Stock Code: 6127

LEATEC FINE CERAMICS CO., LTD.

Annual Report
2025

Printed on May 5, 2026

Enquiry URL: http: //mops.tse.com.tw

Company website: http: //www.leatec.com

1. Spokesperson and Acting Spokesperson:

Spokesperson:
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Title: CFO
Phone: (03)450-7531
Email: france.chen@leatec.com

Acting Spokesperson:
Name: SHI, MIN-XIU
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Phone: (03)450-7531
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2. Addresses and Phone Numbers of Headquarters, Branches, and Factories:

Headquarters: No. 160, Section 1, Pingdong Road, Pingzhen District, Taoyuan City, Taiwan
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3. Stock Transfer Agency:

Name: Grand Fortune Securities Co., Ltd. Shareholder Services Department
Address: 6F, No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng District, Taipei City, Taiwan
Website: www.gfortune.com.tw
Phone: (02) 2371-1658

4. Recent Year's Financial Report Certified Public Accountants:

Certified Public Accountants: XU, WEN-YA, WANG, PAN-FA
Firm Name: Deloitte & Touche
Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei City, Taiwan
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5. Overseas Securities Listing and Trading Venue Information: Not applicable.

6. Company Website: www.leatec.com

LEATEC FINE CERAMICS CO., LTD.

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I. Letter to Shareholders

1. 2025 Business Report

1. Implementation of Business Plan

In 2025, the Company recorded net operating revenue of NT$992,141 thousand, gross profit of NT$125,848 thousand, and a gross profit margin of 13%. Compared with net operating revenue of NT$1,003,504 thousand and gross profit of NT$154,808 thousand in 2024, revenue remained generally stable while gross profit decreased by NT$28,960 thousand. This decline was mainly attributable to the rapid decrease in selling prices in the resistor substrate market after the second quarter of 2025. Although the completion of preparations at the new plant in China and the gradual increase in equipment utilization significantly enhanced production capacity, the improvement was still insufficient to fully offset the impact of falling market prices. Going forward, in addition to fully utilizing production capacity, the Company will increase the proportion of high value-added products and expand substrate processing operations to create additional value. In the short term, investments in automation equipment are gradually generating benefits and are critical to expanding production scale. At the same time, equipment at bottleneck processes will continue to be upgraded to improve efficiency. Although market changes remain under close observation, revenue growth is expected. The Company will continue to enhance value creation and improve profitability, with the transformation of its product portfolio toward high value-added processed products serving as one of its key strategic priorities. As market conditions continue to show a growth trend, LEATEC is expected to maintain steady growth, and the Company's profitability is anticipated to continue improving over the coming year.

The Company has to optimize both human and material resources, leverage industrial advantages, and move toward targeted markets and high value-added products to achieve optimal profitability. Efforts will continue to expand applications for new ceramic materials, enhance quality engineering services, and promote R&D in advanced ceramic material applications. These initiatives are expected to contribute to revenue growth and improved profitability in 2026.

2. Budget Execution Status

Unit: NT$1,000

Item	2025 Actual Amount	2025 Budget	2025 Budget Accomplishment Rate
Operating Income	992,141	1,294,042	76.7%
Operating Cost	866,293	1,078,064	80.4%
Gross Profit	125,848	215,978	58.3%
Operating Expenses	328,668	171,439	191.7%
Net Operating Profit (Loss)	(202,820)	44,539	(455.4%)
Non-operating (Expense) Income	290,078	23,174	1,251.7%
Pre-tax (Loss) Profit	87,258	21,345	408.8%

3. Financial Income and Profitability Analysis

Analysis Items \ Year		Financial Analysis		
		2023	2024	2025
Financial Structure (%)	Liability to Asset Ratio	63.95	67.71	66.82
	Long-term Capital to Fixed Asset Ratio	174.00	148.54	158.29
Profitability	Return on Assets (%)	3.11	(0.73)	3.01
	Return on Equity (%)	5.29	(5.98)	4.42
	Pre-tax Profit (Loss) to Paid-in Capital Ratio (%)	8.87	(5.33)	8.07
	Net Profit Margin (%)	7.45	(6.91)	5.14
	Earnings Per Share (NTD) (Notes)	0.57	(0.64)	0.47

Note: Earnings per share are calculated based on the weighted average number of shares outstanding.

4. Research and Development Status

Ceramic materials are among the most stable and continuously developing materials used in manufacturing equipment and consumer electronic products. LEATEC is committed to ceramic materials as its core technology and focuses on the production of high-precision ceramic substrates for resistors, LED heat-dissipation substrates, and high-dielectric-constant aluminum nitride (AlN) ceramic substrates. By integrating composite material development, tape-casting technology, dry-press molding, and atmospheric sintering technologies, the Company continues to develop advanced ceramic composite materials. At the same time, LEATEC is actively expanding into the electric vehicle market within the energy industry and the rapidly growing semiconductor industry to transform its product structure and strategic development direction. The Company continues to conduct in-depth research on material specifications and characteristics to strengthen source management and establish robust standards for critical technologies, including forming processes, sintering parameters, and automation equipment. LEATEC also maintains collaboration with academic institutions to cultivate related technologies and accelerate product commercialization.

2. Summary of the 2025 Business Plan

1. Business Policies

(1) Select advantageous production locations and fully utilize resources to enhance asset efficiency.

(2) Strengthen the financial structure, secure long-term funding, and increase proprietary capital.

(3) Establish a flexible management succession system to cultivate future management talent and support corporate transformation in response to challenges.

(4) Adopt automation equipment as the foundation of manufacturing process design to conserve resources and create management benefits.

(5) Ensure that new materials and products achieve a balanced allocation of costs and benefits between the two manufacturing plants.

2. Important Production and Sales Policies

(1) Maintain stable production and improve yields for thin-film substrates and high-dielectric-constant AlN substrates, while appropriately adjusting production locations to enhance efficiency.

(2) In addition to developing new materials, extend the value of existing products through product development and innovation.

(3) Secure multiple sources of key materials and maintain stable supplier quality.

(4) Maximize the production capacity of the new plant, increase equipment utilization, and generate higher revenue.

(5) Base production processes on automation equipment to reduce labor dependency and stabilize manufacturing parameters.

(6) Develop automated production equipment to reduce direct labor requirements and improve quality consistency.

(7) Select customers strategically and shorten accounts receivable collection periods to enhance capital efficiency.

3. The estimated sales quantities for resistor substrates are 250,000 thousand pieces, and for non-resistor substrates are 80,000 thousand pieces. These estimates are based on information obtained from professional institutions and clients by our sales team.

The external business environment continues to change rapidly. Nevertheless, consumer electronics products and electric vehicle markets continue to evolve with new applications emerging at an increasing pace. While growth opportunities are evident, they are accompanied by significant operational challenges, including environmental issues, rising costs, and intense price competition. Internally, the Company will continue implementing various improvement initiatives and establishing standardized manufacturing processes to strengthen its cost competitiveness and expand its customized substrate processing capabilities. Although the Company faces potential risks from rising manufacturing costs and declining product selling prices, selecting appropriate products and transforming them into advanced processed products remain key priorities for growth. The Company will continue diversifying its substrate product portfolio, accelerating research and development efforts, expanding into new potential customer segments, and broadening and deepening its presence in the automotive market. By working closely with customers to develop products and jointly establish product specifications, the Company aims to extend the depth of substrate processing, improve production efficiency, and develop ceramic material applications within the energy industry to capture new business opportunities. Through these efforts, the Company seeks to maintain steady growth and strengthen its market leadership position, with the goal of achieving outstanding revenue and profitability performance in the current year.

Best Regards.

