Standard 100 (2026.04.11–2027.03.15) certification, ISCC PLUS certification (2025.09.30–2026.09.29), and Lealea Ocean Yarn obtained OceanCycle certification (2025.11.15–2026.11.15) to ensure that the products provided are not harmful to human health. All certifications will acquire extensions regularly.</p> </td> </tr> <tr> <td>Social</td> <td>Occupational Health and Safety</td> <td> <p>1. Acquired “ISO 45001 Occupational Health and Safety Management System” certification: Chemical Fiber Head Factory (2026.02.28–2029.02.28) Changhua Plant I & Changhua Plant II (2025.06.06–2028.06.06)</p> </td> </tr> </tbody> </table>	Material Motion	Risk Assessment Item	Detail	Environment	Environmental Impact and Management	<p>The Company will continue working toward sustainable low-carbon production and implement a circular economy via the following methods:</p> <p>1. Develop green and environmentally friendly products: “Libolon Green Energy Circular Economy Plan” starts from green design → green production → green products to produce a series of environmentally friendly products, including environmentally friendly polyester regenerated fiber RePET®, environmentally friendly solution-dyed fiber Ecoya®, environmentally friendly recycled solution-dyed fiber ReEcoya®</p> <p>2. Environmental design: LEALEA CRZ (Closed loop Recycling Zero Waste System), which remade recycled PET bottles (RePET®), recycled polyester yarn (PolyPlus®) or recycled nylon yarn (NylonPlus®), etc., into usable yarn, realizing a cradle-to-cradle circular design to promote environmental protection and sustainable design.</p> <p>3. Environmental certification: The Company requires products to comply with environmental regulations, and it has successively acquired “ISO 14001” environmental management verification (valid until 2028), passed the Swiss Oeko-Tex Standard 100 (2026.04.11–2027.03.15) certification, ISCC PLUS certification (2025.09.30–2026.09.29), and Lealea Ocean Yarn obtained OceanCycle certification (2025.11.15–2026.11.15) to ensure that the products provided are not harmful to human health. All certifications will acquire extensions regularly.</p>	Social	Occupational Health and Safety	<p>1. Acquired “ISO 45001 Occupational Health and Safety Management System” certification: Chemical Fiber Head Factory (2026.02.28–2029.02.28) Changhua Plant I & Changhua Plant II (2025.06.06–2028.06.06)</p>	No Deviation
Material Motion	Risk Assessment Item	Detail											
Environment	Environmental Impact and Management	<p>The Company will continue working toward sustainable low-carbon production and implement a circular economy via the following methods:</p> <p>1. Develop green and environmentally friendly products: “Libolon Green Energy Circular Economy Plan” starts from green design → green production → green products to produce a series of environmentally friendly products, including environmentally friendly polyester regenerated fiber RePET®, environmentally friendly solution-dyed fiber Ecoya®, environmentally friendly recycled solution-dyed fiber ReEcoya®</p> <p>2. Environmental design: LEALEA CRZ (Closed loop Recycling Zero Waste System), which remade recycled PET bottles (RePET®), recycled polyester yarn (PolyPlus®) or recycled nylon yarn (NylonPlus®), etc., into usable yarn, realizing a cradle-to-cradle circular design to promote environmental protection and sustainable design.</p> <p>3. Environmental certification: The Company requires products to comply with environmental regulations, and it has successively acquired “ISO 14001” environmental management verification (valid until 2028), passed the Swiss Oeko-Tex Standard 100 (2026.04.11–2027.03.15) certification, ISCC PLUS certification (2025.09.30–2026.09.29), and Lealea Ocean Yarn obtained OceanCycle certification (2025.11.15–2026.11.15) to ensure that the products provided are not harmful to human health. All certifications will acquire extensions regularly.</p>											
Social	Occupational Health and Safety	<p>1. Acquired “ISO 45001 Occupational Health and Safety Management System” certification: Chemical Fiber Head Factory (2026.02.28–2029.02.28) Changhua Plant I & Changhua Plant II (2025.06.06–2028.06.06)</p>											

Assessment Item	Operation Summary			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																		
	Yes	No	Explanation of Summary																			
			<table border="1"> <thead> <tr> <th>Material Motion</th> <th>Risk Assessment Item</th> <th>Detail</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>2. The Company holds fire drills and occupational environment safety and health education and training to enhance the employees’ emergency response and self-safety management and protect employees from possible injuries or illnesses.</td> </tr> <tr> <td></td> <td>Product Quality and Safety</td> <td>Acquired Quality Management System certification “ISO 9001” (Validity Period 2025.06.22~2028.06.22).</td> </tr> <tr> <td></td> <td>Social Economy and compliance with law</td> <td>Through establishing corporate governance system and implement internal control, the Company ensures all personnel and operation comply with relevant laws and regulations.</td> </tr> <tr> <td></td> <td>Corporate Governance Enhance Directors’ Competency</td> <td>1. Schedule continued education of directors and provide them with development of the latest laws, systems, and policies. 2. Purchase directors’ liability insurance to protect them from lawsuits or claims for compensation.</td> </tr> <tr> <td></td> <td>Communication between Stakeholders</td> <td>1. In order to avoid misunderstandings caused by different positions between stakeholders and the Company, which may lead to operational or litigation risks, the Company analyzes material stakeholders and their issues of concern. 2. Establish a variety of communication channels and proactively communicate to avoid conflicts and misunderstandings. An investor’s mailbox is implemented and the Spokesman is in charge of responding.</td> </tr> </tbody> </table>	Material Motion	Risk Assessment Item	Detail			2. The Company holds fire drills and occupational environment safety and health education and training to enhance the employees’ emergency response and self-safety management and protect employees from possible injuries or illnesses.		Product Quality and Safety	Acquired Quality Management System certification “ISO 9001” (Validity Period 2025.06.22~2028.06.22).		Social Economy and compliance with law	Through establishing corporate governance system and implement internal control, the Company ensures all personnel and operation comply with relevant laws and regulations.		Corporate Governance Enhance Directors’ Competency	1. Schedule continued education of directors and provide them with development of the latest laws, systems, and policies. 2. Purchase directors’ liability insurance to protect them from lawsuits or claims for compensation.		Communication between Stakeholders	1. In order to avoid misunderstandings caused by different positions between stakeholders and the Company, which may lead to operational or litigation risks, the Company analyzes material stakeholders and their issues of concern. 2. Establish a variety of communication channels and proactively communicate to avoid conflicts and misunderstandings. An investor’s mailbox is implemented and the Spokesman is in charge of responding.	
Material Motion	Risk Assessment Item	Detail																				
		2. The Company holds fire drills and occupational environment safety and health education and training to enhance the employees’ emergency response and self-safety management and protect employees from possible injuries or illnesses.																				
	Product Quality and Safety	Acquired Quality Management System certification “ISO 9001” (Validity Period 2025.06.22~2028.06.22).																				
	Social Economy and compliance with law	Through establishing corporate governance system and implement internal control, the Company ensures all personnel and operation comply with relevant laws and regulations.																				
	Corporate Governance Enhance Directors’ Competency	1. Schedule continued education of directors and provide them with development of the latest laws, systems, and policies. 2. Purchase directors’ liability insurance to protect them from lawsuits or claims for compensation.																				
	Communication between Stakeholders	1. In order to avoid misunderstandings caused by different positions between stakeholders and the Company, which may lead to operational or litigation risks, the Company analyzes material stakeholders and their issues of concern. 2. Establish a variety of communication channels and proactively communicate to avoid conflicts and misunderstandings. An investor’s mailbox is implemented and the Spokesman is in charge of responding.																				
3. Environmental Issue (1) Does the Company establish an appropriate environmental management system based on its industry features?	✓		<p>1. The Company has established environment management dedicated units to promote environment management and ensure the compliance with laws and regulations, and according to the industry’s characteristics, the Company has established “Procedures for Industrial Waste Reduction,” “Chemical Substance Management Procedure,” “Noise Management Procedure,” etc.</p> <p>2. The Company has acquired ISO 14001 Environment Management System certification: Changhua Plant I & Changhua Plant II (Validity period 2025.06.09~2028.06.09) and has introduced ISO 14064-1 regulations to conduct greenhouse gas inventory to track its emission reduction performance.</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. Installing solar panels to provide corporate green energy.</p> <p>2. Produce colored polyester yarn, avoid dyeing after weaving, replace the polyester yarn that needs dyeing process, and reduce dyeing and finishing wastewater.</p> <p>3. Recycled bottles are used as raw materials to reduce the dependence on new raw materials, and the fibers made of them have also obtained environmental protection label certification. Actively recycle the yarn waste, put it into reproduction and obtain GRS (Global Recycle Standard) certification.</p>	No Deviation																		

Assessment Item	Operation Summary			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																												
	Yes	No	Explanation of Summary																													
(3) Does the Company assess the potential risks and opportunities of climate change in the future, and take actions to climate related issues?	✓		<p>1. Participate the greenhouse gas voluntary reduction project promoted by the government (the Ministry of Economic Affairs, Industrial Development Bureau, Greenhouse Gas Voluntary Reduction Promotion Plan)</p> <p>2. Shoot for reduction performance to be included in the future emission measurement reference</p> <p>3. Introduce ISO14064, perform greenhouse gas inventory and declare to comply with regulations</p>	No Deviation																												
(4) Does the Company make statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and deploy policies for energy saving and carbon reduction, greenhouse gas reduction, water reduction, or other waste management?	✓		<p>1. Greenhouse gas: please refer to page 38. 「1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent Two Years」 & 「1-2 Greenhouse Gas Reduction Goals, Strategies, and Concrete Action Plans」。</p> <p>2. Water consumption: The Company continues to improve the production, reduce production time, and enforces a stricter water usage management to save water consumption and effectively reduce the intensity. Water consumption in the last 2 years. (Covering all plants)</p> <p style="text-align: right;">Unit: 1000 kiloliter</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Parent Company</td> <td rowspan="3" style="text-align: center;">Water Consumption</td> <td style="text-align: center;">380</td> <td style="text-align: center;">419</td> </tr> <tr> <td>Consolidated Subsidiaries</td> <td style="text-align: center;">/</td> <td style="text-align: center;">2,166</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">380</td> <td style="text-align: center;">2,585</td> </tr> </tbody> </table> <p>3. Waste: 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. Total waste in the last 2 years. (Covering all plants)</p> <p style="text-align: right;">Unit : Tons</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th></th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Parent Company</td> <td rowspan="3" style="text-align: center;">General business waste</td> <td style="text-align: center;">1,541.5</td> <td style="text-align: center;">807.2</td> </tr> <tr> <td>Consolidated Subsidiaries</td> <td style="text-align: center;">/</td> <td style="text-align: center;">2,328.3</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">1,541.5</td> <td style="text-align: center;">3,135.5</td> </tr> </tbody> </table> <p>The CRZ System (Closed loop Recycling Zero System) was established to recycle off-cuts yarn, off-cuts gray, and used garments into production by physical means, and has been certified by GRS to effectively reduce the amount of waste disposal.</p>		Item	2024	2025	Parent Company	Water Consumption	380	419	Consolidated Subsidiaries	/	2,166	Total	380	2,585			2024	2025	Parent Company	General business waste	1,541.5	807.2	Consolidated Subsidiaries	/	2,328.3	Total	1,541.5	3,135.5	No Deviation
	Item	2024	2025																													
Parent Company	Water Consumption	380	419																													
Consolidated Subsidiaries		/	2,166																													
Total		380	2,585																													
		2024	2025																													
Parent Company	General business waste	1,541.5	807.2																													
Consolidated Subsidiaries		/	2,328.3																													
Total		1,541.5	3,135.5																													
4. Social Issues (1) Does the Company make relevant management rules and procedures in accordance with relevant laws and International Bill of Human Rights?			<p>The Company actively practices corporate social responsibility to meet the international trend of balancing the development of environmental, social and corporate governance, follow labor related regulations, and respect internationally recognized basic labor human rights. Related management policies and procedures guarantee the legal rights of employees, and there is no discrimination in employment policies; employees are not</p>	No Deviation																												

Assessment Item	Operation Summary			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation of Summary	
			discriminated because of genders, races, marriage and religions, etc.; and no forced or compulsory labor, no violations of the rights of indigenous peoples, violations of the interests of employees, etc. have occurred.	
(2) Does the Company set up and implement reasonable employee welfare programs (including compensation, vacation and other benefits, etc.), and appropriately reflect operation performance or results in employee compensation?	✓		<p>1. Remuneration: In order to encourage employees to work hard, improve production efficiency, enhance profitability, and share business results, an annual bonus policy has been formulated. Annual bonuses are divided into two categories: (1) employee remuneration (including year-end bonuses and profit-sharing bonuses) and (2) special bonuses. According to the Articles of Incorporation, if the Company makes a profit for the year, at least 1% shall be allocated as employee remuneration, and an additional minimum of 1% shall be allocated for salary adjustments or remuneration distribution for grassroots employees, thereby sharing the results of business operations with the staff.</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: 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) Does the Company provide employees with a safe and healthy working environment, and provide regular safety and health education to employees?	✓		<p>1. Measures for a safe and healthy working environment:</p> <p>(1) Monitor the vital signs of employees: blood pressure, blood oxygen, and blood glucose measurement if necessary.</p> <p>(2) Monthly occupational medical visits.</p> <p>(3) Health information promotion: Posting of health education information.</p> <p>(4) Health consultation and health education: new medical examinations and health education, annual physical examinations and health education.</p> <p>(5) The four major prevention plans of the Occupational Safety and Health Law: human-caused sexual hazards, abnormal workloads, workplace maternal protection, and physical and mental violations.</p> <p>2. Certifications Obtained by the Company:</p> <p>(1) ISO9001 Quality Management (2025.06.22~2028.06.22)</p> <p>(2) ISO14001 Environmental Management (2025.06.09~2028.06.09)</p>	No Deviation