Chairman CHEN, QING-JIN

President CHEN, JUAN-TING

II. Corporate Governance Report

1. DIRECTOR, SUPERVISOR, PRESIDENT, VICE PRESIDENT, ASSISTANT MANAGER AND HEADS OF DEPARTMENTS AND BRANCH ORGANIZATIONS

(1) Directors and Supervisors

1. Information on Directors and Supervisors

April 26, 2026

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	CHEN, QING-JIN	M 71-80	2024.06.20	3	1991.11.26	5,211,045	4.82	5,211,045	4.82	1,304,450	1.21	0	0	Graduated from Keelung Senior High School of Commerce Chairman of YETI ELECTRONICS CO., LTD.	˙Chairman and Chief Executive Officer of LEATEC FINE CERAMICS CO., LTD. ˙Person in Charge of COSMOS HARVEST INTERNATIONAL LIMITED ˙Person in Charge of LEATEC FINE CERAMICS(SAMOA) CO., LTD. ˙Chairman and President of Leatec Fine Ceramics (Kunshan) Co., Ltd. ˙Person in Charge of Leatec Applied Materials (Kunshan) Co., Ltd.	Vice Chairman	CHEN, JUAN-TING	First degree relative	None
Vice Chairman	ROC	CHEN, JUAN-TING	M 51-60	2024.06.20	3	2005.06.09	2,314,184	2.14	2,314,184	2.14	0	0	0	0	Graduated from the Department of Materials Engineering, New Jersey University Manager of East Asia Office, Proxim International Operations, Inc.	˙Director of Leatec Fine Ceramics (Kunshan) Co., Ltd. ˙Director of Leatec Applied Materials (Kunshan) Co., Ltd. ˙President of LEATEC FINE CERAMICS CO., LTD.	Chairman	CHEN, QING-JIN	First degree relative	None
Director	ROC	HUANG, LIAN-CHENG	M 61-70	2024.06.20	3	2021.07.22	1,708,000	1.58	1,768,000	1.64	0	0	0	0	Graduated from the Department of Business Administration, Tamkang University Manager of Underwriting at Kinghua Securities (Stock) Company Specialist at CTBC Bank Co., Ltd.	˙Director of TAIWAN CAN CORPORATION ˙Supervisor of Typhone Inc.	None	None	None	None
Director	ROC	WU-WANG, CHI (Note)	M 51-60	2024.06.20	3	2024.06.20	17,000	0.02	(Note)	(Note)	0	0	0	0	Graduated from the Department of Textile Technology, Nanya Institute of Technology ˙Engineer at Far Eastern Textile Ltd.	None	None	None	None	None
Director	ROC	ALPIN INTERNATIONAL CO., LTD.	N/A	2024.06.20	3	2015.05.19	1,550,000	1.43	1,560,000	1.44	0	0	0	0	None	None	None	None	None	None
Legal Representative	ROC	LIU, JING-RONG	F 61-70	2024.06.20	3	2021.07.22	991	0.00	991	0.00	1,163	0.00	0	0	Graduated from Fengyuan Senior High School of Commerce	None	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	GUO, XIAN-ZHANG	M 61-70	2024.06.20	3	2015.05.19	0	0	0	0	0	0	0	0	Ph.D. in Management Sciences, National Chiao Tung University Chair Professor at the College of Management, Ming Chi University of Technology Chair Professor at the Department of Accounting, Shih Chien University President and Professor of Finance at Takming University of Science and Technology Professor/Head of the Department of Financial and Business Economics, National Jinan University President of Taiwan Financial Engineering Association Recipient of K.T. Li Medal from Chinese Society of Management Science Certified Management Expert by the Ministry of Economic Affairs	˙Honorary Chair Professor at Ming Chi University of Technology ˙Honorary Professor at Shih Chien University ˙Adjunct Professor in the Department of Finance at National Jinan University ˙Honorary President of Taiwan Financial Engineering Association ˙Independent Director of HUNG CHOU FIBER INDUSTRIAL CO., LTD.	None	None	None	None
Independent Director	ROC	CHEN, JIA-RONG	M 71-80	2024.06.20	3	2021.07.22	0	0	0	0	0	0	0	0	Ph.D. in Resources and Energy Economics, West Virginia University Deputy Dean of College of Engineering, National Cheng Kung University	˙Honorary Professor in the Department of Resources Engineering, National Cheng Kung University ˙Independent Director of China Ecotek Corporation	None	None	None	None
Independent Director	ROC	WANG, JIN-YAN	F 61-70	2024.06.20	3	2023.06.20	0	0	0	0	0	0	0	0	Master of Business Administration in Human Resource Management, National Central University Practicing Accountant at Deloitte & Touche	˙Practicing Accountant at Hao Yu Accounting Firm ˙Independent Director of Taipei Star Bank Co., Ltd. ˙Independent Director of Cyber Power Systems, Inc. ˙Corporate Director Representative of SENTEC E&E Co., Ltd.	None	None	None	None
Independent Director	ROC	LIN, CHING	F 51-60	2024.06.20	3	2024.06.20	0	0	0	0	0	0	0	0	Ph.D. in International Business, University of Paris 1 Panthéon-Sorbonne ˙Full-time Professor, Graduate Institute of International Business, National Taipei University Chairman of BankTaiwan Sec. Chairman of Mirae Asset Financial Group Chairman of TAIYEN BIOTECH CO., LTD.	˙Full-time Professor, Graduate Institute of International Business, National Taipei University ˙Independent Director of SANITAR CO., LTD.	None	None	None	None

Note: Director WU-WANG, CHI was automatically discharged from his position as a director on November 5, 2025, in accordance with applicable regulations, due to the transfer during his term of office of more than one-half of the Company shares he held at the time of election.

2. Major shareholders of coporate shareholder

April 26, 2026

Name of coporate shareholder	Major shareholders of the coporate shareholder
ALPIN INTERNATIONAL CO., LTD.	CHEN, SHU-MEI(38%), LAN, SHU-FENG(20%), CHEN, WEI-ZHEN(20%), CHEN, ZHI-MIN(10%), XIE, WEN-LING(10%), LIU, JING-RONG(1%), ZHENG, QIU-PING(1%)

3. Disclosure of Professional Qualifications and Independence of the 12th Term Directors and Independent Directors:

Criteria / Name	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman CHEN, QING-JIN	Must have at least five years of work experience in business, finance, or company operations. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	1. Not a director, supervisor, or employee of a corporate shareholder holding 5% or more of the Company's outstanding shares, ranking among the top five shareholders, or appointing representatives to serve as the Company's directors or supervisors in accordance with Article 27, Paragraphs 1 or 2 of the Company Act. 2.Not a director, supervisor, or employee of another company who controls more than half of the Company's director seats or voting rights. 3. Not a director, supervisor, manager, or shareholder holding 5% or more of a company or institution having a financial or business relationship with the Company. 4. Not a professional (or spouse thereof) providing commercial, legal, financial, accounting, or other related services to the Company or its affiliates, whose cumulative annual remuneration in the past two years exceeded NT$500,000, nor the owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, firm, or company providing such services. 5. Not appointed as a director by a government agency, legal entity, or its representative as per Article 27 of the Company Act.	0
Vice Chairman CHEN, JUAN-TING	Must have at least five years of work experience related to company operations. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	1. Not a director, supervisor, or employee of a corporate shareholder holding 5% or more of the Company's outstanding shares, ranking among the top five shareholders, or appointing representatives to serve as the Company's directors or supervisors in accordance with Article 27, Paragraphs 1 or 2 of the Company Act. 2.Not a director, supervisor, or employee of another company who controls more than half of the Company's director seats or voting rights. 3 Not a director, supervisor, manager, or shareholder holding 5% or more of a company or institution having a financial or business relationship with the Company. 4. Not a professional (or spouse thereof) providing commercial, legal, financial, accounting, or other related services to the Company or its affiliates, whose cumulative annual remuneration in the past two years exceeded NT$500,000, nor the owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, firm, or company providing such services. 5. Not appointed as a director by a government agency, legal entity, or its representative as per Article 27 of the Company Act.	0

Criteria / Name	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director HUANG, LIAN-CHENG	Possesses more than five years of experience in business, finance, or corporate operations; does not fall under any of the circumstances specified in Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Neither the individual nor his/her spouse, minor children, or nominees hold 1% or more of the Company's outstanding shares or rank among the Company's top 10 shareholders. 4. Not the spouse or a relative within the second degree of kinship, or a direct blood relative within the third degree, of any person listed in items 1 to 3 above. 5. Not a director, supervisor, or employee of a corporate shareholder holding 5% or more of the Company's outstanding shares, ranking among the top five shareholders, or appointing representatives to serve as the Company's directors or supervisors in accordance with Article 27, Paragraphs 1 or 2 of the Company Act. 6. Not a director, supervisor, or employee of another company who controls more than half of the Company's director seats or voting rights. 7. Not a director, supervisor, or employee of another company or institution whose chairman or President (or equivalent position) is the same person or the spouse of the chairman or President of the Company. 8. Not a director, supervisor, manager, or shareholder holding 5% or more of a company or institution having a financial or business relationship with the Company. 9. Not a professional (or spouse thereof) providing commercial, legal, financial, accounting, or other related services to the Company or its affiliates, whose cumulative annual remuneration in the past two years exceeded NT$500,000, nor the owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, firm, or company providing such services. 10. Not related to any other director by marriage or within the second degree of kinship. 11. Not appointed as a director by a government agency, legal entity, or its representative as per Article 27 of the Company Act.	0

Criteria / Name	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director LIU, JING-RONG	Must have at least five years of work experience in finance or company operations. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	1. Not an employee of the Company or its affiliated companies. 2. Not a director or supervisor of the Company or its affiliated companies. 3. Not the individual, spouse, minor children, or natural person shareholder holding 1% or more of the total issued shares of the Company or one of the top ten shareholders using another person's name. 4. Not the spouse, relative up to the second degree, or direct blood relative up to the third degree of the individuals listed in 1. or 2. 5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. 6.Not a director, supervisor, or employee of another company who controls more than half of the Company's director seats or voting rights. 7. Not a director, supervisor, or employee of another company or institution whose chairman or President (or equivalent position) is the same person or the spouse of the chairman or President of the Company. 8. Not a director, supervisor, manager, or shareholder holding 5% or more of a company or institution having a financial or business relationship with the Company. 9. Not a professional (or spouse thereof) providing commercial, legal, financial, accounting, or other related services to the Company or its affiliates, whose cumulative annual remuneration in the past two years exceeded NT$500,000, nor the owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, firm, or company providing such services. 10.Not a spouse or a relative within the second degree of kinship or a direct blood relative within the third degree of the other directors.	0
Independent Director GUO, XIAN-ZHANG	Holds a Ph.D. in Management Sciences from National Chiao Tung University. He previously served as the President and Professor in the Department of Finance of Takming University of Science and Technology. Was also a Professor and Department Head in the Department of Finance at National Jinan University, Chair Professor at the College of Management at Ming Chi University of Technology, and Chair Professor at the Department of Accounting at Shih Chien University. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	All independent directors meet the following conditions: 1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 3) issued by the Financial Supervisory Commission. 2. Neither the individual (or using another person's name), spouse, nor minor children hold any shares of the Company. 3. Have not received any compensation from the Company or its affiliated companies for business, legal, financial, accounting, or related services in the past two years.	1

Criteria / Name	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director CHEN, JIA-RONG	Ph.D. in Resource and Energy Economics from West Virginia University, previously served as Associate Dean of the College of Engineering at National Cheng Kung University, which is related to the company's business needs. Currently an Honorary Professor in the Department of Resources Engineering at National Cheng Kung University; There is no occurrence of any circumstances provided in Article 30 of the Company Act.		1
Independent Director WANG, JIN-YAN	Master of Business Administration in Human Resource Management from National Central University, previously served as a Practicing Accountant at Deloitte & Touche; There is no occurrence of any circumstances provided in Article 30 of the Company Act.		2
Independent Director LIN, CHING	Ph.D. in International Business from the University of Paris 1 Panthéon-Sorbonne; full-time professor at the Graduate Institute of International Business, National Taipei University; does not fall under any of the circumstances specified in Article 30 of the Company Act.		1

Note 1: The provisions of Article 30 of the Company Act are as follows:

1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
2. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2:1. Not appointed as a director by a government agency, legal entity, or its representative as per Article 27 of the Company Act.

2. Holds no more than three positions as an independent director in other publicly traded companies.

3. During the two years prior to selection and the term of office, none of the following apply:

(1) Employee of the Company or its affiliated companies.

(2) Director or supervisor of the Company or its affiliated companies.

(3) The individual, spouse, minor children, or any other person holding 1% or more of the total issued shares or ranking among the top ten natural person shareholders of the Company.

(4) Spouse, relatives up to the second degree of kinship, or direct lineal relatives up to the third degree of kinship of the individuals listed in (1) or (2).

(5) Director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director of the Company under Article 27 of the Company Law.

(6) Directors or supervisors of other companies who control more than half of the voting shares of the Company's board of directors.

(7) Directors (trustees), supervisors (directors), or employees of other companies or organizations who are the same person as, or the spouse of, the Chairman, President, or equivalent position of the Company.

(8) Directors (trustees), supervisors (directors), managers, or shareholders holding 5% or more of the shares of specific companies or organizations with financial or business transactions with the Company.

(9) Professionals, sole proprietors, partners, owners, partners, directors (trustees), supervisors (directors), managers, or their spouses who provide business, legal, financial, accounting, or related services to the Company or its affiliated companies, with a cumulative remuneration not exceeding NT$500,000 in the past two years. However, this does not apply to members of the Company's compensation committee.

4. Diversity and Independence of Board of Directors

(1) Diversity of Directors:

In line with the Company's diversity policy and to enhance corporate governance and ensure a sound structure and composition of the Board, the 12th Board of Directors was elected at the 2024 Shareholders' Meeting. Director candidates were nominated in accordance with the Company's Articles of Incorporation through a candidate nomination system. Each candidate was evaluated based on academic background, professional experience, integrity, and qualification review. The nominated candidates were approved by the Board of Directors and then submitted to the Shareholders' Meeting for election.

In order to achieve the ideal goal of corporate governance, Article 20 of the "Practical Guidelines for Corporate Governance" stipulates that the board of directors as a whole should possess eight capabilities, including operational judgment, accounting and financial analysis, management, crisis handling, industry knowledge, international market perspective, leadership, and decision-making. The diversity policy of the 12th Board of Directors has been implemented as follows:

Dicersity Item / Name	Nationality	Gender	Employee status	Age				Years of service as an independent director			Operational judgment capability	Accounting and financial analysis capability	Management capability	Crisis handling capability	Industry knowledge	International market perspective	Leadership capability	Decision-making capability
				41-50	51-60	61-70	Over 71	Less than 3 years	3-9 years	9 years or more								
CHEN, QING-JIN	ROC	M	✓				✓				✓	✓	✓	✓	✓	✓	✓	✓
CHEN, JUAN-TING		M	✓		✓						✓	✓	✓	✓	✓	✓	✓	✓
HUANG, LIAN-CHENG		M				✓					✓	✓	✓	✓	✓	✓	✓	✓
LIU, JING-RONG		F				✓					✓	✓				✓		
GUO, XIAN-ZHANG		M				✓			✓		✓	✓	✓	✓	✓	✓	✓	✓
CHEN, JIA-RONG		M					✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
WANG, JIN-YAN		F				✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
LIN, CHING		M			✓				✓		✓	✓	✓	✓	✓	✓	✓	✓

The current board of directors of the Company consists of nine directors. The management goals and achievements of the board of directors' diversity policy are as follows:

Management Goals:	Achievements:
Independent directors occupy more than one-third of the board seats.	50%, Achieved
The number of directors who also serve as company executives should not exceed one-third of the board seats.	One female director, representing 11% of the board, Achieved
The tenure of independent directors should not exceed three terms.	There are 4 independent directors, and 3 of them have not served more than three terms; one member has served more than three terms but has been retained due to the professional expertise in finance, familiarity with relevant regulations, and valuable experience in corporate governance, which continue to benefit the Company significantly.
At least one female director should be included.	Our current Board of Directors consists of 9 members, with women comprising 22% (2/9), falling short of the recommended one-third threshold. • Reason for not reaching one-third: The company has always valued the professional competence of its directors and has not mandated gender quotas, thus the progress in promoting gender diversity has been relatively slow. • Plans and measures to improve gender diversity on the Board: In future shareholder elections, we will prioritize female candidates during the director nomination process and have already sought to recruit female professionals with industry experience.
Sufficient diversity in professional knowledge and skills.	Achieved

(2) Independence of Directors:

The current board of directors of the Company consists of 8 directors, including 4 independent directors, accounting for 50% of the board. All 4 directors comply with the regulations of the Financial Supervisory Commission's Securities and Futures Bureau regarding independent directors. There are no circumstances among the directors, including the independent directors, that violate Article 26-3 and Article 26-4 of the Securities and Exchange Act. The Chairman, CHEN, QING-JIN, and the Vice Chairman are first-degree relatives, while the other 6 directors (including four independent directors) have no spousal or second-degree or closer blood relationship.

(2) President, Vice President, Associate Managers, Heads of Departments and Branches

April 26, 2026

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	ROC	CHEN, JUAN-TING	M	2024.12.26	2,314,184	2.14	0	0	0	0	Graduated from the Department of Materials Engineering, New Jersey University Manager of East Asia Office, Proxim International Operations, Inc. Business Director of Greater China and Asia Pacific Region, Industrial Safety Division, Honeywell International, Inc.	Director of Leatec Fine Ceramics (Kunshan) Co., Ltd. Director of Leatec Applied Materials (Kunshan) Co., Ltd.	None	None	None	None
Chief Financial Officer and Spokesperson	ROC	CHEN, YONG-CANG	M	2021.12.20	9,000	0.01	0	0	0	0	Graduated from the Department of Business Administration, Chung Yuan Christian University	Special Assistant at Leatec Fine Ceramics (Kunshan) Co., Ltd. Principal at KUNSHAN LEATEC SOLAR PV CO.,LTD Director of Leatec Fine Ceramics (Kunshan) Co., Ltd. Director of Leatec Applied Materials (Kunshan) Co., Ltd. Corporate Director at Jiangsu Yongsheng New Energy Technology Co., Ltd.	None	None	None	None
Director of Production and Administration Divisions	ROC	CHAN, HAO-CHUN	M	2025.04.25	0	0	0	0	0	0	Department of Civil Engineering, Tamkang University Deputy Manager, Pacific Construction Co., Ltd. Special Assistant to the Director, Ben Fon Construction Co., Ltd.	None	None	None	None	None
Deputy Director of Management Division	ROC	ZHANG, SU-ZHU	F	2025.01.01	0	0	0	0	0	0	Graduate of the Department of Industrial Engineering, Vanung University Deputy Manager of Materials, UNICAP ELECTRONICS Procurement Section Manager, NOVA MARINE CO., LTD.	None	None	None	None	None
Deputy Director of the Enterprise Center	ROC	ZHU, ZHI-HONG	M	2021.12.20	0	0	0	0	0	0	Corporate Director at ECOCERA OPTRONICS CO.,LTD.	None	None	None	None	None
Deputy Plant Manager of the Production Department	ROC	YEH, ZUO-QIN	M	2025.01.01	0	0	0	0	0	0	Graduated from the Department of Industrial Engineering and Management, Ching Yun University Group Leader at Chilisin Electronics Corp. Manufacturing Engineer at Yeh-Chiang Technology Corp.	None	None	None	None	None

(3) Where the Chairman and President or Equivalent Position (Highest Executive Officer) Are the Same Person, Spouses, or Relatives Within the First Degree of Kinship, the Reasons, Rationality, Necessity, and Corresponding Measures Shall Be Explained

In recent years, ceramic materials technology has advanced rapidly, while market demand has undergone significant changes and customer requirements have become increasingly diverse. As the Company is currently undergoing product transformation and relocating to a new manufacturing facility, it requires an experienced leader with extensive involvement in corporate decision-making to ensure continuity of policies and effective allocation of resources. In addition, the production of advanced ceramic materials, product planning, and the establishment of manufacturing sites all require continuity in planning and execution. To ensure consistency between the Company's operational responsibilities and strategic objectives and to maintain strong execution capabilities, the Vice Chairman has concurrently assumed the position of President following a prudent evaluation, thereby facilitating the prompt implementation of the Company's strategic initiatives and the effective execution of resolutions adopted by the Board of Directors.