Assessment Item	Operation Summary			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Explanation of Summary	
			<p>(3) ISO45001 Occupational Health & Safety (2026.02.28~2029.02.28)</p> <p>(4) Oeko-Tex Standard 100 Eco-Textiles (2026.04.11~2027.03.15)</p> <p>(5)Bluesign (2025.10.06~2027.07.20)</p> <p>(6) Higg FEM (2024)</p> <p>3. The number of employee accidents, the number of employees and their ratio to the total number of employees in the current year, and the related improvement measures.</p> <p>(1) Number and percentage of staff accidents in 2025: 41 cases, 41 people, 2.18%.</p> <p>(2) Improvement measures.</p> <p>A. Strengthen workers’ safety awareness and ensure strict adherence to proper operating procedures.</p> <p>B. Modify machinery and equipment and install additional safety guards.</p> <p>C. Purchase specialized equipment.</p> <p>4. The number of fires, fatalities and injuries ratio to total employees in the current year, and related improvement and measures in response:</p> <p>(1) 2025 Fire Incidents: 0 case.</p> <p>(2) Measures:</p> <p>A. In the case of fire, personnel immediately conduct fire task appointed per SOP.</p> <p>B. Execute safety protection, evacuation guidance, fire extinguishing, rescue, and other operation according to personal appointed tasks.</p> <p>To re-enforce employees' preventive protection and awareness of disasters and accidents, safety and health education and training are rolled out, combined with drills, to enhance employees' disaster response capabilities, and to maintain a safe and healthy working environment, and obtained ISO45001 Occupational health and safety management certification. In 2025, the internal training hours of environmental safety and health reached 1,328 hours. The external training for environmental safety and health certification has been held 15 times, and the total training expenditure was NT\$ 77.73 thousand.</p>	
(4) Does the Company facilitate an effective career development training program for employees?	✓		<p>In order to improve the quality of manpower, the Company will continue to study according to the needs of employees of different ranks and different business nature, in order to enhance the work knowledge and skills of employees, thereby enhancing their competitiveness inside and outside the enterprise and playing their strengths, the Company has also formulated on-the-job training methods for personnel, and the implementation of training and training is as follows :</p> <p>1. Short-term training: assigned or applied for permission to receive training in various training centres, consulting companies, associations, etc. to train basic cadres and obtain professional licenses. Internal training focuses on environmental protection, employee safety and health protection.</p>	No Deviation

Assessment Item	Operation Summary			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation of Summary	
			<p>2. Long-term training: The Company arranges professional training led by both internal and external instructors, with all costs fully subsidized. As we enter the era of rapid AI application and development, digital learning has become the core trend for corporate internal training. To cultivate leaders who can acquire new knowledge anytime and anywhere, we utilize our e-learning platform to drive corporate digital education. This enables our management team to stay aligned with global trends and the pulse of the world, achieving a comprehensive transformation—from new knowledge to mindset, and from strategic thinking to core competencies.</p> <p>3. Training abroad: processing customer complaints, receiving orders or project task applications are allowed to go abroad for business negotiations, and the cost of training abroad shall be borne by the Company.</p> <p>4. Assigned training: in accordance with government laws and regulations</p> <p>5. Special training: project training required for business.</p>	
(5) Regarding customer health and safety, privacy, marketing and labeling of products and services, does the Company follow relevant regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?	✓		Obtained ISO9001 quality management and Oeko-Tex Standard 100 to ensure that the products do not endanger human health. The marketing and labeling of products and services are in compliance with relevant laws and international standards, and customer privacy maintenance complies with confidentiality agreements and personal data protection laws are complied with for customer privacy. There is a customer service unit and a special section for interested parties to protect consumer rights and provide complaint escalation channel.	No Deviation
(6) Does the Company require vendors to comply with vendor management policies on issues such as environmental protection, occupational safety and health, or labor human rights, and vendors' implementation status?	✓		<p>1. Establish a green supply chain system and request vendors to provide proofs of compliance with legal requirements to improve the social responsibility of overall supply chain.</p> <p>2. Follow the procurement management process and operating specifications, and regular evaluate, select suitable suppliers, and establish a long-term cooperation system of mutual trust and coexistence.</p>	No Deviation
5. Does the Company refer to the internationally accepted standards or guidelines to prepare corporate social responsibility reports and other reports that expose the Company's non-financial information? Has the assurance of the third-party verification unit been obtained before report disclosure?		✓	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 yet obtained the assurance or guarantee opinions of third-party verifiers.	According to actual needs or cooperate with 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.				

7. Other important information that helps to capture the operation of sustainable development:

(1) In addition to focus on environmental protection, labor safety and employee welfare, the Company has been actively involved in social welfare for a long time. Participating in public welfare with employees has become one of the corporate cultures. This year's donations and sponsorship targets are as follows.

Year	Donors/Sponsored Party	Total Amount (NT)
2025	Presbyterian Church in Taiwan Joy Social Welfare Foundation Erhlin Vocational High School and other 29 schools Houliao Community Development Association Fangyuan Community Development Association Huashan Social Welfare Foundation Fangyuan Industrial Park Manufacturer Association Changhua County Erhlin Township office Changhua Friends of Police Association Changhua love and Care Association Changhua County Department Volunteer Firefighter Brigade Changhua Erlin Volunteer Fireman Department Fire Prevention Division Taiwan Technical Textiles Association	NT\$669.7 thousand

(2) Support local agricultural products by action, started "One Acre Field" campaign since 2008, purchase rice to gift to employees and customers to protect local farmers from suppression.

(3) Unregularly holds blood donation campaigns since 2023, not only saving lives but also benefits the health of blood donors.

Climate-related information of TWSE/TPEX listed Companies.

1. Climate-related information implementation status

Items	Implementation Status								
1. Specify the Board of Directors' and Officers' supervision and governance on climate-related risks and opportunities.	1. Although LEALEA hasn't established "ESG-functioned committee" under Board of Director's resolution, the Company's chairperson and high-ranking officers has collaborated in scheduling and promoting climate-related greenhouse gas inventory operation and emission reducing measures to implement ESG, and internally, the Company has established LIBOLON green energy and low carbon promotion committee to achieve the goal of zero emissions to counter global climate change and further reduce the impact of global warming on the environment and ecology.								
2. Specify how the identified climate-related risks and opportunities will impact the Company's business, strategies, and finance (Short, mid, and long-term).	2. Although climate-related risks and opportunities have no material impact on the Company's industry in the short-term, however, the impact gradually increases with time. In the short-term, the Company will continue to improve its production to save resource and reduce carbon emission. In the long-term, the Company will expand the scope of green design, green production, and green products to fulfill its environmental protection goals.								
3. Specify the impact of extreme weather and transformational action on the Company's finance.	<p>3.</p> <table border="1" data-bbox="657 1041 1420 1395"> <thead> <tr> <th data-bbox="657 1041 970 1077">Climate risks</th> <th data-bbox="970 1041 1420 1077">Potential Financial Impact</th> </tr> </thead> <tbody> <tr> <td data-bbox="657 1077 970 1182">Natural Disaster (Typhoon, floods, and drought.)</td> <td data-bbox="970 1077 1420 1182">Might damage the Company's equipment or cause work stoppage, increasing operation costs.</td> </tr> <tr> <td data-bbox="657 1182 970 1288">Greenhouse gas restriction and carbon tax and carbon pricing</td> <td data-bbox="970 1182 1420 1288">The Company's operation and costs structure are affected, further impacting the Company's profitability.</td> </tr> <tr> <td data-bbox="657 1288 970 1395">Rising temperature</td> <td data-bbox="970 1288 1420 1395">Increase in electricity usage will cause the production costs and carbon emission to increase.</td> </tr> </tbody> </table>	Climate risks	Potential Financial Impact	Natural Disaster (Typhoon, floods, and drought.)	Might damage the Company's equipment or cause work stoppage, increasing operation costs.	Greenhouse gas restriction and carbon tax and carbon pricing	The Company's operation and costs structure are affected, further impacting the Company's profitability.	Rising temperature	Increase in electricity usage will cause the production costs and carbon emission to increase.
Climate risks	Potential Financial Impact								
Natural Disaster (Typhoon, floods, and drought.)	Might damage the Company's equipment or cause work stoppage, increasing operation costs.								
Greenhouse gas restriction and carbon tax and carbon pricing	The Company's operation and costs structure are affected, further impacting the Company's profitability.								
Rising temperature	Increase in electricity usage will cause the production costs and carbon emission to increase.								
4. Specify the identification, evaluation, and management procedure of climate-related risks and integration of overall risk management system.	<p>4.</p> <table border="1" data-bbox="657 1460 1420 2022"> <thead> <tr> <th data-bbox="657 1460 970 1496">Risk Item</th> <th data-bbox="970 1460 1420 1496">Management policies</th> </tr> </thead> <tbody> <tr> <td data-bbox="657 1496 970 1778">Greenhouse gas emission and power management</td> <td data-bbox="970 1496 1420 1778"> <ul style="list-style-type: none"> • Production improvements management • Adopt lowest-power-cost technology in production equipment • Recycle production residual heat • Promote power saving • Recycle scrape and wastewater • Reduce power consumption per unit </td> </tr> <tr> <td data-bbox="657 1778 970 2022">Waste Management</td> <td data-bbox="970 1778 1420 2022"> <ul style="list-style-type: none"> • Implement circular economy, setting "Zero Footprints" as the goal, use recycled materials instead • petrochemical material recycled • environmentally friendly product, increase the efficiency and cycle rate of resource, reduce wastes. </td> </tr> </tbody> </table>	Risk Item	Management policies	Greenhouse gas emission and power management	<ul style="list-style-type: none"> • Production improvements management • Adopt lowest-power-cost technology in production equipment • Recycle production residual heat • Promote power saving • Recycle scrape and wastewater • Reduce power consumption per unit 	Waste Management	<ul style="list-style-type: none"> • Implement circular economy, setting "Zero Footprints" as the goal, use recycled materials instead • petrochemical material recycled • environmentally friendly product, increase the efficiency and cycle rate of resource, reduce wastes. 		
Risk Item	Management policies								
Greenhouse gas emission and power management	<ul style="list-style-type: none"> • Production improvements management • Adopt lowest-power-cost technology in production equipment • Recycle production residual heat • Promote power saving • Recycle scrape and wastewater • Reduce power consumption per unit 								
Waste Management	<ul style="list-style-type: none"> • Implement circular economy, setting "Zero Footprints" as the goal, use recycled materials instead • petrochemical material recycled • environmentally friendly product, increase the efficiency and cycle rate of resource, reduce wastes. 								

Items	Implementation Status	
	Risk Item	Management policies
		<ul style="list-style-type: none"> • Implement waste disposal under laws, appoint authority-certified business for disposal, reduce the impact on the environment.
<p>5. If scenario analysis is used to evaluate the Company’s resilience to climate-related risks, the Company shall specify the scenarios, parameters, assumptions, factors and main financial impact used.</p>	<p>5. The Company has not implemented scenario analysis.</p>	
<p>6. If there is transformation plan to the management of climate-related risks, specify the content and the indicators and goals used for identification and management material risks and transformation risks.</p>	<p>6. The Company has no transformation plan responding to climate-related risks management.</p>	
<p>7. If internal carbon pricing is used as a planning tool, the Company shall specify the basis for setting the price.</p>	<p>7. The Company has not used carbon pricing as a planning tool.</p>	
<p>8. If climate-related milestones are set, the Company shall specify its scope of activities, greenhouse gas emission, schedule, and yearly progress, etc. If carbon offset or renewable energy certificate (RECs) are used to accomplish relevant milestones, the source of offset credit and the amount of RECs shall be specified.</p>	<p>8. The Company has not established climate-related milestones.</p>	
<p>9. Greenhouse gas inventory and assurance, reduction goals, strategies, and specific plan (Attach in 1-1 and 1-2)</p>	<p>9. please refer to page 38. 「1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent Two Years」 & 「1-2 Greenhouse Gas Reduction Goals, Strategies, and Concrete Action Plans」。</p>	

1-1 The Company's greenhouse gas inventory and assurance of the most recent two years

1-1-1 Greenhouse gas inventory status

Disclosure of Greenhouse Gas Emissions (Metric Tons CO₂e), Emission Intensity (Metric Tons CO₂e / NT\$ Million), and Data Coverage Scope for the Most Recent Two Years.

The scope of information required to be disclosed in accordance with the Sustainable Development Roadmap for TWSE/TPEX Listed Companies is as follows:

1. The parent company on an individual basis shall commence greenhouse gas inventory from 2024.
2. Subsidiaries included in the consolidated financial statements shall commence greenhouse gas inventory from 2025.

The Group has established a greenhouse gas inventory mechanism in accordance with ISO 14064-1, the greenhouse gas inventory standard issued by the International Organization for Standardization (ISO). The greenhouse gas inventory data for the most recent two years were compiled based on the operational control approach and include the greenhouse gas emissions of the Company and its subsidiaries included in the consolidated financial statements, as described below:

		2024		2025		
		Emission (mtCO ₂ e)	Intensity (mtCO ₂ e/Revenue NT\$ million)	Emission (mtCO ₂ e)	Intensity (mtCO ₂ e/Revenue NT\$ million)	
Parent Company	Scope 1	37,295	/	24,288	/	
	Scope 2	102,380		86,852		
	Subtotal	139,675		111,140		15.63
Consolidated Subsidiaries	Scope 1	/		49,007	/	
	Scope 2			10,777		
	Subtotal			59,784		8.40
Total			139,675	22.55	170,924	24.03

Note: 2025 intensity calculated on a consolidated revenue basis..

1-1-2 Greenhouse gas assurance status

Description of the Assurance Status for the Most Recent Two Years as of the Annual Report Publication Date, Including the Assurance Scope, Assurance Institution, Assurance Standards, and Assurance Opinion.

The 2024 greenhouse gas verification was conducted by SGS Taiwan Ltd. in accordance with the ISO 14064-3:2019 standard for the Company's Polyester Fiber General Plant, Changhua Factory I, and Changhua Factory II. Scope 1 and Scope 2 emissions were verified at a reasonable assurance level, while Scope 3 emissions were verified at a limited assurance level. The 2025 greenhouse gas verification is still in progress. Upon completion of the third-party verification procedures and issuance of the verification statement, the complete verification information will be disclosed in the Sustainability Report.

1-2 Greenhouse gas reduction goals, strategies, and specific plans

Description of the Assurance Status for the Most Recent Two Years as of the Annual Report Publication Date, Including the Assurance Scope, Assurance Institution, Assurance Standards, and Assurance Opinion.

The Company hopes to further implement greenhouse gas reduction policies via the following specific actions:

1. Increase the ratio of green electricity.
2. Each plant has proposed greenhouse gas reduction plans.
3. Encourage colleagues to propose energy saving or environmental protection related production improvements and award individual bonuses based on the proportion of cost savings.
4. Purchase power saving machinery.
5. Implement solar energy system

Via the items above, the Company will gradually accomplish its net zero emission goals and devote itself to complete individual company greenhouse gas inventory assurance in 2027.

3.6 The Deviations and the Root Causes of Company Deploys Integrity Management and the Integrity Management Code of TWSE/TPEX Listed Companies

Assessment Item	Operation Summary			The Deviations and Root Causes Between How Company Deploys Integrity Management and the Integrity Management Code of TWSE/TPEX Listed Companies
	Yes	No	Explanation of Summary	
<p>1. Formulate Policies and Actions of Integrity Management</p> <p>(1) Does the Company formulate an ethical operation policy approved by the Board of Directors, and clearly announce the ethical operation policy and practice in company regulations and external documents, as well as the Board of Directors and senior management's commitment to actively implement the operating policy?</p> <p>(2) Has the Company established a risk assessment mechanism for deceiving behaviors, regularly analyzes and evaluates business activities with a higher risk of deceiving behaviors in the business activities, and formulates a plan to prevent deceiving behaviors, and at least covers the "Integrity Management of TWSE/TPEX Listed Companies", the preventive actions for each of the acts in the second paragraph of Article 7 of the Code?</p> <p>(3) Does the Company clearly define and implement operation procedures, behavior guidelines, and punishment and appeal systems for violations in the plan for preventing deceiving behaviors, and regularly review the previously mentioned plan?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) There is a "Business Conduct Guidelines" approved by the Board of Directors. Articles 5, 6, and 8 of the code clearly specify the integrity management policies, practices and commitments.</p> <p>(2) There are "Working Rules", "Code of Ethical Conduct", "Code of Integrity Management", "Rules for Preventing Insider Trading Operations" and various management regulations, all of which are important sections in education and training to enable employees to understand the Company's determination, prevention plans and Consequences of violation.</p> <p>(3) In the orientation, new hires provide "Notes for Colleagues", "Employee's Employment Consent Form", "Employee and Guarantor Practice" and explain the violation of the above commitments. In addition to accepting legal sanctions, Employees who violate the rules can be compensated for the losses incurred by the Company. Related information continuously updates and promote from time to time during employee employment.</p>	<p>No Deviation</p> <p>No Deviation</p> <p>No Deviation</p>
<p>2. Implement integrity management</p> <p>(1) Does the Company assess the integrity records of its counterparties and specify the integrity clauses in the contracts it signs with its counterparties?</p> <p>(2) Has the Company set up a dedicated unit under the Board of Directors to promote corporate integrity management, and regularly report the implementation to the Board of Directors?</p>	<p>✓</p>	<p>✓</p>	<p>(1) Review the transaction status of customers and third-party vendors from time to time, and if abnormal transaction is found, the implementation of transaction will be suspended.</p> <p>(2) None.</p>	<p>No Deviation</p> <p>According to actual needs or cooperate with laws and regulations</p>

Assessment Item	Operation Summary			The Deviations and Root Causes Between How Company Deploys Integrity Management and the Integrity Management Code of TWSE/TPEX Listed Companies
	Yes	No	Explanation of Summary	
(3) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels for reporting, and implement above actions?	✓		(3) When there is a conflict of interest in various proposals of the Board of Directors, the principle of avoiding interest shall be followed. Employees can directly report violations and complaints to the relevant supervisor or the audit unit of the Board of Directors	No Deviation
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical operation, and the internal audit unit formulated relevant audit plans based on the assessment results of deceiving behavior, and verifies compliance with the plan for preventing deceiving behaviors, or entrust an accountant to perform the audit?	✓		(4) A. A cautious and accounting system and a dedicated accounting unit are set up. Financial reports are checked or reviewed by certified accountants to ensure the fairness of financial statements. B. Establish an effective internal audit system, self-assessment system, legal compliance system, and risk management mechanism to maintain an effective and appropriate internal control system operation, and entrust an accountant to conduct an audit of the internal control system every year	No Deviation
(5) Does the Company regularly organize internal and external education and training on integrity management?		✓	(5) None.	According to actual needs or in accordance with laws and regulations
3. Reporting System Operation				
(1) Has the Company formulated a specific reporting and reward system, set up a convenient reporting channel, and assigns appropriate acceptance personnel to the reported object?	✓		(1) If employees have suggestions or complaints, they can make suggestions or complaints in writing, verbally, by phone or email to the officer of the management department or trusted executives at all levels	No Deviation
(2) Does the Company formulate standard procedures to investigate the reported matters, follow-up after the investigation is completed, and precede related confidentiality mechanisms?	✓		(2) The supervisor shall immediately report to the president after accepting the employee's suggestion or appeal, and the president shall designate a person to handle the reported case. The accepting personnel or the specific handling personnel shall to handle any appeals based on the principle of confidentiality as soon as possible	No Deviation
(3) Does the Company take action to protect whistleblowers from being improperly handled due to reporting?	✓		(3) After investigation, the complaint case is found to be improper or suspected of illegality, and the dereliction of duty shall be penalized in accordance with the relevant company regulations, or the legal responsibility shall be investigated in accordance with relevant laws and regulations, and the privacy rights of the proponent or the complainant shall be protected.	No Deviation

Assessment Item	Operation Summary			The Deviations and Root Causes Between How Company Deploys Integrity Management and the Integrity Management Code of TWSE/TPEX Listed Companies
	Yes	No	Explanation of Summary	
4. Enhance Information Disclosure Does the Company disclose the content and promotion effect of the code of integrity management on company and public information observatory website?	✓		Discloses on the Company and public information observatory website	No Deviation
5. If the Company has its own code of integrity management in accordance with the "Code of Integrity Management of TWSE/TPEX Listed Companies", please state the deviations between company operation and the code: No Deviation				
6. Other important information that helps to understand the Company's integrity management operations: None.				

3.7 Other important information that is sufficient to enhance the understanding of corporate governance and operation conditions shall be disclosed together:

1. 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 investors conference.
2. Status for directors and corporate governance officer continuing education in 2025:

Title	Name	Training Date	Organizer	Course	Training Hours
Chairperson	Kuo, Shao-yi	2025.10.21	Taiwan Corporate Governance Association	Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors: Asset Revitalization for TWSE/TPEX Listed Companies	3
		2025.12.02		How the Board of Directors Ensures Corporate Sustainability: A Focus on Talent Discovery and Development	3
Director	Kuo, Shu-chen	2025.10.21	Taiwan Corporate Governance Association	Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors: Asset Revitalization for TWSE/TPEX Listed Companies	3
		2025.12.02		How the Board of Directors Ensures Corporate Sustainability: A Focus on Talent Discovery and Development	3
	Hung, Tsung-chi	2025.10.21	Taiwan Corporate Governance Association	Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors: Asset Revitalization for TWSE/TPEX Listed Companies	3
		2025.12.02		How the Board of Directors Ensures Corporate Sustainability: A Focus on Talent Discovery and Development	3
	Kuo, Ko-chung	2025.10.21	Taiwan Corporate Governance Association	Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors: Asset Revitalization for TWSE/TPEX Listed Companies	3
		2025.12.02		How the Board of Directors Ensures Corporate Sustainability: A Focus on Talent Discovery and Development	3

Title	Name	Training Date	Organizer	Course	Training Hours
Director	Kuo, Chi-an	2025.10.21	Taiwan Corporate Governance Association	Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors: Asset Revitalization for TWSE/TPEX Listed Companies	3
		2025.12.02		How the Board of Directors Ensures Corporate Sustainability: A Focus on Talent Discovery and Development	3
	Chen, Han-ching	2025.10.21	Taiwan Corporate Governance Association	Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors: Asset Revitalization for TWSE/TPEX Listed Companies	3
		2025.12.02		How the Board of Directors Ensures Corporate Sustainability: A Focus on Talent Discovery and Development	3
Independent Director	Jan, Yi-jen	2025.07.04	National Federation of CPA Associations of the R.O.C., NFCPAAROC	Gap Analysis Between Enterprise Accounting Standards and the Latest IFRSs Endorsed by the FSC	3
		2025.11.28		National Risk Assessment Results and Evaluation Planning for Anti-Money Laundering, Countering the Financing of Terrorism, and Counter-Proliferation Financing	3
		2025.12.11		Analysis of Corporate Regulations and Corporate Registration Practices	3
	Lu, Chi-chant	2025.07.29	Securities and Futures Institute	Analysis of Fraud Schemes and Case Studies on Anti-Money Laundering Regulations (Including Insider Trading Prevention)	2
				AI Development and Cybersecurity Risks	2
				Ethical Management, Employee Fraud, and Whistleblowing Systems (Including Gender Equality)	2
	Shih, Yun-peng	2025.10.21	Taiwan Corporate Governance Association	Overview of Domestic Commercial Real Estate from the Perspective of Directors and Supervisors: Asset Revitalization for TWSE/TPEX Listed Companies	3
		2025.12.02		How the Board of Directors Ensures Corporate Sustainability: A Focus on Talent Discovery and Development	3
	Corporate Governance Officer	Yuan, Pei-huan	2025.08.26 ~ 2025.08.28	Accounting Research and Development Foundation	2025 ESG Summit Meeting
2025.09.26			Securities and Futures Institute	2025 Insider Trading Prevention Seminar	3
2025/12/02			Taiwan Corporate Governance Association	How the Board of Directors Ensures Corporate Sustainability: A Focus on Talent Discovery and Development	3

3.8 The Deployment of Internal Control System

1. Statement on Internal Control

Lealea Enterprise Co., Ltd.
Statement on Internal Control

Date: March 16, 2026

Based on the results of self-assessment of the internal control of the Company in 2025, we hereby declare as follows:

1. The Company ensures that the establishment, implementation and maintenance of internal control is the responsibility of the Company's Board of Directors and managers, and the Company has set up this system. The purpose is to reasonably assure the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset safety, etc.), the reliability of financial reporting, and compliance with relevant laws and regulations.
2. The internal control system has its inherent limitations. No matter how thoughtful the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may vary. However, the Company's internal control system has a self-monitoring mechanism; once the defect is identified, the Company will timely take corrective action.
3. The Company perceives the design and implementation of the internal control system are effective based on the assessment items on the effectiveness of the internal control system stipulated in the " Guidelines for the Establishment of Internal Control by Public Owned Companies" (hereinafter referred to as the " Guidelines"). The internal control system assessment items adopted by " Guidelines " are based on the control management process, which divides the internal control system into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision. Each component includes several sections. For the previously mentioned items, please refer to the " Guidelines".
4. The Company has adopted the above-mentioned internal control system judgment items to check the effectiveness of the design and implementation of the internal control system
5. Based on the assessment results, the Company perceived that the Company's internal control system (including supervision and management of subsidiaries) as of December 31, 2025, includes the effectiveness of operations, the assurance to which efficiency targets are achieved, and the reliability of the financial report, the design and implementation of the relevant internal control system and other relevant laws and regulations are effective, can reasonably ensure to achieve the above objectives.
6. This statement will be the main content of the Company's annual report and public brochure, and will be made public. If there is any malpractice as falsehood or concealment in the above public content, it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Law.
7. This statement was approved by the Company's Board of Directors on March 16, 2026. Among the 8 directors present, 0 of them held objections. All of them agreed with the content of this statement and made this statement.

Lealea Enterprise Co., Ltd.

Chairperson: Kuo, Shao-yi

President: Chen, Han-ching

2. Those who delegates an accountant to review the internal control system should disclose the report : None.

3.9 In the most recent year and as of the publication date of the annual report, the important items concluded in Shareholders' Meeting and Board of Directors

2025 Shareholders' Regular Meeting

1. Approved 2024 Business Report and Financial Statement

Execution Status: Handle according to resolution.

2. Approved the plan to offset 2024 losses.

Execution Status: Handle according to resolution.

Important Matters Concluded in the Board of Directors

Date	18 th Board of Directors	Summary of Discussion	Opinion of Independent Directors	Resolution to the Opinion of Independent Directors
2025.05.13	32 nd Meeting	1. Proposal of appropriation of directors' remuneration. 2. Loan of funds to others by subsidiaries. 3. Proposal on Related Party Transactions. 4. Proposal for the Appointment of the Principal Financial Officer.	Approved	None
Date	19 th Board of Directors	Summary of Discussion	Opinion of Independent Directors	Resolution to the Opinion of Independent Directors
2025.06.13	1 st Meeting	1. The election of the Chairman of the Board of Directors. 2. Proposal of the appointment of members of the 6 th Remuneration Committee.	Approved	None
2025.06.30	2 nd Meeting	Proposal for the Adjustment of Loans to Others.	Approved	None
2025.07.30	3 rd Meeting	1. Loans of funds to others. 2. Loan of funds to others by subsidiaries.	Approved	None
2025.08.12	4 th Meeting	Endorsements and guarantees.	Approved	None
2025.10.01	5 th Meeting	Proposal for the Partial Cessation of Product Lines.	Approved	None
2025.11.05	6 th Meeting	1. Amend Internal Control System. 2. Amendments to certain articles of the "Procedures for Preventing Insider Trading". 3. Endorsements and guarantees. ° 4. Loans of funds to others. 5. Loan of funds to others by subsidiaries.	Approved	None
2025.12.24	7 th Meeting	1. 2026 audit plan. 2. 2026 company operation plan 3. Amend Internal Control System. 4. Proposal for the Acquisition of Assets. 5. Endorsements and guarantees. 6. Loans of funds to others. 7. Loan of funds to others by subsidiaries.	Approved	None
2026.01.27	8 th Meeting	1. Proposal of CPAs remuneration for 2025. 2. Proposal of the appointment of the CPA for 2026. 3. Proposal for the Appointment of Consultants for the Adoption of IFRS Sustainability Disclosure Standards. 4. Amendments to some articles of the "Fund loan and endorsement guarantee operating procedures ". 5. Amend Internal Control System. 6. Participate in the cash capital increase of subsidiaries. 7. Loans of funds to others. 8. Loan of funds to others by subsidiaries.	Approved	None

Date	18 th Board of Directors	Summary of Discussion	Opinion of Independent Directors	Resolution to the Opinion of Independent Directors
2026.03.16	9 th Meeting	1. 2025 business report and financial statement. 2. Remuneration of employees and directors. 3. Proposal of 2025 loss offsetting. 4. Evaluate the design of "Internal Control System" and its implementation. 5. Proposal for the Implementation Plan of IFRS Sustainability Disclosure Standards. 6. Endorsements and guarantees. 7. Loans of funds to others. 8. Loan of funds to others by subsidiaries.	Approved	None

3.10 In the most recent year and as of the publication date of the annual report, there are directors or supervisors hold different opinions with records or written declarations to the important matters concluded in the Board of Directors: None.