Since the establishment of LEATEC, the current President has been a key member of the Company's management and director team. He possesses a thorough understanding of the Company's limited resources, including human resources and market conditions, and continues to maintain such expertise. His deep knowledge of the Company's future development and industry characteristics makes him the most suitable executive for the position. As LEATEC is a manufacturing enterprise specializing in the application of advanced material science, its professional management must possess both specialized materials expertise and strong market insight, as well as the determination to consistently implement the Company's strategic direction. Given that LEATEC is currently undergoing industrial transformation, it is necessary for the President, who has long participated in the Board's management team, to continue serving in this role.

LEATEC's Board of Directors, including its independent directors, consists of professionals from both industry and academia. More than half of the directors do not concurrently serve as employees or managers of the Company. To ensure effective supervision of strategy execution and sound corporate governance, LEATEC has four independent directors with professional backgrounds participating in the Company's governance. The management team and President will continue striving to optimize the Company's operations and enhance corporate performance.

2. Remuneration of Directors, Supervisors, President and Vice Presidents

(1) Compensation of Directors and Independent Directors

2025.12.31 Unit: NT$1,000

Title	Name	Compensation to Directors								Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Relevant Compensation Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation from ventures other than subsidiaries or from the parent company
		Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Professional Practice (D)				Salary, Bonus, and Special Allowance (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash	Stock	Cash	Stock			
Chairman	CHEN, QING-JIN (Note 1)	240	240	0	0	0	0	30	30	270 0.53	270 0.53	1,958	6,434	27	27	0	0	0	0	2,255 4.42	6,731 13.20	None
Vice Chairman	CHEN, JUAN-TING	240	240	0	0	0	0	20	20	260 0.51	260 0.51	3,340	6,211	0	0	0	0	0	0	3,600 7.06	6,471 12.69	None
Director	ALPIN INTERNATIONAL CO., LTD. Rep.: LIU, JING-RONG	240	240	0	0	0	0	30	30	270 0.53	270 0.53	0	0	0	0	0	0	0	0	270 0.53	270 0.53	None
Director	HUANG, LIAN-CHENG	240	240	0	0	0	0	25	25	265 0.52	265 0.52	0	0	0	0	0	0	0	0	265 0.52	265 0.52	None
Director	WU-WANG, CHI (Note 2)	200	200	0	0	0	0	20	20	220 0.43	220 0.43	2,361	2,622	0	0	0	0	0	0	2,581 5.06	2,842 5.57	None
Independent Director	GUO, XIAN-ZHANG	600	600	0	0	0	0	70	70	670 1.31	670 1.31	0	0	0	0	0	0	0	0	670 1.31	670 1.31	None
Independent Director	CHEN, JIA-RONG	600	600	0	0	0	0	70	70	670 1.31	670 1.31	0	0	0	0	0	0	0	0	670 1.31	670 1.31	None
Independent Director	WANG, JIN-YAN	600	600	0	0	0	0	70	70	670 1.31	670 1.31	0	0	0	0	0	0	0	0	670 1.31	670 1.31	None
Independent Director	LIN, CHING	600	600	0	0	0	0	70	70	670 1.31	670 1.31	0	0	0	0	0	0	0	0	670 1.31	670 1.31	None

Note 1: Additional compensation of NT$619 thousand was paid for the Chairman's driver.

Note 2: WU-WANG, CHI was discharged from his position as a director on November 5, 2025.

(2) Compensation of Supervisors: The Audit Committee is established as a substitute for supervisors, so it is not applicable.

(3) Compensation to Presidents and Vice Presidents and Top Five Executives

December 31, 2025; Unit: NT$1,000

Title	Name	Salary (A) (Note 1)		Severance Pay (B) (Note 2)		Bonus and Special Allowance (C)		Employee Compensation (D) (Note)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from ventures other than subsidiaries
								The Company		All companies in the financial statements				
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the financial statements	
Chairman and Chief Executive Officer	CHEN, QING-JIN	1,391	5,239	27	27	567	1,195	0	0	0	0	1,985 3.89	6,461 12.67	None
Vice Chairman and President	CHEN, JUAN-TING	2,781	5,174	0	0	559	1,037	0	0	0	0	3,340 6.55	6,211 12.18	None
Senior Director	WU-WANG, CHI	2,123	2,231	0	0	239	391	0	0	0	0	2,362 4.63	2,622 5.14	None
Chief Financial Officer	CHEN, YONG-CANG	1,341	2,273	0	0	226	487	0	0	0	0	1,567 3.07	2,760 5.41	None
Director	ZHAO, ZHENG-HUI	1,208	2,040	0	0	200	374	0	0	0	0	1,408 2.76	2,414 4.73	None

Note 1: Additionally, the Chairman's driver is provided with a compensation of NT$619,000.

(4) Name of the manager who distributes the employee's compensation and the distribution status: 2025.12.31 Unit: NT$1,000

Item	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officers	Chairman and Chief Executive Officer	CHEN, QING-JIN	0	0	0	0.00
	Vice Chairman and President	CHEN, JUAN-TING				
	Chief Financial Officer	CHEN, YONG-CANG				
	Senior Director	WU-WANG, CHI				

(5) Names, Positions, and Total Allocations of the Top 10 Recipients of Employee Compensation in the Last Two Years:

1.As the Company incurred a net loss after tax of NT$69,302 thousand in 2024, no employee compensation was proposed for distribution. This proposal was approved by the Board of Directors in 2025 and reported to the shareholders' meeting.

2.The Company recorded net profit after tax of NT$51,002 thousand in 2025. After offsetting accumulated losses, distributable earnings amounted to NT$1,945 thousand. Employee compensation of NT$200 thousand is proposed for distribution. The proposal was approved by the Board of Directors in 2025 and reported to the shareholders' meeting. Details of the employee compensation distribution will be disclosed in the following year's annual report.

(6) Comparatively explain the analysis of the proportion of the total remuneration paid to the company's directors, supervisors, presidents and vice presidents by the company and all companies in the financial report in the recent two fiscal years after tax net profit, and explain the policy, standards, and combination of paying remuneration, the procedure for determining remuneration, and its correlation with operating performance and future risks:

1. The analysis of the proportion of the total remuneration paid to the company's directors, supervisors, presidents and vice presidents in the most recent two fiscal years after tax net profit is as follows:

Unit: NT$1,000

Item	Proportion of total remuneration paid in 2025 to net profit after tax		Proportion of total remuneration paid in 2024 to net profit after tax	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Net profit (loss) after tax	51,002	51,002	(69,302)	(69,302)
Total Director compensation	3,965	3,965	4,095	4,095
Total Director compensation as a percentage of net profit after tax	7.77%	7.77%	(5.91)%	(5.91)%
Total compensation for President and Vice Presidents	2,781	5,714	4,111	11,708
Total compensation for President and Vice Presidents as a percentage of net profit after tax	5.45%	11.20%	(5.93)%	(16.89)%

2. Policies, standards, and composition of remuneration, establishment of remuneration procedures, and their correlation with operational performance and future risks:

(A) Directors: Directors are primarily compensated through directors' remuneration. Pursuant to the Company's Articles of Incorporation, if the Company records a profit for the year, the Board of Directors may resolve to allocate no more than 5% of pre-

tax profit as remuneration for directors and supervisors, and the distribution proposal shall be reported to the shareholders' meeting. Although the Company recorded a net profit after tax in 2025, distributable earnings amounted to only NT$1,945 thousand after offsetting accumulated losses. Accordingly, no directors' remuneration is proposed for distribution.

(B) The Company’s Director compensation policy is based on the Company’s "Director Performance Evaluation Measures," considering overall contributions to the Company’s operational results, participation levels, and performance evaluation outcomes (e.g., involvement in operations, internal control, etc.). The reasonableness of related compensation is reviewed by the Compensation Committee and the Board of Directors.

(C) The compensation structure for the Company’s managers mainly includes base salary, duty allowances, bonuses, allowances, and compensation. This is determined based on the positions held within LEATEC Fine Ceramics Co., Ltd. and the group, the responsibilities undertaken, the Company’s annual operational results, the degree of participation in operational performance, and the achievement of performance goals, while also referring to industry standards. Adjustments in managers’ salaries, year-end bonuses, and employee compensation distribution are planned according to the Company’s articles of incorporation, operational performance, and individual performance. Performance content includes the achievement of company operational goals and individual annual goals, with targets set in three main areas: A. Enhancing ceramic core competitiveness: Including business, product, technical, and management aspects. B. Steady growth in operational performance: Including continuous growth in revenue, net profit, cost management, and gross profit margin. C. Sustainable corporate development: Including corporate governance, corporate culture, talent cultivation, and core technology. Based on the performance results achieved by each manager, relevant compensation is executed after being reviewed by the Compensation Committee and the Board of Directors, maintaining a high correlation with the Company’s operational performance.