4. Information on CPA professional fees

Unit: In Thousands of New Taiwan Dollar

Accounting Firm Name	Accountant's Name	Accountant Audit Period	Audit Fee	Non Audit Fee	Total Fee	Remarks
Accounting Firm Name	Huang, I-min Hong, Kuo-tyan	2025.01~2025.12	4,000	330(Note)	4,330	

Note: The fee of Non-officer salary checklist NT\$ 50 thousand, the certification fee for the direct deduction method of business tax was NT\$130 thousand, and the service fee for the 2022 income tax re-examination was NT\$150 thousand.

- (1) When the amounts of the audit fees and non-audit fees paid to the attesting CPAs and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services by one fourths or more, the amounts of the audit fees and non-audit fees as well as the details of non-audit services shall be disclosed: None.
- (2) When the securities firm changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.
- (3) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: None.

5. Information on replacement of CPAs:

5.1 About former CPAs

Replacement Date	February 5, 2025		
Reason and description of the replacement	The original CPAs were Wu, Ke-chang and Hong, Kuo-tyan of Deloitte & Touche Tohmatsu Limited. In order to cooperate with the internal adjustment of Deloitte, the financial reports since the first quarter of 2025 have been commissioned to the CPAs Huang, I-min Accountant and Hong, Kuo-tyan of Deloitte.		
Description of the termination or non-acceptance of the appointment by the appointer or CPA Opinions and reasons for issuing unqualified opinions and audit reports within the latest two years	The Party	CPA	Appointed person
	Situation	No such things.	
	Actively terminate the appointment no longer accept (continue) the appointment		
Opinions and reasons for issuing unqualified opinions and audit reports within the latest two years	No such things.		
No disagreement with the issuers.	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No.	✓	
Description: Not applicable.			
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 Tohmatsu Limited.
Names of CPAs	Huang, I-min · Hong, Kuo-tyan
Date of Appointment	February 5, 2025
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	No such things.

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

6. Chairperson, President and Financial / Accounting Managers Who Ever Employed in Certified Public Account Firms or the Subsidiaries, Should Release Their Names, Job Responsibilities and Employee Period. The term "affiliated company of the certified public accountant's firm" refers to the accountant firm which the accountant of the certified public holds more than 50% of the shares or obtains more than half of the board seats, or is listed in the information released or printed by the certified public accountant's firm as a related company or organization: None.

7. Shareholder Equity Transfer and Equity Pledge Change Status of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of the Shares

Share changes in directors, supervisor, managers and main shareholders' equity

Unit: Shares

Title	Name	2025		Current Year as of April 11	
		Number of shares held Increase (decrease)	Number of pledged shares Increase (decrease)	Number of shares held Increase (decrease)	Number of pledged shares Increase (decrease)
Chairperson	Kuo, Shao-yi	0	0	0	0
Director	Hung, Tsong-chi	11,000	0	0	0
Director	Li Peng Enterprise	2,964,000	0	0	0
	Representative: Kuo, Shu-chen	0	0	0	0
Director	Tung Ting Investment	0	0	0	0
	Representative: Chen, Han-ching	0	0	0	0
Director	Li Zan Investment	0	0	0	0
	Representative: Kuo, Chi-an	0	0	0	0
Director	Shun Yu Investment	0	0	0	0
	Representative: Kuo, Ko-chung	350,000	0	0	0
Independent Director	Jan, Yi-jen (Note)	0	0	0	0
Independent Director	Lu, Chi-chant	0	0	0	0
Independent Director	Shih, Yun-peng (Note)	0	0	(10,400)	0
Independent Director	Lee, Dow-ming (Note)	0	0	N/A	N/A
Independent Director	Ou, Yu-lun (Note)	0	0	N/A	N/A
Manager	Chen, Han-ching	0	0	0	0
Manager	Shih, Chi-yu	0	0	0	0
Manager	Tsai, Chun-chung	0	0	0	0
Manager	Wang, Tso-jen	0	0	0	0
Manager	Hsu, Tsui-ping	0	0	0	0
Manager	Chen, Wei-cheng	0	0	0	0
Manager	Huang, Yi-wen	0	0	0	0
Manager	Wu, Shao-wei	0	0	0	0
Manager	Tseng, Jui-shan (Note)	0	0	N/A	N/A
Manager	Hu, Yung-kang (Note)	0	0	N/A	N/A
Principal Accounting Officer	Hsu, Li-hsueh	0	0	0	0
Principal Financial Officer	Chen, Ching-tzu (Note)	0	0	0	0
Principal Financial Officer	Ko, Pei-chun (Note)	0	0	N/A	N/A

Note: Jan, Yi-jen and Shih, Yun-peng were appointed on June 13, 2025.

Lee, Dow-ming and Ou, Yu-lun were dismissed on June 13, 2025.

Tseng, Jui-shan retired on July 31, 2025. Hu, Yung-kang resigned on September 30, 2025.

Chen, Ching-tzu took office as Principal Financial Officer on June 1, 2025. Ko, Pei-chun retired on May 31, 2025.

7.1 Information of related parties that the counterparties for the transfer of shares are directors, supervisors, managers, and shareholders whose shareholding proportion exceeds 10%: None.

7.2 Information of related parties that the counterparties of pledge stock are directors, supervisors, managers and shareholders whose shareholding proportion exceeds 10%: None.

8. Information of Top 10 Shareholders and Stakeholders as Spouses or Relatives within the Second Degrees of Relationship

Information of the related parties among top 10 shareholders

Name	Shareholding		Spouses' and Minor Children's Shareholding		Shareholding in Other People's Names		Other Executives, Directors or Supervisors Who Have Relationship with Spouses or Second degree of kinship		Remarks
	Shareholding Number	Shareholding Ratio	Shareholding Number	Shareholding Ratio	Shareholding Number	Shareholding Ratio	Name	Relationship	
Tung Ting Investment Co., Ltd. Representative: Kuo, Shao-yi	79,390,255	7.97%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Li Peng Enterprise	The same Chairperson	
	15,249,638	1.53%	2,582,663	0.26%	79,390,255	7.97%			
Li Peng Enterprise Co., Ltd. Representative: Kuo, Shao-yi	78,641,924	7.90%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Li Muo Investment Hung Shing Investment Li Shing Investment	With leverage power to invested company	
	15,249,638	1.53%	2,582,663	0.26%	79,390,255	7.97%	Tung Ting Investment	The same Chairperson	
Li Muo Investment Co., Ltd. Representative: Lin, Shiu-ling	44,519,618	4.47%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Li Peng Enterprise	The investor With leverage power	
	113,970	0.01%	0	0	0	0	Hung Shing Investment Li Shing Investment	Substantive related parties	
Li Shing Investment Co., Ltd. Representative: Chen, Hui-chen	40,734,087	4.09%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Li Peng Enterprise	The investor with leverage power	
	0	0	0	0	0	0	Hung Shing Investment Li Muo Investment	Substantive related parties	
Hung Shing Investment Co., Ltd. Representative: Huang, Yi-ping	35,049,016	3.52%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Li Peng Enterprise	The Investor with leverage power	
	26,000	0	0	0	0	0	Li Muo Investment Li Shing Investment	Substantive related parties	
Kai Hsiang Investment Co., Ltd. Representative: Huang, Hui-lan	29,297,518	2.94%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	None	None	
	8,998	0	0	0	0	0	None	None	
Chih Hsiang Investment Co., Ltd. Representative: Tsao, Yung- tien	25,586,510	2.57%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Shun Yu Investment	The same Chairperson	
	172	0	0	0	0	0			
Hong Yi Investment Co., Ltd Representative: Ou Yang , Wen-ting	16,966,761	1.70%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	None	None	
	0	0	0	0	0	0	None	None	
Shun Yu Investment Co., Ltd. Representative: Tsao, Yung-tien	15,974,309	1.60%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Chih Hsiang Investment	The same Chairperson	
	172	0	0	0	0	0			
Kuo, Shao-yi	15,249,638	1.53%	2,582,663	0.26%	79,390,255	7.97%	Tung Ting Investment Li Peng Enterprise	The same Chairperson	

9. Number of Shares and Proportion Including Consolidated Shareholding of the Company, Directors, Managers and Revetment Business of Joint Ventures

Consolidated Shareholding Ratio

April 11, 2026

Unit: Share: %

Reinvestment Business	Investment by The Company		Investment to Business that Directly or Indirectly Controlled by Directors and Managers		Consolidated Investment	
	Number of Stock	Shareholding Ratio	Number of Stock	Shareholding Ratio	Number of Stock	Shareholding Ratio
Li Peng Enterprise Co., Ltd.	176,299,853	19.37%	188,754,798	20.74%	365,054,651	40.11%
Rich Development Co., Ltd.	53,395,090	6.97%	69,351,280	9.05%	122,746,370	16.02%
Li Muo Investment Co., Ltd.	35,244,000	46.62%	40,356,000	53.38%	75,600,000	100%
Li Hao Investment Co., Ltd.	40,356,000	53.38%	35,244,000	46.62%	75,600,000	100%
Li Zan Investment Co., Ltd.	24,460,000	53.17%	21,540,000	46.83%	46,000,000	100%
Hung Shing Investment Co., Ltd.	23,304,000	46.98%	26,296,000	53.02%	49,600,000	100%
Li Shing Investment Co., Ltd.	37,600,000	47.00%	42,400,000	53.00%	80,000,000	100%
Lealea Technology Co., Ltd.	21,006,169	28.51%	18,428,932	25.01%	39,435,101	53.52%
Hawk Lea Transportation Co., Ltd.	3,500,000	25.00%	2,800,000	20.00%	6,300,000	45.00%
Libolon Enterprise Co., Ltd.	5,000,000	100%	0	0%	5,000,000	100%
Lea Jie Energy Co., Ltd.	21,000,000	70%	9,000,000	30.00%	30,000,000	100%
Li Ling Film Co., Ltd.	41,888,517	69.81%	4,221,150	7.04%	46,109,667	76.85%
Libolon Energy Co., Ltd.	6,367,200	60%	4,244,800	40%	10,612,000	100%
Pt. Indonesia Libolon Fiber System	21,346,092	70%	9,148,325	30%	30,494,417	100%

Note: Refers to the investment made in accordance to Equity Method.

III. Capital Overview

1. Capital and Shares

1.1 Source of Equity

1. Capital Formation Procedure

Year. Month	Issuing Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Stock	Amount of Stock	Number of Stock	Amount of Stock	Source of Equity	Offset Capital with Property out of Cash	Others
1988.10	10	19,668,000	196,680,000	19,668,000	196,680,000	Refers to Note 1	None	None
1989.11	10	38,800,000	388,000,000	38,800,000	388,000,000	Refers to Note 2	None	None
1990.08	10	58,000,000	580,000,000	43,999,200	439,992,000	Refers to Note 3	None	None
1990.12	10	58,000,000	580,000,000	58,000,000	580,000,000	Refers to Note 4	None	None
1991.06	10	90,000,000	900,000,000	66,700,000	667,000,000	Refers to Note 5	None	None
1992.05	10	160,000,000	1,600,000,000	110,060,000	1,100,600,000	Refers to Note 6	None	None
1993.06	10	166,000,000	1,660,000,000	162,072,000	1,620,720,000	Refers to Note 7	None	None
1994.06	10	270,000,000	2,700,000,000	194,127,840	1,941,278,400	Refers to Note 8	None	None
1994.12	10	270,000,000	2,700,000,000	270,000,000	2,700,000,000	Refers to Note 9	None	None
1995.06	10	414,000,000	4,140,000,000	310,800,000	3,108,000,000	Refers to Note 10	None	None
1996.08	10	440,000,000	4,400,000,000	431,940,000	4,319,400,000	Refers to Note 11	None	None
1997.05	10	600,000,000	6,000,000,000	492,231,000	4,922,310,000	Refers to Note 12	None	None
1998.05	10	800,000,000	8,000,000,000	690,000,000	6,900,000,000	Refers to Note 13	None	None
1999.06	10	850,000,000	8,500,000,000	731,400,000	7,314,000,000	Refers to Note 14	None	None
2008.09	10	850,000,000	8,500,000,000	767,970,000	7,679,700,000	Refers to Note 15	None	None
2010.06	10	850,000,000	8,500,000,000	783,329,400	7,833,294,000	Refers to Note 16	None	None
2011.07	10	1,200,000,000	12,000,000,000	885,162,222	8,851,622,220	Refers to Note 17	None	None
2012.06	10	1,200,000,000	12,000,000,000	911,717,089	9,117,170,890	Refers to Note 18	None	None
2014.07	10	1,200,000,000	12,000,000,000	957,302,942	9,573,029,420	Refers to Note 19	None	None
2023.08	10	1,200,000,000	12,000,000,000	995,595,059	9,955,950,590	Refers to Note 20	None	None

Note 1: The Company merged Li Wen company with stocks of NT\$58,800,000, and the capital increase by retained earnings was NT\$17,880,000

Note 2: In accordance with Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 02066 dated November 18, 1989, capital increase by seasoned equity offering of NT\$98,340,000, retained earnings of NT\$66,821,560 and capital reserve increase of NT\$26,158,440 were approved

Note 3: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 02386 dated August 23, 1990, capital increase by retained earnings of NT\$50,440,000 and capital reserve increase of NT\$1,552,000 was approved

Note 4: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 03393 dated December 7, 1990, capital increase by season equity offering of NT\$140,008,000 was approved

Note 5: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 01327 dated June 27, 1991, capital increase by retained earnings of NT\$58,000,000 capital reserve increase of NT\$29,000,000 was approved

Note 6: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 00836 dated May 1, 1992, capital increase by season equity offering of NT\$300,200,000, retained earnings of 66,700,000 and capital reserve increase of NT\$66,700,000 were approved

Note 7: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 01370 dated June 9, 1993; capital increase by issuing special stocks of NT\$300,000,000, retained earnings of NT\$110,060,000 and capital reserve increase of NT\$110,060,000 was approved

Note 8: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 27065 dated June 15, 1994, capital increase by retained earnings of NT\$158,486,400 and capital reserve increase of NT\$162,072,000 was approved

Note 9: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 43465 dated December 30, 1994, capital increase by seasoned equity offering of NT\$758,721,600 was approved

Note 10: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 34570 dated June 14, 1995, capital increase by retained earnings of NT\$240,000,000 and additional paid in capital of NT\$168,000,000 was approved

Note 11: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 46973 dated August 10, 1996, capital increase by seasoned equity offering of NT\$777,000,000, retained earnings of NT\$280,800,000 and capital reserve increase of NT\$153,600,000 was approved

Note 12: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 41445 dated May 21, 1997, capital increase by retained earnings of NT\$401,940,000 and capital reserve increase of NT\$200,970,000 was approved

Note 13: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 30522 dated April 20, 1998, capital increase by seasoned equity offering of NT\$1,053,228,000 was approved. In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 37791 dated May 5, 1998, capital increase by retained earnings of NT\$462,231,000 and capital reserve increase of NT\$462,231,000 was approved

- Note 14: In accordance to Finance Securities and Futures Management Committee, Taiwan Finance Securities Regulation No. 56958 dated June 22, 1999, capital increase by capital reserve increase of NT\$414,000,000 was approved
- Note 15: In accordance to Financial Supervisory Commission R.O.C. (Taiwan) No. 0970032565 dated September 1, 2008, capital increase by capital reserve increase of NT\$365,700,000 was approved
- Note 16: In accordance to Financial Supervisory Commission R.O.C. (Taiwan) No. 0990033716 dated June 30, 2010, capital increase by capital reserve increase of NT\$153,594,000 was approved
- Note 17: In accordance to Financial Supervisory Commission R.O.C. (Taiwan) No. 1000030448 dated July 1, 2011, capital increase by retained earnings of NT\$1,018,328 thousand was approved
- Note 18: In accordance to Financial Supervisory Commission R.O.C. (Taiwan) No. 1000030448 dated June 26, 2012, capital increase by retained earnings of NT\$265,548 thousand was approved
- Note 19: In accordance to Financial Supervisory Commission R.O.C. (Taiwan) No. 1030025254 dated July 3, 2014, capital increase by retained earnings of NT\$182,343 thousand and capital reserve increase of NT\$273,515 thousand were approved
- Note 20: Capital increased by retained earnings of NT\$382,921 thousand through Financial Supervisory Commission's effective registration on July 07, 2023.

Type of Stock	Authorized Capital				Remarks
	Outstanding Share	Treasury Stock	Unissued Share	Total	
Common Stock	995,595,059	0	204,404,941	1,200,000,000	Listed Stocks

2. Shelf Registration Related Information: None.

1.2 Main Shareholder List

April 11, 2026

Name	Shareholding	Number of Shareholding	Proportion of Shareholding
Tung Ting Investment Co., Ltd.		79,390,255	7.97%
Li Peng Enterprise Co., Ltd.		78,641,924	7.90%
Li Muo Investment Co., Ltd.		44,519,618	4.47%
Li Shing Investment Co., Ltd.		40,734,087	4.09%
Hung Shing Investment Co., Ltd.		35,049,016	3.52%
Kai Hsiang Investment Co., Ltd.		29,297,518	2.94%
Chih Hsiang Investment Co., Ltd.		25,586,510	2.57%
Hong Yi Investment Co., Ltd.		16,966,761	1.70%
Shun Yu Investment Co., Ltd.		15,974,309	1.60%
Kuo, Shao-yi		15,249,638	1.53%

1.3 Policies and Implementation Status

1. Policy of Dividend

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. The Proposed Dividend Distribution at the Shareholders' Meeting

The proposal for loss offsetting for the year 2025 was approved by the Board of Directors on March 16, 2026. No distribution is proposed, pending resolution at the Annual Shareholders' Meeting.

3. It is expected that there will be no major changes in the Company's dividend policy in the future.

1.4 The impact of the bonus shares discussed by the Shareholders' Meeting on the Company's operation performance and earnings per share:

There is no proposed bonus shares at this shareholders' meeting.

1.5 Employees and Directors

1. The proportion or scope of the remuneration of employees, directors and supervisors stated in the Articles of Incorporation

According to Article 29 of the Company's Articles of Incorporation: If there is a profit for the year, at least 1% shall be allocated as employee remuneration, and no more than 5% shall be allocated as remuneration for directors. Furthermore, at least 1% shall be allocated for salary adjustments or remuneration distribution specifically for frontline/entry-level employees. However, if there are accumulated losses, an amount shall be reserved in advance to offset the losses before allocating remuneration to employees and directors in the aforementioned proportions. The remuneration of employees shall be distributed in the form of stock or cash as resolved by the Board of Directors, and the recipients may include employees of affiliated companies who meet the criteria established by the Board of Directors.

2. The estimated scope for the remuneration of employees, directors and supervisors in the current period, the calculation basis with the number of shares allocated for stock dividends and the accounting amendment if the actual distribution amount differs from the estimated amount

(1) The basis for the estimation of the amount of employees' compensation and directors' remuneration in the current period:

The Company suffered a loss in 2025 so the remuneration of employees, directors, and supervisors was not estimated.

(2) The basis for stock distribution of calculating the number of stock for employee compensation distribution: None.

(3) Accounting amendment when there is a deviation between the actual distribution amount and the estimated amount: None.

3. The Board of Directors approved the distribution of remuneration for 2025 in 2026

(1) If the amount of employees and directors' remuneration is different from the annual estimated amount of recognized expenses, the deviation, the reason and the handling shall be disclosed:

The Company suffered a loss in 2025 so the remuneration of employees, directors, and supervisors was not estimated.

(2) The proportion of the amount of employee compensation distributed with stocks to the total amount of after tax net profit and total employee compensation in the individual report for the current period: None.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price), and the difference between the remuneration of recognized employees, directors and supervisors, and the number of deviations, reasons and actions taken should be stated

The Board of Directors approved to distribute 2024 employees' compensation and directors' remuneration in cash both in the amount of NT\$4,042 thousand in 2025, which were not different from the estimated amount of expenses recognized for the year.

1.6 Repurchase Company's Stocks: None.

2. Bond Issuance: None.

3. Preferred Stock Issuance: None.

4. Global Depository Receipt Issuance: None.

5. Employee Stock Option: None.

6. New Shares for Restricted Employee Rights: None.

7. Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares: None.

8. Capital Utilization Plan and Deployment Status

8.1 Plan Content: None.

8.2 Deployment Status: None.

IV. Operational Highlights

1. Business Scope

1.1 Business Items

1. Main Content and Operation Proportion of Business:

Item	Proportion to Sales Revenue
Drawn Textured Yarn	45.87%
Solid-State Polymerization	11.45%
Filament Fabric	16.42%
Coal	15.01%
Polyester Oriented Yarn and Polyester chip	4.66%
Nylon Film	4.30%
Others	2.29%
Total	100%

2. Current products (services):

Main products are bottle chips, polyester chips, polyester drawn textured yarn, nylon drawn textured yarn.

3. New products (services) to be developed:

- (1) To respond to environmental pollution and global warming, the Company is committed to the development of various environmentally friendly fiber materials, allowing customers to obtain better dyeing quality with the advantages of low energy consumption and low pollution, while also saving costs. Therefore, the Company has continued to develop products such as low-temperature dyed fibers, deep dyed fibers, and original drawn yarns with excellent results.
- (2) To decrease the environmental pollution of microfibers and particles, Lealea also actively cooperates with various brands to develop biodegradable polyester materials to reduce the impact of polyester fibers on the marine environment. The Company is currently promoting the business.
- (3) Considering circular economy issue, how to effectively recycle, regenerate or reuse has always been many manufacturers' development goal. Lealea Company focuses on the recyclability of all materials. Developed TPEE, a material that can replace PU/TPU/EVA foam material, offering downstream customers' demands for homogeneous material a more environmentally friendly oriented material and product for promotion and sales.
- (4) In response to global warming, shielding the wearer from high temperatures is a key function of garments in the future. Thus, the Company plans to develop fiber applications that provide high coverage against light/heat.
- (5) In response to the full recycling and reuse of textiles, the Company has collaborated with the Industrial Technology Research Institute to develop PET polyester adhesive materials, enhancing the market usability and product diversification of PET polyester materials.

1.2 Industry Overview

1. Industry current status and future development

Taiwan's textile industry is at a critical turning point, transforming from a traditional labor-intensive industry into high-tech, green sustainability, and smart manufacturing. Despite facing weak global consumption and geopolitical challenges, Taiwanese manufacturers maintain strong competitiveness in the global market due to leading R&D in functional fabrics and a complete vertically integrated supply chain. However, low-to-mid-end products will face severe challenges due to China's overcapacity, low-price dumping, and U.S. tariff pressures. In the face of 2050 Net-Zero Emissions and the EU Green Deal (such as ESRP regulations), Taiwan's textile industry is fully committed to the low-carbon and circular economy, shifting from "simple compliance" to "creating differentiated competitiveness."

2. The relevance of the upstream, midstream and downstream of the industry

At present, the products produced by our company include spinning grade polyester chips, polyester yarns and textured yarns. The upstream raw materials of polyester chips are PTA and EG. The suppliers are Oriental Petrochemical (Taiwan), Oriental Union Chemical, Nan Ya Plastics and China Man-made Fiber; part of spinning-grade polyester chips are sold out, and part of them are supplied to the factory producing polyester oriented yarn. The upstream raw material POY is not only supplied by the factory itself, but also purchased from domestic specific oriented yarn factories such as Hung Chou Fiber, China Man-Made Fiber and Tainan Spinning. The downstream sales are also mainly domestic fabric factories, such as Li Peng Enterprise, Formosa Taffeta, and Honmyue Enterprise, etc., and there are other exported to more than 70 countries in the world. Due to the impact of low-price competition caused by global overcapacity of bottle-grade polyester chips, the Company has resolved to cease the production of bottle-grade polyester chips to reduce losses.

3. Various development trends and competition of products

Taiwan's polyester fiber industry chain consists of the upstream polymerization industry, the spinning industry, and the dyeing and finishing industry. The industry chain is whole with diverse categories and high quality, and the concentrated industrial clusters allow a fast delivery, which is a material factor to Taiwan's competent textile industry. As climate issues continue to heat up, high-value products in recycling and reusing, safety protection, low carbon green products, and other relevant fields will become the focal point of the textile industry.

1.3 Technology and R&D Overview

1. Preface

The Company follows the business philosophy of “diligence, thrift, solidity, proactiveness, and innovation” of the founder. With the advantage of vertical integration and the combination of internal and external research and development units to develop new materials and invest in new equipment, we will conduct research and development of new products to achieve the goal of sustainable management.

In recent years, the concept of sustainable management has become popular among enterprises. Besides actively investing in green energy industries and equipment, Lealea also focuses on energy saving, carbon reduction, and sustainable recycling in its product development projects. Therefore, the Company have invested in CRZ production equipment to recycle all waste materials in the manufacturing process to achieve "ZERO" waste in the manufacturing process. Currently, the Company have developed and mass-produced a recycling and decolorization process to achieve the final goal of sustainable textile recycling, and we have also introduced all functional product technologies to make the recycling products more comprehensively used in mechanical and functional fibers. In the future, the Company will continue to develop various types of recycled materials for recycling, and proceed the sustainable recycling of textile raw materials with textile industries and brands at all stages, such as waste materials from customer processes, shoe trims, and brand clothing.

To fight environmental pollution and global warming, the Company has never slackened the energy saving and carbon reduction in the production process, and has been more proactive in research and development so that consumers can also perceive the substantial effects of energy saving and carbon reduction when using the Company's products. Therefore, the future development will focus on how to make downstream customers have energy-saving and water-saving products, so as to achieve the integration of upstream and downstream environmental protection applications of the industry.

2. The R&D expense in the most recent year and as of the date of publication of the annual report:

Unit: In Thousands of New Taiwan Dollars

Item	Year	2025	2026 (January to March)
	R&D Expense		49,295
% for R&D Expense vs. Net Sales		0.69%	0.73%

3. The newly developed technologies or products in the most recent year and as of the date of publication of the annual report:
 - (1) Plaid Silk
 - (2) Graphene Fiber
 - (3) Deep Cationic-Dye Fiber
 - (4) Nylon Soft Rain Silk
 - (5) Eco-friendly Recycled Deep Dyed CD Fiber
 - (6) Eco-friendly Recycled Low Temperature Dyed Polyester Fiber
 - (7) Ultra-dull Fiber
 - (8) CRZ Waste Clothing Recycled Fiber
 - (9) PolyPlus
 - (10) Warm Tech
 - (11) Foam for shoes TPEE
 - (12) Waved shaped cross section Fiber
 - (13) Microporous Fiber
 - (14) Nylon 11 Solution Dye
 - (15) PET laminating adhesive

1.4 Long-term and Short-term Business Plan

Short-term business plan:

1. Encountering China, India and Southeast Asian countries selling to foreign markets at low prices, as well as a large amount of imported yarn seizing the low-price market, it has seriously threatened Taiwan's exports and the capacity utilization rate of the mid and upstream. Therefore, it is necessary to adjust the product item structure and increase the proportion of high value-added products (especially environmentally sustainable green energy production yarn).
2. The domestic downstream weaving and dyeing industry has shrunk in the domestic market due to labor shortage factors and increasingly strict environmental regulations that have pushed up costs. Therefore, customized product marketing strategies are formulated for different customers to retain customers, increase domestic market share, and achieve maximum benefits.
3. Aiming at regions with potential for development but still low in the Company's market share, we will set up new marketing strategies and strengthen the ability to expand. Such as automotive materials, electronic materials, and industrial yarns...etc.
4. Existing mature products that have been developed, we select customers with growth potential to organize new product promotions every month, in line with the overall marketing strategy, in order to achieve the expected results in a short period of time.
5. Take advantage of new production equipment and actively promote new products with high-value added.