3. Corporate Governance Operations

(1) Board of Directors Operations

The 12th Board of Directors was elected at the shareholders' meeting on June 20, 2024, and will serve a three-year term until June 19, 2027. In 2025, the 12th Board of Directors held 6 meetings (A). Director attendance is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	CHEN, QING-JIN	6	0	100%	None
Director	CHEN, JUAN-TING	4	0	67%	None
Director	HUANG, LIAN-CHENG	5	0	83%	None
Director (Note)	WU-WANG, CHI	4	0	100%	None
Director	ALPIN INTERNATIONAL CO., LTD. Rep: LIU, JING-RONG	6	0	100%	None
Independent Director	GUO, XIAN-ZHANG	6	0	100%	None
Independent Director	CHEN, JIA-RONG	6	0	100%	None
Independent Director	WANG, JIN-YAN	6	0	100%	None
Independent Director	LIN, CHING	6	0	100%	None

Note: Director WU-WANG, CHI was automatically discharged from his position as a director on November 5, 2025, in accordance with applicable regulations, due to the transfer during his term of office of more than one-half of the Company shares he held at the time of election.

Other matters to be recorded:

1. If the following circumstances occur during the operation of the board of directors, the date of the board of directors, the session, the agenda, the opinions of all independent directors, and the company's handling of the opinions of independent directors should be stated: (Refer to pages 44–46 for major resolutions of the Board of Directors.)
   (a)Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and the provisions of Article 14-3 of the Securities and Exchange Act do not apply. Please refer to the operation of the Audit Committee (Page 50-52) for an explanation of the matters listed in Article 14-5 of the Securities and Exchange Act.
   (b)Other resolutions of the board of directors opposed or reserved by independent directors with recorded or written statements: None.
2. The implementation of directors' recusal from interested party transactions should state the name of the director, the content of the resolution, the reasons for recusal, and the participation in voting:

No agenda items discussed at the six Board meetings held in 2025 required any director to abstain from participation due to a conflict of interest.

3. Listed and OTC companies are required to disclose information about the self-evaluation of the board of directors (or peer evaluation), including the evaluation period, scope, methods, and contents. Please refer to section (3) for the implementation of the board of directors' evaluation.
4. Evaluation of the goals and implementation of strengthening the functions of the board of directors in the current year and the most recent years:
   (a)The Company has established the "Rules of Board Meetings" to adhere to, and the attendance status of the board of directors and their continuing education are inputted into the Market Observation Post System (MOPS).
   (b)In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee to replace the supervisor. The Audit Committee consists of all independent directors and meets at least once every quarter. The committee is responsible for reviewing the appropriate expression of the company's financial statements, the appointment and independence of the auditing accountants, the effective implementation of internal controls, compliance with relevant laws and regulations, and the management of existing or potential risks.
   (c)The 6th Compensation Committee of the Company was appointed by the Board of Directors on August 9, 2024. All members are independent directors. The Committee convenes at least twice per year and is responsible for regularly reviewing and proposing amendments to its charter, as well as formulating and periodically reviewing the Company's policies, standards, and structures for performance evaluation and compensation of directors and managerial officers.

(3) Implementation of the Board of Directors' evaluation:

Evaluation Frequency	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation
Once a year	2025/01/01~ 2025/12/31	Evaluation of the board of directors' performance	Internal self-evaluation of the board of directors	A. Participation in company operations. B. Enhancing the quality of board decision-making. C. Composition and structure of the board of directors. D. Selection and continuous education of directors. E. Internal controls.
Once a year	2025/01/01~ 2025/12/31	Evaluation of individual directors' performance	Self-evaluation of individual directors	A. Understanding of company goals and tasks. B. Awareness of director responsibilities. C. Participation in company operations. D. Management of internal relationships and communication. E. Professionalism and continuous education of directors. F. Internal controls.
Once a year	2025/01/01~ 2025/12/31	Evaluation of the Audit Committee	Self-evaluation of functional committees	A. Participation in company operations. B. Awareness of functional committee responsibilities. C. Enhancing the quality of functional committee decision-making.D. Composition and member selection of functional committees. E. Internal controls.
Once a year	2025/01/01~ 2025/12/31	Evaluation of Compensation Committee	Self-evaluation of functional committees	A. Participation in company operations. B. Awareness of functional committee responsibilities. C. Enhancing the quality of functional committee decision-making. D. Composition and member selection of functional committees. E. Internal controls.

1. The evaluation results of this assessment are divided into five levels: "Strongly Agree" (5 points), "Agree" (4 points), "Neutral" (3 points), "Disagree" (2 points), and "Strongly Disagree" (1 point).
2. In 2025, the Company received the following four performance evaluation scores: 4.69, 4.82, 4.99, and 4.93. All scores fall between 4 ("Agree") and 5 ("Strongly Agree"), indicating that the operations of the Board of Directors and its functional committees are considered to be "good."

(2) Involvement of the Audit Committee in Board Operations:

The 2nd Audit Committee was appointed on June 20, 2024, with a three-year term, aligning with the 12th Board of Directors, ending on June 19, 2027.

(1) The 12th Board of Directors convened 6 meetings in 2025. The attendance of Audit Committee members (independent directors) is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)	Remarks
Audit Committee Member	WANG, JIN-YAN	6	0	100%	Chairman
Audit Committee Member	GUO, XIAN-ZHANG	6	0	100%	None
Audit Committee Member	CHEN, JIA-RONG	6	0	100%	None
Audit Committee Member	LIN, CHING	6	0	100%	None

Composition and Responsibilities of the Audit Committee:

(1) Composition of the Audit Committee:

The Audit Committee of the Company consists of all independent directors, with four members. The Chairman of the 2nd term is independent director WANG, JIN-YAN.

(2) Responsibilities of the Audit Committee:

The Audit Committee aims to assist the Board of Directors in overseeing the appropriate presentation of financial statements, the selection and independence of auditing accountants, the effective implementation of internal controls, the company's compliance with relevant laws and regulations, and the management of existing or potential risks. The matters under deliberation include the following:

1. Formulating or amending internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessing the effectiveness of internal control systems.
3. Establishing procedures for significant financial transactions, including the acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, endorsing or providing guarantees for others.
4. Matters related to conflicts of interest of directors.
5. Significant asset or derivative transactions.
6. Significant lending of funds, endorsement, or provision of guarantees.
7. Fundraising, issuance, or private placement of equity securities.
8. Appointment, dismissal, or remuneration of auditing accountants.
9. Appointment or dismissal of financial, accounting, or internal audit supervisors.
10. Annual financial reports signed or sealed by the Chairman, management personnel, and accounting supervisor, as well as the second-quarter financial report subject to auditing certification by an accountant.
11. Other significant matters prescribed by the company or competent authorities.

Other items to be recorded:

1. If the operation of the Audit Committee falls into one of the following situations, the date, session, agenda, opposing opinions, reserved opinions, or significant recommendations of the Audit Committee, the decision of the Audit Committee, and the company's handling of the opinions of the Audit Committee shall be specified.
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act: Please refer to Note 1.
   (2) Other decisions not approved by the Audit Committee but approved by more than two-thirds of the directors: No such case.

2. Execution of Independent Directors' Recusal in Conflict of Interest Matters: None.
3. Communication between Independent Directors and Internal Audit Supervisor and Accountant (including significant matters, methods, and results of communication regarding the company's finance and business conditions).
   1. The internal audit supervisor submits audit reports and follow-up reports to the independent directors on a monthly basis. Upon request, the independent directors may ask for additional explanations, information, or hold meetings with the internal audit supervisor.
   2. The internal audit supervisor attends the Audit Committee and Board of Directors meetings to report on internal audit activities.
   3. The accountant attends the Audit Committee and attended all 6 meetings of the 2nd session in 2025, communicates with the independent directors regarding the audit status, provides explanations on the recent impact of legal revisions on the company, and adequately answers questions raised by the independent directors.
   4. Communication between independent directors, internal audit supervisor, and accountant in the year 2025 (Note 2).
   5. As of now, there is good communication between the independent directors, internal audit supervisor, and accountant of the company.

Note 1:

Audit Committee Meeting Date	Agenda Content	Audit Committee Resolution Results	Company's Response to the Audit Committee's Opinion
2025.03.13 2025 1st Meeting 2nd Term, Meeting #4	1. Approval of the Company's 2024 financial statements and business report. 2. Report on the results of the self-assessment of the Company's internal control system for 2024. 3. Annual assessment and report on the independence of the Company's attesting CPAs.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.
2025.03.27 2025 2nd Meeting 2nd Term, Meeting #5	1. Proposal for the Company's 2024 earnings distribution/loss compensation statement. 2. Proposal for endorsement and guarantee provided by the Company to its subsidiary. 3. Proposal regarding a loan of funds from the Company's investee, Leatec Fine Ceramics (Kunshan) Co., Ltd., to Leatec Applied Materials (Kunshan) Co., Ltd.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.
2025.05.12 2025 3rd Meeting 2nd Term, Meeting #6	1. Proposal regarding loan agreements between the Company and its banking institutions to meet financial scheduling requirements. 2. Proposal regarding audit fees payable to the Company's attesting CPAs.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.
2025.08.11 2025 4th Meeting 2nd Term, Meeting #7	1. Proposal regarding loan agreements between the Company and its banking institutions to meet financial scheduling requirements. 2. Proposal regarding a loan of funds from subsidiary LEATEC FINE CERAMICS	After the Chairman consulted all the members of the Board, the proposal was approved without objection	After the Chairman consulted all the directors, the resolution was passed without objection.