Long-term business plan:

1. Actively expand the exporting high-value markets, such as electronic products, luxury bags, Europe vehicle material, and the America (Medical)market.
2. Responding to the opportunities derived from the huge global demands for environmentally friendly products. In addition to consolidating the existing sale of eco-friendly yarn, investing in developing functional eco-friendly products.
3. In response of consumers' strong demand for safe, comfortable, and healthy new fiber, the Company will continue to request investment in new false twisting machines to improve the competitiveness of its products.
4. Fabric Recycling (CRZ) granulation and physical decolorization system have been officially implemented. New environmentally friendly products will gradually increase the sales proportion in shoes and garment under the promotion of brands, not only has NB been ordering stably, but we will also reach out to international brands, such as Adidas and Decathlon.

5. Evolution of eco-friendly products: promote recycled nylon chemical filter yarn, Forever Yarn, and garment recycling to address reverse recycling in the textile industry and achieve environmental sustainability.
6. The third phase expansion plan of the Indonesian Libolon textile and dyeing factory is in progress. The Company will seek cross-industry strategic alliances within the mid and downstream of the industry. In addition to expanding productivity and reducing production costs, this will build a more complete industrial chain to supply brand demands nearby for fast delivery, increasing turnover and enhancing the Company's profitability.

2. Market and Production/Sales Overview

2.1 Market Scope

1. Regions of main product sales

Unit: In Thousands of New Taiwan Dollars

Year \ Region	Taiwan	Export			Total
		Asia	America	Others	
2025	4,210,451	2,122,820	601,189	178,594	7,113,054

2. Market Share: The Company's domestic market share of textured yarn is 13.40% approximately.
3. The future supply/demand and growth of the market

From global development trend of the man-made fiber industry, it is not difficult to note that polyester fiber is still the most important synthetic fiber in application and production. Global demand for polyester fiber is still quite strong, and the average annual demand growth rate is maintained at 5% approximately. Although Taiwan is difficult to compete with manufacturers from emerging developing countries such as China and India at the price of general specification products, Taiwan's production capacity and quality differentiate products from China and other emerging countries, so domestic players still have opportunities for development and survival, and R&D is still the focus of future strengthening.

4. The advantages/disadvantages of competition and development vision with actions

(1) Advantages:

- ◆ The development of Taiwan's man-made fiber industry is dominated by synthetic fibers. Among them, polyester fiber products have the largest production capacity, stable output and quality. After fully supplying domestic demand, Taiwan texture industry begins to strengthen export markets, including Mainland China, Southeast Asia, the Middle East, etc., which are the main target markets. The demand for high-quality and differentiated man-made fibers from emerging countries gives Taiwan industry a favorable opportunity.
- ◆ Polyester fiber has a high probability of success in R&D and upgrading, and Taiwan's differentiated product production in recent years has been quite effective. At the same time, the Company is also committed to the R&D of high-tech textiles. Taiwan texture industry has an excellent status in the world with products and technical capabilities, and has the ability to transfer technology. The core competency to diversify various products with mass production.
- ◆ The differentiation rate of polyester textured yarn in Taiwan is relatively high, and Taiwan is one of the world's major exporting countries. The production technology is proficient, and the recently developed recycling and quality of New Pin products have their advantages. Therefore, the Company with competitive advantages has become one beneficiary of Taiwanese enterprises which expand their business overseas after trade liberalization.

- ◆ The world's demand for environment-friendly and energy-saving products has gradually increased. It has also opened up the development of polyester fiber in the field of environmental protection and energy saving. In addition to installing the CRZ recycling process equipment and the recycling system for color fabrics, we will establish a green supply chain step by step and march toward sustainable development.

(2) Disadvantages:

- ◆ There is a serious gap in talent cultivation, which is undoubtedly a major challenge to the development trend of differentiated products.
- ◆ Some downstream dyeing and finishing plants are closed or moved to low age countries such as Vietnam and Southeast Asia, which greatly reduce the production chain of the textile industry and affects the development of upstream polyester and textured yarn.
- ◆ Under the global trend of regional integration, Taiwan's absence to participate RECP has seriously affected the competitiveness of Taiwan textile industry in the international market.
- ◆ The high oil price caused by the Russo-Ukrainian War and the U.S.-Iran war has led to a significant increase in raw materials, which in turn has pushed up global inflation. Also, the domestic environment is facing the crisis of electricity shortage, and under the condition of cost rising significantly, weakening the competitiveness of the industry.
- ◆ Donald Trump's tariff policy has increased global economic uncertainty. For the Taiwan textile industry, which is already facing rising costs, this trade barrier is undoubtedly a major impact.

(3) Actions:

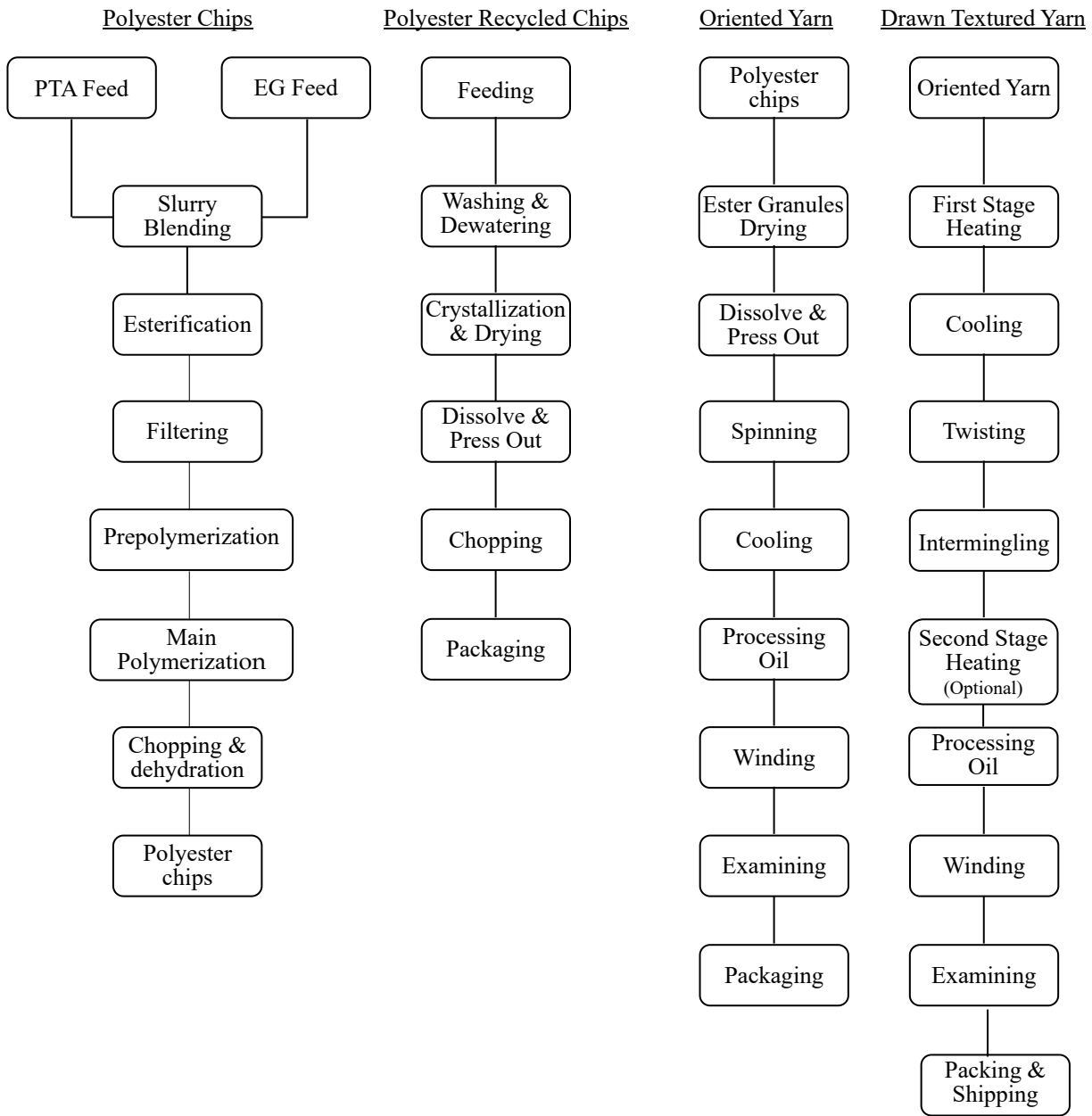
In response to the shortage of basic labor, the government's foreign worker policy should be reviewed and adjusted per industry categories. The Company internally deploys organizational reengineering, breaks organizational structure between units, expands automation and labor saving equipment to resolve labor shortages. As for relocation of downstream industries and low price competition, besides continuous improvement of production processes and equipment replacement to improve production quality and efficiency, and reduce manufacturing costs, textile industry technology and R&D capabilities should be enhanced and the strategic alliance should be promoted. To assist the implementation of internationally division of labor and production, and sales plan, strengthen overseas market management and management capabilities; cultivate the textile industry's global production and sales capabilities in the era of knowledge-based economy. Through the operation mode of Productivity 4.0, and the automation of Industry 4.0, the transformation and upgrade of industrial competitiveness, Taiwan has become a global logistics center for the textile industry.

2.2 Important usage and production process of main products

1. Important usage of main products

The polyester chips, polyester yarns, polyester textured yarns, and the actively promoted polyester recycled chips produced by our company are used in downstream plain-woven trousers, clothing materials, upholstery fabrics, fashion wear, and outdoor products, etc.

2. Production process



Operational Highlights

2.3 Supply of main raw materials

The main raw materials are Purified Terephthalic Acid (PTA) and Ethylene Glycol (EG). However, as the production capacity has been significantly downwardly adjusted, the required purchase volume will be determined based on demand.

1. Purified Terephthalic Acid (PTA)

Taiwan's domestic PTA manufacturers include CAPCO, OPTC, and Formosa Chemicals & Fiber. Since Taiwan's polyester fiber industry is in stable demand, domestic PTA production is oversupply and it is necessary to find a proper timing for export; the Company's source of procurement is OPTC, which can provide a stable supply based on demand.

2. Ethylene Glycol (EG)

Taiwan's domestic manufacturers of EG include China Man-made Fiber, Oriented Union Chemical and Nan Ya Plastics. The total production capacity in Taiwan is oversupply and some of the output is exported. The Company's sources of procurement are Oriented Union Chemical and China Man-made Fiber, which can provide a stable supply based on demand.

3. Procurement status of polyester chips

The original production capacity of polyester chips has been downwardly adjusted, and changed to the external procurement of general semi-dull chips and bright chips. There are several polyester chip manufacturers in Taiwan. Currently, the cooperating suppliers are Hung Chou Fiber and China Man-made Fiber. Due to their stability and cooperation, the Company procures from them.

2.4 The names of customers who accounted for more than 10% of the total purchases (sales) in any of the most recent two years and their purchases (sales) amount and proportion

1. Purchase

(1) Textile and other departments.

Unit: In Thousands of New Taiwan Dollars

Item	2024				2025			
	Name	Amount	Proportion in FY Net Purchase (%)	Relationship	Name	Amount	Proportion in FY Net Purchase (%)	Relationship
1	OPTC	1,412,704	29	None	Century Commodities Solution Pte Ltd.	558,248	16	None
2	Li Peng	871,614	18	Affiliated Enterprises	Li Peng	507,649	14	Affiliated Enterprises
3	Hung Chou	605,828	12	None	OPTC	497,169	14	None
4	Others	1,997,928	41	None	Hung Chou	401,360	11	None
5					Others	1,586,175	45	None
	Net Purchase	4,888,074	100		Net Purchase	3,550,601	100	

Note: List the names of suppliers with more than 10% of the total purchases in the last two years and the purchase amounts and proportions. However, the names of the suppliers that cannot be disclosed due to the purchase agreement or the counterparties of transactions are individuals and non-related parties can be coded.

Description of changes: Regarding the supplier structure of the consolidated companies, the textile department ceased production via direct spinning equipment at the chemical fiber plant following a resolution by the Board of Directors. This resulted in a significant reduction in demand for PTA, leading to a substantial decrease in procurement amounts from OPTC, previously the largest supplier. Furthermore, the consolidated companies have shifted their procurement strategy toward greater flexibility and diversification by increasing the proportion of purchases from international traders. Under this overall adjustment of procurement strategy and product structure, Century Commodities Solution Pte Ltd. has risen to become the largest supplier.

(2) Construction department.

Unit: In Thousands of New Taiwan Dollars

Item	2024				2025			
	Name	Amount	Proportion in FY Net Purchase (%)	Relationship	Name	Amount	Proportion in FY Net Purchase (%)	Relationship
1	Department of Urban Development, Taipei City Government	134,332	88	None	Supplier A	363,000	82	None
2	Others	18,963	12	None	Others	80,251	18	None
	Net Purchase	153,295	100		Net Purchase	443,251	100	

Note: List the names of suppliers with more than 10% of the total purchases in the last two years and the purchase amounts and proportions. However, the names of the suppliers that cannot be disclosed due to the purchase agreement or the counterparties of transactions are individuals and non-related parties can be coded.