Audit Committee Meeting Date	Agenda Content	Audit Committee Resolution Results	Company's Response to the Audit Committee's Opinion
	(SAMOA) CO., LTD. to the Company.	and sent to the Board of Directors for resolution.	
2025.11.11 2025 5th Meeting 2nd Term, Meeting #8	1. Proposal regarding loan agreements between the Company and its banking institutions to meet financial scheduling requirements. 2. Proposal regarding a loan of funds from subsidiary COSMOS HARVEST INTERNATIONAL LIMITED to LEATEC FINE CERAMICS (SAMOA) CO., LTD. 3. Proposal regarding endorsement and guarantee provided by the Company to its subsidiary. 4. Proposal for the issuance of the Company's First Secured Ordinary Corporate Bonds of 2025.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.
2025.12.29 2025 6th Meeting 2nd Term, Meeting #9	1. Proposal regarding loan agreements between the Company and its banking institutions to meet financial scheduling requirements. 2. Report on the Company's internal audit plan for 2026. 3. Report on the addition of the "Salary Adjustment Procedures for Non-Executive Employees" to the Company's Internal Control System and Internal Audit System. 4. Proposal for the Company to provide financing endorsement and guarantee for subsidiary Leatec Fine Ceramics (Kunshan) Co., Ltd. 5. Proposal regarding the absorption merger of Leatec Applied Materials (Kunshan) Co., Ltd. by the Company's investee Leatec Fine Ceramics (Kunshan) Co., Ltd. 6. Proposal regarding the Company's 2026 Operating Plan.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.

Note 2

Meeting Date	Communication Situation	
2025.03.13	Attendees	Independent Directors: WANG, JIN-YAN, GUO, XIAN-ZHANG, CHEN, JIA-RONG, LIN, CHING In Attendance: CPA XU, WEN-YA and CPA WANG, PAN-FA of Deloitte & Touche CHEN, YONG-CANG, Chief Financial Officer of LEATEC, and WENG, HSUEH-PAN, Head of Internal Audit
	Summary of key points	1. Report on internal audit activities for the fourth quarter of 2024 and responses to related inquiries. 2. Auditors' declaration of independence.

Meeting Date	Communication Situation	
		3. Audit scope and methodology. 4. Audit conclusions regarding the significant risk of revenue recognition. 5. Key audit matters. 6. Audit procedures relating to management override of controls. 7. Significant audit adjustments and recommendations (GITC testing). 8. Other important matters, including asset impairment and land expropriation of the Kunshan plant.
	Communication results	No comments from the attending independent directors.
2025.05.12	Attendees	Independent Directors: WANG, JIN-YAN, GUO, XIAN-ZHANG, CHEN, JIA-RONG, LIN, CHING In Attendance: CPA XU, WEN-YA and CPA WANG, PAN-FA of Deloitte & Touche CHEN, YONG-CANG, Chief Financial Officer of LEATEC, and WENG, HSUEH-PAN, Head of Internal Audit
	Summary of key points	1. Report on internal audit activities for the first quarter of 2025 and responses to related inquiries. 2. Review results of the consolidated financial statements for the first quarter of 2025. 3. Significant audit adjustments. 4. Auditors' declaration of independence. 5. Introduction to regulatory updates.
	Communication results	No comments from the attending independent directors.
2025.08.11	Attendees	Independent Directors: WANG, JIN-YAN, GUO, XIAN-ZHANG, CHEN, JIA-RONG, LIN, CHING In Attendance: CPA XU, WEN-YA and CPA WANG, PAN-FA of Deloitte & Touche CHEN, YONG-CANG, Chief Financial Officer of LEATEC, and WENG, HSUEH-PAN, Head of Internal Audit
	Summary of key points	1. Report on internal audit activities for the second quarter of 2025 and responses to related inquiries. 2. Review results of the consolidated financial statements for the second quarter of 2025. 3. Significant audit adjustments. 4. Auditors' declaration of independence. 5. Discussion of accounting for ECOCERA Optronics Co., Ltd. under the equity method versus fair value measurement. 6. Introduction to regulatory updates.
	Communication results	No comments from the attending independent directors.
2025.11.11	Attendees	Independent Directors: WANG, JIN-YAN, GUO, XIAN-ZHANG, CHEN, JIA-RONG, LIN, CHING In Attendance:

Meeting Date	Communication Situation	
		CPA XU, WEN-YA of Deloitte & Touche CHEN, YONG-CANG, Chief Financial Officer of LEATEC, and WENG, HSUEH-PAN, Head of Internal Audit
	Summary of key points	1. Report on internal audit activities for the third quarter of 2025 and responses to related inquiries. 2. Review results of the consolidated financial statements for the third quarter of 2025. 3. Significant audit adjustments. 4. Exchange differences arising from the translation of foreign operations' financial statements. 5. Audit planning for 2025. 6. Audit scope and methodology. 7. Group structure and group audit matters. 8. Significant risks and key audit matters. 9. Material transactions outside the normal course of business. 10. Introduction to regulatory updates. 11. Auditors' declaration of independence.
	Communication results	No comments from the attending independent directors.
2025.12.29	Attendees	Independent Directors: WANG, JIN-YAN, GUO, XIAN-ZHANG, CHEN, JIA-RONG, LIN, CHING In Attendance: CPA XU, WEN-YA and CPA WANG, PAN-FA of Deloitte & Touche CHEN, YONG-CANG, Chief Financial Officer of LEATEC, and WENG, HSUEH-PAN, Head of Internal Audit
	Summary of key points	1. Internal audit plan for 2025. 2. Adoption of the "Salary Adjustment Procedures for Non-Executive Employees" under the Company's Internal Control System and Internal Audit System.
	Communication results	No comments from the attending independent directors.

(3) Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
1. Has the Company formulated and disclosed the Code of Corporate Governance Practices in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has formulated a "Code of Corporate Governance Practices" and has been implementing it in accordance with the prescribed norms; please refer to the Company’s website at http://www.leatec.com→Investor Zone→Corporate Governance for the relevant norms.	No difference
2. Shareholding structure and shareholders’ rights				
(1) Has the Company established internal procedures to deal with shareholders’ proposals, questions, disputes and litigation matters, and implemented them in accordance with the procedures?	✓		(1) The Company has a dedicated e-mail address for handling shareholders’ suggestions and disputes.	No difference
(2) Does the Company have a list of the major shareholders and the ultimate controllers of the major shareholders who actually control the Company?	✓		(2) The Company maintains a shareholder register and assigns dedicated personnel to manage relevant information, ensuring up-to-date knowledge of the actual controlling shareholders and the ultimate controllers of these major shareholders. Additionally, we report the shareholdings of directors and related insiders monthly in accordance with securities regulations.	No difference
(3) Has the Company established and implemented a risk control and firewall mechanism with its affiliates?	✓		(3) The Company has established supervisory practices for subsidiaries and related party transactions. The Company’s information system is equipped with a firewall.	No difference
(4) Has the Company established internal regulations to prohibit insiders from trading marketable securities using undisclosed information in the market?	✓		(4) The Company has established "Procedures for Prevention of Insider Trading Management" and conducts annual insider education, and no insider trading violations occurred in 2025.	No difference
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board of Directors formulated a diversity policy, specific management objectives and implemented them with respect to the composition of its members?	✓		(1) The members of the Board of Directors have been selected with due consideration to the diversity policy and specific management objectives, and have been implemented to meet the Company’s development plan.	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
(2) Has the Company voluntarily established any functional committees other than the Compensation Committee and Audit Committee in accordance with the law?	✓		(2) The Company has established a Compensation Committee and an Audit Committee in accordance with the law, and has not established any other functional members.	No difference
(3) Has the Company established a method for evaluating the performance of the Board of Directors and its assessment methods, and conducts performance evaluation annually and regularly, and reports the results of performance evaluation to the Board of Directors and uses them as reference for individual directors' salary and compensation and nomination for reappointment?	✓		(3) In 2025, the Company conducted performance evaluations for the Board of Directors, individual directors, and functional committees (Compensation Committee and Audit Committee), based on evaluation indicators provided by the competent authority. The self-assessment results were as follows: (1) Board of Directors Performance Evaluation – 4.69; (2) Individual Directors Performance Evaluation – 4.82; (3) Audit Committee Performance Evaluation – 4.99; (4) Compensation Committee Performance Evaluation – 4.93. All scores fall between 4 ("Agree") and 5 ("Strongly Agree"), indicating that the Board and functional committees operate at a "good" level.	No difference
(4) Does the Company regularly evaluate the independence of the certified public accountants?	✓		(4) The Board of Directors conducts an annual assessment of the independence and competency of its certified public accountants, taking into account Audit Quality Indicators (AQIs), audit experience, training hours, and other factors. It has been confirmed that aside from audit and tax-related service fees, there are no other financial interests or business relationships between the CPAs and the Company. CPA family members also meet independence requirements. The evaluation results were reviewed and approved by the Audit Committee and the Board of Directors on March 12, 2026. Based on this assessment, CPAs XU, WEN-YA and WANG, PAN-FA of Deloitte & Touche were found to meet the Company's standards of independence and competency (Note 1), with sufficient audit experience and training to serve as the Company's certifying accountants. An independence declaration was also obtained from the CPAs.	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
4. Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meetings and shareholders' meetings in accordance with the law, and preparing minutes of board meetings and shareholders' meetings, etc.)?	✓		The President's Office Treasurer is responsible for corporate governance-related matters, and the Treasurer also holds the position of Head of Corporate Governance.	No difference
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a stakeholders' area on the Company's website, and responded appropriately to important CSR issues of concern to stakeholders?	✓		1. The Company maintains robust communication channels with stakeholders through its spokesperson, shareholder services agent, labor-management committee, procurement, sales, finance, and other responsible departments. Stakeholders include employees, customers, suppliers/contractors, government agencies, shareholders/investors, and local communities. Communication is carried out via phone, mail, internal and external meetings, email, company website, and investor conferences. 2. The Company has established a communication platform on its website (www.leatec.com): (1) Investor Section → Stakeholders: Includes shareholder services, investor contact, and stakeholder contact information. (2) Shareholder Services: Provides the name, address, and phone number of the shareholder services agent. (3) Investor Contact: Provides the names, phone numbers, and email addresses of the spokesperson and deputy spokesperson. (4) Stakeholder Contact Window: Lists the names and email addresses of contacts for shareholders, employees, suppliers, customers, and others.	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			3. A dedicated mailbox (public@leatec.com) is available for stakeholders to directly submit inquiries, which are handled by designated personnel. 4. On December 10, 2025, the Company was invited to attend an investor conference hosted by President Securities Corporation, where it presented publicly available financial and operational information. 5. If stakeholders submit inquiries via the website, responses are provided. In addition, the Company conducted a stakeholder questionnaire in its latest sustainability report to understand stakeholder concerns on social responsibility and disclose related policies and practices.	
6. Does the Company appoint a professional stockbroker to conduct the shareholders' meeting?	✓		The company has entrusted Grand Fortune Securities Co., Ltd., Shareholder Services Department, with handling matters related to shareholders' meetings.	No difference
7. Information Disclosure				
(1) Has the Company set up a website to disclose financial and corporate governance information?	✓		(1) The Company's website is www.leatec.com. It includes an Investor Section with information on shareholder relations, corporate governance, financial information, and stakeholder engagement.	No difference
(2) Has the Company adopted other means of information disclosure (e.g., setting up an English website, designating a person responsible for the collection and disclosure of corporate information, implementing a spokesperson system, placing the proceedings of the corporate presentation on the Company's website, etc.)?	✓		(2) The company's website is available in both Chinese and English, with dedicated personnel responsible for information gathering and regular updates on financial and business conditions. There is one spokesperson and one authorized spokesperson, with their relevant information disclosed.	No difference
(3) Does the Company announce and report its annual financial statements within two months after the end of the fiscal year, and announce and report its first, second and third quarterly financial statements and monthly operating conditions well in advance of the prescribed deadline?	✓		(3) 1. The Company's 2025 financial report was reviewed by the Audit Committee and approved by the Board of Directors on March 12, 2026 (within 75 days of the end of the fiscal year), and was submitted by the legal deadline. 2. The financial reports for the first, second, and third quarters of 2025, as well as the monthly operating performance, were all duly announced and filed within the prescribed legal deadlines.	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
8. Does the Company have any other important information that would be helpful to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of interested parties, the training of directors and supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓		1. The Company has always valued employee rights and provides channels for employee feedback through an employee suggestion box, monthly all-staff meetings, periodic educational training, a library, and the regular issuance of an electronic newsletter that provides information on employee health, leisure, and personal growth. A welfare committee has been established to ensure employee rights. 2. The establishment of a company website facilitates communication with stakeholders at any time. 3. The Company has established a proposal improvement system, a labor-management committee, and spokespersons. It has also engaged lawyers, share registrars, accountants, and other consultants to respect and safeguard the rights of all stakeholders. 4. The Company adheres to the principle of integrity and honors commitments to suppliers and stakeholders. There have been no instances of delayed payments, thus maintaining good relationships with suppliers and stakeholders. 5. The directors of the Company periodically participate in professional development related to finance, business, and other fields. The following are noted: (1) In 2025, among the 8 directors (including four independent directors), one director who did not continue training, while the remaining 3 directors and four independent directors each completed more than 6 hours. (See Note 2 for details.) (2) The details of directors' professional development in 2025 have been disclosed on the "Market Observation Post System (MOPS)" (website: http://mops.twse.com.tw). 6. The Company adheres to the principle of stable and sustainable management, focusing on core business operations. All business strategies and investments are made with the ability to control and withstand risks as a prerequisite.	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			7. The Company designs and produces high-quality products to meet customer demands in terms of quality and quantity. 8. The Company has purchased directors' liability insurance with a coverage amount of US$5,000,000.	
9. Please provide information on the results of the corporate governance assessment released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, as well as priorities and measures for improvement for those that have not been improved.	✓		The Company places great importance on the results of corporate governance evaluations. For areas identified as needing improvement or expansion, the Company conducts internal reviews and prioritizes enhancement or implementation using available resources. Strengthening profitability remains a top priority. New governance principles and systems will be reviewed and incorporated into internal regulations and business philosophy to ensure practical implementation.	Improvements and new systems are under discussion and will be reflected in the Company's internal regulations and business strategies.

Note 1: Evaluation Criteria for the Independence and Competency of Certified Public Accountants

Item	Evaluation Criteria	Results	Independence/ Competency
1	Whether the certifying CPA has provided audit services to the Company continuously for seven years.	N	Y
2	Whether the certifying CPA has engaged in financing or guarantee activities with the Company or its directors.	N	Y
3	Whether the certifying CPA has any close business or potential employment relationship with the Company.	N	Y
4	Whether the CPA or any member of the audit team currently holds, or has held within the past two years, a position as a director, manager, or other role that could significantly influence the audit at the Company.	N	Y
5	Whether the certifying CPA has provided non-audit services that may directly affect the audit work.	N	Y
6	Whether the certifying CPA has provided audit services to the Company continuously for seven years.	N	Y
7	Whether the certifying CPA has acted as an underwriter or agent for the Company's stock or other securities.	N	Y
8	Whether the certifying CPA has acted as the Company's legal representative or mediator in disputes with third parties.	N	Y
9	Whether the certifying CPA has any familial relationship with the Company's directors, supervisors, or others in positions significantly influencing the audit.	N	Y
10	Whether the certifying CPA complies with the independence requirements outlined in Statement No. 10 of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and whether an "Independence Declaration" has been obtained.	Y	Y
11	Whether the certifying CPA has refrained from accepting substantial gifts or benefits from the Company, its directors, managers, or major shareholders (beyond normal social etiquette).	Y	Y
12	Whether the certifying CPA has completed all phases of the Company's financial audits on time.	Y	Y
13	Whether the certifying CPA has completed the audits of the Company's investee entities on time.	Y	Y
14	Whether the certifying CPA provides the Company with timely consultation on financial and tax matters.	Y	Y

Note 2: The Company's 8 directors participated in professional development related to finance, business, and other topics. The 2025 training details are as follows:

(1) Director CHEN, JUAN-TING did not participate in continuing education during the year. The remaining 7 directors (including four independent directors) each completed more than 6 hours of continuing education.

(2) All 4 independent directors completed more than 6 hours of training, meeting the regulatory requirements.

Title	Name	Date	Organizer	Course	Hrs	Total
Chairman	CHEN, QING-JIN	12/18	Securities and Futures Institute, SFI	How Directors and Supervisors Can Oversee the Establishment and Implementation of a Comprehensive Risk Management System	3	6
		12/19		The Era of Taiwan Asset Management: Opportunities and Challenges for Family Offices	3	
Director	HUANG, LIAN-CHENG	9/25	Securities and Futures Institute, SFI	The Digital Finance Revolution: Stablecoin Fundamentals and Development Trends of Blockchain-Based Virtual Assets	3	6
		10/21		AI Development, Applications, and Emerging Legal Issues	3	
Director	LIU, JING-RONG	10/17	Securities and Futures Institute, SFI	Analysis of Fraud Schemes and Case Studies on Anti-Money Laundering Regulations	3	6
		10/21		AI Development, Applications, and Emerging Legal Issues	3	
Independent Director	GUO, XIAN-ZHANG	2/21	Corporate Operating and Sustainable Development Association	Corporate Governance and Securities Regulations – Taiwan's Sustainable Development Policies and Relevant Securities Laws and Regulations	3	6
		3/27		Corporate Governance and Securities Regulations	3	
Independent Director	CHEN, JIA-RONG	8/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3	6
		11/11		Exploring Legal Liability in Business Decision-Making Through the Business Judgment Rule	3	
Independent Director	WANG, JIN-YAN	5/8	Taiwan Corporate Governance Association	Legal Liabilities and Compliance Practices Relating to Financial Crime in the Digital Era	3	15
		8/7		How Directors Can Address 12 ESG Risk Issues	3	
		7/4	CPA Associations of the R.O.C.	Anti-Money Laundering Act from the Perspective of Judicial Practice	3	
		12/9		Application of Sustainability Strategies: Risk Assessment and Financial Impact	3	
		12/10		Practice of Sustainable Governance: Integrity and Decision-Making	3	
Independent Director	LIN, CHING	6/11	Securities and Futures Institute, SFI	Corporate Governance and Securities Regulations – A Three-Step Approach to Appropriate Sustainability Disclosure	3	6
		8/12		Practical Applications and Risk Analysis in the Era of Artificial Intelligence (AI)	3	

(4) If the Company has established a Compensation Committee or a Nomination Committee, it should disclose their composition, responsibilities, and operation status:

Criteria / Title	Name	Professional Qualifications and Experiences	Independence	Number of members of other public companies' Compensation committees
Independent Director (Convenor)	GUO, XIAN-ZHANG	The Compensation Committee of the Company consists of all independent directors. For the qualifications and experience of committee members, please refer to pages 6-11 of this year's annual report under section (I) Director Information.	Please refer to the disclosure of independence information of independent directors on pages 6-11 of this year's annual report.	0
Independent Director (Committee Member)	CHEN, JIA-RONG			1
Independent Director (Committee Member)	WANG, JIN-YAN			2
Independent Director (Committee Member)	LIN, CHING			1

1. The 6th Compensation Committee consists of 4 members: GUO, XIAN-ZHANG, CHEN, JIA-RONG, WANG, JIN-YAN, and LIN, CHING. Their appointment was approved by the 12th Board of Directors on August 9, 2024, and their term of office will expire on June 19, 2027, concurrent with the term of the 12th Board of Directors.