Description of changes: The consolidated companies and Liming Construction have entered into a joint venture to develop a residential building in the Beitou Shilin Technology Park. In 2024, an application for the transfer of development rights was filed with the Taipei City Government's Department of Urban Development, and the urban design review related to the new residential construction project has been completed. Additionally, in 2024, the consolidated companies signed a contract with Supplier A to purchase land in the Yuquan Section of Datong District, Taipei City, for residential construction, with the title transfer completed in 2025.

2. Sales :

Unit: In Thousands of New Taiwan Dollars

Item	2024				2025			
	Name	Amount	Proportion in FY Net Purchase (%)	Relationship	Name	Amount	Proportion in FY Net Purchase (%)	Relationship
1	Li Peng	1,204,249	15	Affiliated enterprises	Li Peng	1,150,508	16	Affiliated enterprises
2	Others	7,065,628	85	Note	Others	5,962,546	84	Note
	Net sales	8,269,877	100		Net sales	7,113,054	100	

Note: List the names of clients with more than 10% of the total Net sales in the last two years and the purchase amounts and proportions. However, the names of the suppliers that cannot be disclosed due to the purchase agreement or the counterparties of transactions are individuals and non-related parties can be coded.

Description of changes: There is no significant increase or decrease in sales customers.

3. Employee

Year		2024	2025	Current Year as of March 31, 2026
Employee Headcount	Staff	290	285	280
	Technician	250	240	237
	General Worker	1,382	1357	1355
	Total	1,922	1882	1872
Average Age		37.27	37.18	37.42
Average Year of Service		10.25	9.65	9.89
Distribution Ratio of Education Degree	Doctor	0%	0%	0%
	Master	1.51%	1.33%	1.34%
	Bachelor	24.71%	23.43%	23.24%
	Senior High	51.67%	50.85%	50.91%
	Below Senior High	22.11%	24.39%	24.51%

4. Environmental Protection Expenditure

4.1 Losses due to environmental pollution in the most recent year and up to the publication date of the annual report (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of punishment, the punishment document number, the violation of laws and regulations, the content of violations, and the content of punishment should be listed): None.

4.2 Estimated amount and action that may occur at present and in the future: None.

5. Labor Relationship

The Company focuses on employee welfare, growth, training and cultivation.

Harmony between labor and management is one of the factors for the success of business operations. In recent years, due to the evolution of domestic economic development, the industry is encountering the challenge of structural transformation, which particularly highlights the importance of how both labor and management perceive the problem enterprise is facing. Since the establishment of the Company, the labor relation had been good, and labor and management have firmed consensus, so no labor disputes have occurred.

Employee Welfare:

5.1 Employee benefits

- (1) Labor Insurance (2) National Health Insurance (3) Marriage & funeral subsidy (4) Employee health check (5) Annual Bonus (6) Dividend and stock options

5.2 Employee Welfare Committee benefit programs

- (1) Small get-together (2) Marriage & funeral subsidy (3) Scholarship and bursary (4) Club activity (5) Travel allowance (6) Year-end party (7) Birthday gift (8) Season gift (9) Year-end lottery (10) Book and magazine (11) Group insurance (12) Big cultural and recreational activity (13) Scholarship and bursary for employee's children

5.3 Employee study and training

In order to improve the quality of manpower, employees of different ranks and different business functions are required to further study according to their needs, so as to enhance their domain knowledge and skills, thereby enhancing their competitiveness within and outside the Company and giving full play to their strengths. There on-job-training programs and the training programs are implemented as follows:

1. Short-term training: Be assigned or apply for permission to receive training in various training centers, consulting companies, associations, etc. The education and training courses assigned by the Company in 2025 include: "Accounting Officers' continued education," "AI Applications in Business," "Driving Green Transformation through Innovative Materials," "Analysis of Sustainability Reports and Practices in Sustainability Information Audit," "Corporate Financial and Tax Governance under Global Supply Chain Restructuring and Tax Reform," "Discussion on Legal Liability Regarding Corporate Involvement in Offenses of Profiteering," and "Legal Liabilities and Case Analysis of Workplace Bullying," etc. courses to train basic cadres and obtain professional certificates. Internal training focuses on social responsibility and environmental protection, such as "GRS Global Recycling Standards", "Hazard Assessment" and "General Knowledge of Hazards" for employee safety, and "Hearing Protection", "CPR + AED" and "physical and mental health protection measures" for employee health.
2. Long-term training: The Company specially arranges professional training for internal and external lecturers, and the cost is borne by the Company. At the same time, it cooperates with the Youth Pilot Program to implement the Youth Education and Employment Savings Account Program.
 - (1) In 2025, the "Golden Team Motivation: Building High-Performance Team Cohesion" course was held at the Mabuville Training Center in Hsinchu. Through experiential activities such as "Excellent Team," "Out-of-the-Box Thinking," and "New VUCA Capabilities," participants were able to unleash their team potential and enhance their willingness to face future challenges and missions. The program encouraged a proactive attitude and a consensus for action while strengthening effective team interaction skills to foster collaborative results. The series of activities received enthusiastic feedback from all participants.
 - (2) We also implement the Youth Education and Employment Savings Account program in conjunction with the Youth Navigator program.
3. Training Abroad: Handling customer complaints, receiving orders, or applications by project task are allowed to go abroad for business purpose, and the training costs abroad are borne by the Company.
4. Assigned Trainee (according to government regulations): The training courses assigned by the Company in 2025 include: "Respiratory Protection Program," "Climate Change Adaptation Counseling Project for the Manufacturing Industry," "Voluntary Emission Reduction Plan," "Fire & Hazardous Materials Security Supervisor," "Occupational Safety and Health Operations Manager," "Greenhouse Gas Inventory Training," "Class B Waste Disposal Technician," "Aerial Working Platform Operators," "Forklift Operators," "Organic Solvent Operation Officers," "Fire Protection Manager," "Category I Pressure Vessel Operators," "Labor Safety and Health Personnel," "Radiation On-the-job Education and Training," "Fire Training and Emergency Response Plan," "Prevention of Illegal Violations During Operation and Maternal Health Protection in Work Place," "Carbon Fee System and Regulations," "Introduction to Thermal Hazard Prevention and Management," "First Aid and Evacuation for Leakage of Specific Chemical Substances," "Introduction to Confined Space Work," and "Workplace Safety Education," etc.
5. Special Training (project training required for business): The training courses assigned by the Company in 2025 include: "How to Effectively Conduct Safety, Health, and Environmental Hazard Assessments," "Human Rights Education for Migrant Workers," "Operational Practice for 8-Feed Circular Knitting Machines," "Introduction to PIN Machine Characteristics," "Introduction to the Manufacturing Process of Eco-friendly Recycled

Polyester Fibers,” “Introduction to Coal-fired Thermal Oil Boiler Systems,” “Types and Principles of Solenoid Valves,” “Introduction to Decolorization Processes and Decolorization Plants,” “Pump Failure Analysis,” “Motor Failure Analysis,” “GRS Quality Inspection Physical Testing Operation,” “PET Environmental Friendly Recycling Technology,” “Physical Testing Standards and Procedures,” “Wastewater operation and rainwater management,” “Steam Boiler operation practices,” “Introduction to Environmentally friendly recycled fiber and functional fiber production process,” “Decolorization process introduction,” and “Security inspector,” etc.

5.4 Retirement

1. The Company formulates retirement policies in accordance with the relevant regulations of the Labor Standards Law, and has established a "Labor Retirement Reserve Supervision Committee" to regularly monitor the allocation of retirement reserves and is responsible for the review of retirement applications.
2. Besides formulating retirement regulations under Labor Standards Law, the Company has established a preferential retirement regulation for employees that are better than Labor Standards Law.
3. Since July 1, 2005, we have cooperated with the government to implement the Labor Pension Regulations (hereinafter referred to as the new retirement system. For employees who choose the new retirement system, the Company does make a monthly contribution to the special pension account of the Labor Insurance Bureau according to the regulations.

5.5 In the most recent year up to the date of publication of the annual report, no labor disputes have occurred in our company.

6. Cyber security management

6.1 Describe the risk management framework for cyber security, cyber security policies, specific management plans, and resources devoted to cyber security management, etc.

1. Risk management framework for cyber security.

To comprehensively manage cyber security and resource allocation matters, the Company has established cyber security officer in June 2023, and a part-time cyber security staff, assigned to promote and implement cyber security policies. In addition, the Company entrusts its affiliate, LeaLea Technology CO., Ltd, and cooperates with the Company’s cyber security units to coordinate and implement cyber security policies, disseminate cyber security information, collect and improve the technologies, products, and procedures for the performance and effectiveness of the organization’s cyber security management system.

2. Cyber security policy.

In order to implement cyber security management, the Company has established an internal control system. Through the joint efforts of all employees, we expect to achieve the following policy objectives:

- (1) Confidentiality and integrity of information.
- (2) To ensure access to information in accordance with departmental functions.
- (3) To ensure the continuous operation of the information system.
- (4) To prevent unauthorized modification or use of data and systems.

3. Specific Management Plan.

- (1) Internet cyber security control: firewall, regular virus scanning, etc.
- (2) Data access control: granting different access rights according to functions, removing the original rights of transferred personnel, and properly approving remote access to information systems.

(3) Contingency recovery mechanism: Implement off-site backup, review network security control measures regularly, etc.

4. Resources invested in cyber security management.

In order to implement the cyber security policy, the following resources are invested.

(1) Network hardware equipment such as firewall, mail anti-virus, and spam filtering.

(2) Software systems such as backup management software, VPN authentication and encryption software, etc.

(3) Invest in manpower such as regular backups and execution of off-site storage of backup media, annual audits by accountants, etc.

6.2 Specify the losses suffered due to major cyber security incidents, possible impacts and response measures in the most recent year and as of the date of printing of the annual report, and if it is not reasonably estimable, state the fact that it is not reasonably estimable: None.

7. Important Contracts

Contact Nature	Contracting Party	Contract Period	Main Content	Restrictive Covenant
Long – term Loan Contract	The Export-Import Bank of the Republic of China	2021.03.08 ∩ 2026.03.08	Credit facility, totaling NT\$400 million, starting from the first day of the loan for 5 years, with interest payable on 21 days of every 3 months and the first installment repaid on 2022.09.08, and the subsequent installments will be repaid every 6 months, with principal repaid in 8 equal installments.	None
Long – term Loan Contract	Mega International Commercial Bank	2021.11.29 ∩ 2026.11.29	Credit facility, totaling NT\$26,000 thousand, with interest payable monthly, and can be revolving. Starting from the first day of the loan for twelve months is the grace period. After the grace period, interest is paid monthly with 48 equal installments.	None
Long – term Loan Contract	Bank of Taiwan	2022.04.29 ∩ 2029.02.24	Guaranteed loans, totaling NT\$700 million, are entered into one lump sum or in installments over two years, with interest payable monthly. The first installment will be repaid on 2024.08.24, and the subsequent installments will be repaid every 6 months in 10 equal installments.	None
Long – term Loan Contract	The Export-Import Bank of the Republic of China	2023.06.16 ∩ 2028.06.16	Credit facility, totaling NT\$300 million. starting from the first day of the loan for 5 years, with interest payable on 21 days of every 3 months. The first installment will be repaid on December 16, 2024, and the subsequent installments will be repaid every 6 months in 8 equal installments.	None

Operational Highlights

Contact Nature	Contracting Party	Contract Period	Main Content	Restrictive Covenant
Long – term Loan Contract	KGI Bank	2024.09.20 ~ 2026.09.02	Credit facility, totaling NT\$600 million, and the interest will be paid monthly for a maximum period of 4 months for each loan, and the principal amount will be repaid at maturity and can be revolving.	None
Long – term Loan Contract	KGI Bank	2025.01.15 ~ 2030.01.15	Credit facility, totaling NT\$300 million, starting from the first day of the loan for 5 years, with interest payable on the 15th day of every month. The first installment will be repaid on 2026.07.15, and the subsequent installments will be repaid every 3 months in 15 equal installments.	None
Long – term Loan Contract	The Export-Import Bank of the Republic of China	2025.03.17 ~ 2028.03.17	Credit facility, totaling NT\$150 million, starting from the first day of the loan for 3 years, with interest payable on the 21st day of every month. The first installment will be repaid on 2026.09.17, and the subsequent installments will be repaid every 6 months in 4 equal installments.	None
Long – term Loan Contract	KGI Bank	2025.12.24 ~ 2027.11.25	Credit facility, totaling NT\$600 million, with interest payable monthly. The principal amount will be repaid at maturity and can be revolving.	None
Long – term Loan Contract	Chang Hwa Bank	2025.12.24 ~ 2028.02.24	Guaranteed loans, totaling NT\$500 million, with interest payable every 3 months. The facility can be revolving until 2026.03.31, and the principal amount shall be repaid at maturity within 3 years starting from 2026.03.31.	None

V. Review and Analysis of Financial Status and Performance and Risk Management

1. Financial Status

Review and analysis on financial status

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2024	2025	Deviation	
			Amount	%
Current Assets	5,824,950	6,197,955	373,005	6
Non-current Assets	14,512,523	13,337,396	(1,175,127)	(8)
Current Liabilities	6,420,201	6,490,855	70,654	1
Long-term Loans	1,333,187	1,765,133	431,946	32
Other Non-current Liabilities	387,122	437,932	50,810	13
Equity attributable to the parent	10,832,153	9,587,111	(1,245,042)	(11)
Non-controlling interests	1,364,810	1,254,320	(110,490)	8
<p>1. Due to operational losses, there has been a significant decrease in equity. Consequently, long-term borrowings were increased to meet funding requirements, leading to a rise in the debt ratio.</p> <p>2. The changes above are related to normal business operation and have no material negative effects on the Company, nor does the Company have material abnormality in its overall performance, thus no corresponding measures are needed.</p>				

2. Financial Performance

Comparative Analysis of Business Performance

Unit: In Thousands of New Taiwan Dollars

Item	Year	2024	2025	Deviation	
				Amount	%
Gross Sales		8,269,877	7,113,054	(1,156,823)	(14)
Operating Cost		8,034,045	6,932,041	(1,102,004)	(14)
Elimination of Actual Profits and Losses of Subsidiaries		4,466	4,111	(355)	(8)
Gross Profit (Loss)		240,298	185,124	(55,174)	(23)
Operating Expenses		627,024	567,313	(59,711)	(10)
Operating Income (Loss)		(386,726)	(382,189)	4,537	(1)
Non-operating Income		651,123	(577,718)	(1,228,841)	(189)
Profit (Loss) Before Tax		264,397	(959,907)	(1,224,304)	(463)

1. The key reasons for the significant changes in Operating Income, Operating Profit and Net Profit before Tax in the last two years:

Non-operating Income and Expenses: Non-operating income and expenses shifted from a profit in 2024 to a loss in 2025, primarily due to the following reasons:

- (1) In 2025, the global trade environment was impacted by tariff policies and geopolitical factors, driving supply chain restructuring and changes in international capital flows. Taiwan benefited from the order-shift effect and a recovery in export momentum, which led to appreciation pressure on the New Taiwan Dollar. Due to the consolidated company's large holdings of U.S. dollars, a foreign exchange loss of NT\$191,115 thousand was recognized in 2025. In contrast, the exchange rate trend in 2024 was the opposite, resulting in an exchange gain of NT\$321,000 thousand, leading to a variance of NT\$512,115 thousand between the two periods.
- (2) Associates accounted for using the equity method saw expanding losses due to factors such as product oversupply, recognition of equipment impairment losses from production line shutdowns, and foreign exchange losses. This resulted in a variance of NT\$262,171 thousand in the share of profit or loss of associates and joint ventures recognized under the equity method between the two periods.
- (3) As the market for bottle-grade chips and polyester chips was affected by global overcapacity and low-price competition, domestic demand for polyester products decreased, leading to oversupply and an imbalance between production and sales. Simultaneously, rising internal production costs and external tariff barriers have clouded market prospects. To optimize human resources and equipment utilization and reduce corporate losses, the Board of Directors resolved to cease production of the direct-spinning equipment at the chemical fiber plant, resulting in the recognition of an asset impairment loss of NT\$194,131 thousand.
- (4) The consolidated company recognized goodwill of NT\$133,205 thousand from the acquisition of Li Ling Technology Co., Ltd. in June 2024. As the actual growth in operating revenue fell short of expectations, the recoverable amount of Li Ling Film Co., Ltd. was assessed to be lower than its carrying amount. Consequently, a goodwill impairment loss of NT\$133,205 thousand was recognized in 2025.

2. The expected sales and other references, the possible impact on the Company's future financial business and the action plan:

The financial forecast for 2026 has not been publicized, so there is no plan to disclose the expected sales.

3. Cash Flow

3.1 Review and Analysis on Cash Flow

Unit: In Thousands of New Taiwan Dollars

Cash Balances – Beginning of Periods	Net Cash Flows from FY Operating Activities	FY Cash Outflow	Amount of Cash Surplus (Insufficient)	Remedy for Insufficient Cash	
				Investment Plan	Financial Plan
650,496	(189,301)	4,937,092	(4,475,897)	191,743	4,834,694
Analysis on Cash Flow Changing: In 2025, the change is mainly due to the purchase of property, plants, and equipment, an increase in payments from related parties, and the repayment of long-term borrowings, resulting in a net cash outflow of NT\$4,937,092 thousand. The Company addressed the funding shortfall by increasing short-term and long-term borrowings.					

3.2 Analysis of Cash Flow in the Coming Year

Unit: In Thousands of New Taiwan Dollars

Cash Balances – Beginning of Period (1)	Net Cash Flows from FY Operating Activities (2)	FY Cash Outflow (3)	Amount of Cash Surplus (Insufficient) (1)+(2)-(3)	Remedy for Insufficient Cash	
				Investment Plan	Financial Plan
550,540	481,755	1,444,143	(411,848)	0	887,993

4. Impact of Major Capital Expenditure in the Past Year on the Financial:

There were no significant capital expenditures in 2025.

5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year:

(1) Reinvestment strategies of recent years:

- ① In January 2025, the Company increased its investment in Libolon Energy Co., Ltd. by approximately NT\$63.67 million. Libolon Energy Co., Ltd. primarily operates in the power generation industry. By investing in green energy businesses such as Libolon Energy, the Company is actively positioning itself in the renewable energy sector to strengthen energy self-sufficiency and support its core business operations. This investment not only stabilizes future electricity costs and reduces the risk of energy price fluctuations but also helps meet the carbon reduction requirements of international brand customers within the supply chain, thereby enhancing product competitiveness. Furthermore, by integrating green power supply with the circular economy, the Company is gradually constructing a low-carbon manufacturing system in line with global ESG development trends. Overall, the Company's reinvestment strategy combines industrial vertical integration, sustainable development, and long-term financial benefit considerations to enhance overall corporate value and future growth momentum.
- ② To replenish working capital and strengthen its financial structure, the subsidiary Li Ling Film Co., Ltd. conducted a cash capital increase of NT\$140 million in August 2025. This capital increase is a strategic long-term investment by the parent company, aimed primarily at assisting the subsidiary in improving its financial health and supporting its subsequent operational development.

(2) Main reasons for losses in reinvestments:

Since Li Ling Film Co., Ltd. was established and started producing and selling, nylon film production lines in China have been expanding rapidly and massively. Additionally, with the help of the china local government, a great deal of cheap, made-in-China nylon film entered the market at a low price and dealt a certain amount of damage to Li Ling 's nylon films, which were committed to supreme quality, thus causing the losses.

(3) Improvement plans:

Li Ling will continue to focus on enhancing its production technology, product quality, and stability to create differentiation from similar products, and has obtained Japan's PL certification, Halal certification, ISO 14001, and ISO 45001. These are expected to expand market reach and increase selling prices. Additionally, as no new production facilities have been established in the domestic market over the past 5 to 6 years, Li Ling maintains a certain advantage domestically. Significant growth has also begun in high-priced export markets, such as Japan and the United States. Through the above marketing and sales strategies and market expectations, Li Ling is confident that we can improve the losses and expects to start profiting.

(4) Investment plans for the next year:

We will evaluate our investment plans from a long-term strategic perspective to address the future market and capacity expansion needs to fortify our competitiveness.

6. Analysis and Assessment of Risk Issues

6.1 The impact of interest rate, exchange rate changes, and inflation on the Company's profit/loss and future action plan

Interest Rate Changes

In 2025, net interest expenses (interest expenses minus interest income) amounted to approximately NT\$84.99 million, accounting for about 1.2% of operating revenue. Given this low proportion, the impact of interest rate fluctuations on the Company's overall operations remains limited and within a controllable range.

To address future market interest rate changes, the Company will adjust the allocation of long-term and short-term funds based on operational needs and strengthen cash flow management. We will continuously monitor monetary policies and financial market interest rate trends to minimize the impact on profit and loss.

Exchange Rate Changes

Exchange gains or losses primarily stem from imported materials and export payments. In 2025, the NT Dollar exchange rate was affected by the U.S. announcement of reciprocal tariffs and interest rate cuts, leading to an appreciation of the NT Dollar and a resulting exchange loss of approximately NT\$191 million. However, exchange rate risk and translation gains/losses remain within a controllable range.

The Company utilizes natural hedging for foreign currencies and closely monitors international political, economic, and financial market information alongside domestic economic data. We adjust foreign currency holdings at appropriate times to reduce the impact on profit and loss.

Inflation

In 2025, crude oil prices remained at a low level, as did raw material prices; therefore, there was no significant impact on the Company.

In late February 2026, a sudden conflict broke out in a Middle Eastern energy-producing region. As energy supply is directly linked to inflation, crude oil prices are currently trending upward, and global currencies (excluding the USD) have experienced sudden depreciation in the short term. The Company will closely monitor crude oil price trends and domestic price information, adjusting product selling prices and inventory levels accordingly to mitigate the impact of price volatility on profit and loss.

6.2 Main reasons for profit/loss, and future actions for engaging high risk, high leverage investment, fund lending to others, endorsements and derivatives trading policies

The Company does not engage in high-risk or high-leverage investments.

Fund lending to others, endorsements/guarantees, and derivative transactions are handled in accordance with the Company’s "Procedures for Lending Funds and Endorsements/Guarantees" and "Procedures for the Acquisition or Disposal of Assets."

Derivative transactions are limited to foreign exchange swaps (FX Swaps) for short-term monthly fund operations, maintaining the original currency held without incurring exchange rate risk.

6.3 Future R&D plans and estimated R&D expenses

Future R&D plans:

1. Develop new functional processing yarn products.
2. Introduce the technology of external research units to develop environmentally friendly and high-performance industrial and clothing materials.
3. Achieve the goal of total material recycling in the textile industry, actively invest in the upstream, midstream and downstream manufacturing process to recover scrap and recycle used garment technology and equipment.
4. Develop energy-saving and carbon reduction materials to provide sustainable operation competitiveness of the industry.
5. Develop waste reduction-related environmental materials based on sustainable recycling applications.
6. In response to global warming, shielding the wearer from high temperatures is a key function of garments in the future. Thus, the Company plans to develop fiber applications that provide high coverage against light/heat.
7. Homogeneous material is an inevitable consideration for recycling. The Company cooperates with the Industrial Technology Research Institute to develop TPEE foam for shoes to respond to the development of various homogeneous shoe materials.

Estimated R&D expenses:

Provide a higher proportion of funding based on revenue to accelerate research and development

Research Item	Estimated investment in research and development expenses (NT\$ Thousands)
Polymer Modified Polyester Chips	35,000
Composite functional polyester fiber	8,000
Environmentally friendly recycling products	4,200

6.4 The impact of important local and foreign policy and legal changes on the Company's financial business and action

1. Taiwan’s Three Carbon Fee Sub-laws

In August 2024, Taiwan announced three sub-laws: the "Regulations on the Collection of Carbon Fees," the "Regulations on the Management of Voluntary Reduction Plans," and the "Designated Reduction Targets for Greenhouse Gases for Carbon Fee Taxpayers." The Ministry of Environment subsequently announced the "Carbon Fee Rates." According to the regulations, enterprises can apply for preferential rates by proposing voluntary reduction plans and setting designated targets, subject to approval by the competent authority. The Company will actively promote carbon reduction schemes and obtain preferential rates through voluntary reduction plans to lower carbon fee expenditures.

2. IFRS Sustainability Disclosure Standards

In 2023, the Financial Supervisory Commission (FSC) released the roadmap for Taiwan's adoption of IFRS Sustainability Disclosure Standards. It mandates that listed companies disclose relevant information in a dedicated sustainability section of their annual reports starting from 2027, based on paid-in capital, to enhance the quality and comparability of sustainability reporting. In 2024, the Taiwan Stock Exchange published the "Reference Template for IFRS Sustainability Disclosure Standards Implementation Plan" to assist companies in establishing implementation plans, requiring at least quarterly reports to the Board of Directors on execution progress. According to the standards, sustainability disclosures must cover all subsidiaries within the scope of consolidated financial statements. This relies on close cross-departmental cooperation. In early 2026, a project team was established to oversee the operation and disclosure of sustainability information, ensuring compliance with IFRS Sustainability Disclosure Standards within the prescribed timeline.

The financial business is implemented in accordance with relevant laws and regulations. Up to now, major local policies and legal changes have not had a significant impact on the financial business. In the future, relevant information will be timely caught up, and the necessary action will be developed to meet the Company's operational needs.

6.5 The impact of technological (including cyber security risks) and industrial changes on the Company's financial business and action

With the rapid development of science and technology, it is common for enterprises to be attacked by hackers. In order to ensure information security, information security equipment is also updated regularly. In addition, in terms of marketing, due to the fierce competition of traditional fiber, it has been difficult to make profit. The Company's business needs to adjust the product structure year by year according to the plan to meet the changes in the industry. In order to uplift the added value of products, increasing profitability and corporate competitiveness, products are developed toward functional fibers that fulfills customer needs, combined with downstream design factories, with diversified specifications and extensive marketing channels.

6.6 The impact of corporate image change on crisis management and action

We have always adhered to the principle of steadiness and integrity, and have cultivated the strength of the management team. There has been no major change in the good corporate image.

6.7 Expected benefits, possible risks and resolutions of M&A: None.

6.8 Expected benefits, possible risks and resolutions of expanding the plant: None.

6.9 Risks and resolutions of purchase or sales concentration

1. Explanation of Purchase Concentration: The Company has long established partnerships with upstream suppliers. We employ a multi-source supply strategy and have signed supply contracts with multiple providers; therefore, there is no risk of purchase concentration.
2. Explanation of Sales Concentration: The Company sets credit limits for customers in advance and strictly controls the collection of receivables. Simultaneously, we actively expand our customer base and sales regions to diversify the risk of sales concentration and reduce the impact of losing any single customer on the Company's operations.

6.10 Impacts, risks and resolutions for the replacement of directors, supervisors or major shareholders holding more than 10% of the shares, or massive transfer of equity:

No executive level personnel replacement of mass transfer of equity.

6.11 The impacts, risks and resolutions of the change of management rights on the Company: None

6.12 For litigation or non-litigation cases, the Company and its directors, supervisors, president, substantive persons in charge, major shareholders with more than 10% shareholding, and subordinate companies have been judged to final verdict or litigation still pending for the handling of the court, non-litigation or administrative litigation, which the outcome of may have a significant impact on shareholder equity or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the handling status as of the printing date of the annual report shall be disclosed: No litigation, non-litigation or administrative disputes.

6.13 Other important risks and resolutions: None.

7. Other Important Matters: None.

VI. Special Disclosure

1. Subsidiaries

Please refer to MOPS, 【URL <https://mops.twse.com.tw> → Single Company → E-documents download → Affiliates Information Sheets】 , enter the CompanyCode, and search for Affiliates-related information.

2. Private Placement of Securities in the Past Year and as of the Publication Date of the Annual Report: None.

3. Other Necessary Supplementary Notes: None.

4. In the Most Recent Year Up to the Date of Publication of the Annual Report, Matters That Have A Significant Impact on Shareholders' Equity or Securities Prices According to the Second paragraph of Article 36, Paragraph 3 of the Securities and Exchange Act: None.

Lealea Enterprise Co., Ltd.

Chairperson Kuo, Shao-yi