2. Responsibilities of the Compensation Committee

(1) The scope of responsibilities of the Compensation Committee includes proposing recommendations on the following matters and submitting the proposals to the Board of Directors for discussion and resolution:

A. Establishing and periodically reviewing policies, systems, standards, and structures for performance evaluation and compensation of directors, supervisors, and executives.

B. Conducting regular evaluations and setting compensation for directors, supervisors, and executives.

C. Other matters assigned by the Board of Directors.

(2) When performing the above-mentioned duties, the Compensation Committee should adhere to the following principles:

A. Performance evaluations and compensation for directors, supervisors, and executives should be based on industry norms and take into account individual performance, company performance, and the reasonable correlation with future risks.

B. The Committee should not encourage directors and executives to engage in risk-taking behavior solely for the purpose of pursuing compensation.

C. The proportions of short-term performance-based compensation and the timing of variable compensation payments for directors and senior executives should be determined based on industry characteristics and the nature of the company's business.

D. When the Board of Directors discusses the recommendations of the Compensation Committee, it should consider the amount, payment methods, and future risks related to compensation comprehensively.

E. If the Board of Directors does not adopt or amends the recommendations of the Compensation Committee, it should be approved by a two-thirds majority of the attending directors and a majority of the attending directors, and the resolution should explain in detail the reasons for deviating from the recommendations of the Compensation Committee.

F. If the compensation approved by the Board of Directors is superior to the recommendations of the Compensation Committee, the differences and reasons should be recorded in the minutes of the Board of Directors' meeting, and an announcement should be made within two days from the date of the Board's approval on the designated information disclosure website specified by the competent authority.

G. For the compensation matters of directors and executives of subsidiaries that require approval by the Board of Directors of the parent company, the recommendations of the Compensation Committee of the parent company should be sought first before submitting them for discussion at the Board of Directors.

3. Information on the operation of the Compensation Committee

In 2025, the Compensation Committee held 2 meetings. The qualifications and attendance of committee members are as follows:

Title	Name	Attendance in Person (B)	Attendance by proxy	Attendance Rate (%) (B/A)	Remark
Convener	GUO, XIAN-ZHANG	2	0	100%	
Committee Member	CHEN, JIA-RONG	2	0	100%	
Committee Member	WANG, JIN-YAN	2	0	100%	
Committee Member	LIN, CHING	2	0	100%	

Additional items to be recorded:

1. If the Board of Directors does not adopt or amend the recommendations of the Compensation Committee, it should state the date, term, agenda content, Board resolution, and the Company's handling of the Compensation Committee's opinions: No such cases.
2. For decisions of the Compensation Committee where members have dissenting or reserved opinions and there are records or written statements, it should state the date, term, agenda content, all members' opinions, and the handling of the members' opinions: No such cases.
3. The 6th Compensation Committee held 2 meetings.

Date	Agenda / Resolutions / Follow-up Actions	
2025.03.27 2025 1st Meeting 6th Term, Meeting #3	Attending Members	GUO, XIAN-ZHANG, CHEN, JIA-RONG, WANG, JIN-YAN, LIN, CHING
	Agenda	Proposed amendment to the Company's Articles of Incorporation.
	Resolution	The proposal was unanimously approved by the attending members upon consultation by the Chair and submitted to the Board of Directors for resolution.
	Follow-up Actions	Submitted to the Board of Directors for resolution.
2025.12.29 2025 2nd[t] Meeting 6th Term, Meeting #4	Attending Members	GUO, XIAN-ZHANG, CHEN, JIA-RONG, WANG, JIN-YAN, LIN, CHING
	Agenda	Report on the Company's workforce optimization plan.
	Resolution	This meeting was held to review the workforce planning report and provide guidance and recommendations; no resolutions were adopted.
	Follow-up Actions	None

(5) Implementation of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Items	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
1. Has the Company established a governance framework to promote sustainable development, set up a dedicated department for promoting sustainable development, authorized senior management to handle it, and supervised by the Board of Directors?	✓		The Company has promoted sustainable operations and established a framework: 1. The 2024 Sustainability Report was completed with the assistance of a professional consulting organization, and the Company has implemented the initiatives outlined therein. The 2025 Sustainability Report has also been completed and was filed in August 2025 in accordance with applicable regulations. 2. The President is responsible for the execution of corporate sustainable development, with the Corporate Governance Officer serving as the Executive Secretary. 3. The progress of implementation will be periodically reported to the Board of Directors.	The Company promotes various issues and reviews them progressively, aligning with the intended spirit.
2. Has the Company conducted risk assessments related to environmental, social, and corporate governance issues relevant to its operations based on materiality principles and established relevant risk management policies or strategies?	✓		The Board of Directors oversees sustainability implementation, which is driven by the Office of the President and executed by the Administration Department. Any major resolutions are compiled and reported to the Board by the responsible unit.	The spirit is consistent with the Corporate Social Responsibility Practice Guidelines.
3. Environmental Issues (1) Has the Company established appropriate environmental management systems based on its industry characteristics?	✓		(1) The Company has established an environmental management system tailored to its industry and has obtained ISO 14001 and ISO 45001 certifications. Measures implemented for employee safety and workplace environmental protection include: 1. Comprehensive occupational safety and health training for all personnel. 2. Annual identification and assessment of occupational safety hazards and risks by each department. 3. Engagement of certified third-party agencies to conduct "workplace environmental monitoring" in June and December each year. 4. Management of hazardous machinery and equipment.	The spirit is consistent with the Corporate Social Responsibility Practice Guidelines.

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract Explanation</th></tr>
<tr><td>(2) Is the Company committed to improving energy efficiency, using low-impact renewable materials, and minimizing environmental impacts?

(3) Has the Company assessed the potential risks and opportunities of climate change for its current and future business and taken relevant measures?
(4) Has the Company measured greenhouse gas emissions, water usage, and total waste weight in the past two years and developed policies for greenhouse gas reduction, water conservation, or other waste management?</td><td>✓

✓

✓</td><td></td><td>5. Management of hazardous chemicals, including strengthened SDS and hazard labeling.
6. Explosion-proof measures at hazardous work areas.
7. Contractor safety management.
8. Management of personal protective equipment (PPE).
9. First-aid kit management and appointment of designated first-aid personnel.
10. Health management programs.
(2) The production units have implemented environmental equipment for waste and water recycling, as well as the reuse of scrap materials. These systematic recycling practices reduce environmental burden. The Company continuously monitors environmental conditions and adjusts production parameters and improvement measures to conserve energy and reduce consumption.
(3) The Company has conducted a carbon inventory and manages/report emissions in accordance with regulations. Limited resources are utilized and recycled efficiently.
(4) Following the inventory, the Company has identified major energy-consuming equipment and processes and has begun implementing methods to reduce or reuse resources.
1. Greenhouse Gas Emissions
<table>
<tr><th>Year</th><th>Emission Source Type</th><th>Scope 1 – Direct Emissions</th><th>Scope 2 – Indirect Emissions</th><th>Scope 3 – Other Indirect</th><th>Total Emissions</th></tr>
<tr><td>2023</td><td rowspan="3">Emission Equivalent (metric tons CO_2e/year)</td><td>80.311</td><td>7,214.566</td><td>23.493</td><td>7,318.390</td></tr>
<tr><td>2024</td><td>90.019</td><td>7,307.817</td><td>26.217</td><td>7,424.053</td></tr>
<tr><td>2025</td><td>78.144</td><td>5,508.240</td><td>25.004</td><td>5,611.388</td></tr>
</table></td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>Emission Reduction Policies:
(1) Install energy management systems and perform power load analyses for certain high-energy-consuming equipment to assess actual energy usage.
(2) Evaluate replacement of old components with high-efficiency equipment during maintenance.
(3) Achieved an average annual electricity-saving rate of 1% from 2015 to 2024, in compliance with regulations set by the Bureau of Energy.
(4) Evaluate energy-saving improvements for high-consumption equipment to effectively reduce energy usage.
2. Water Consumption
<table><tr><th>Item</th><th>2023</th><th>2024</th><th>2025</th></tr><tr><td>Water Withdrawal (ML)</td><td>99,507</td><td>96,099</td><td>87,212</td></tr></table>Water Reduction Policies:
(1) Install small-scale water recycling systems in designated areas.
(2) Achieve an overall water recycling rate of over 30%.
(3) Reduce total municipal water consumption by more than 10%.
3. Total Waste Weight
<table><tr><th>Item</th><th>2023</th><th>2024</th><th>2025</th></tr><tr><td>Total Waste (metric tons)</td><td>58.98</td><td>58.32</td><td>49.16</td></tr></table>Waste Reduction Policies:
(1) Maintain an average solvent recycling rate of over 67%.
(2) Reduce waste solvent generation by 10.26 metric tons.
(3) Reduce domestic waste generation by 6.28 metric tons.
(4) Reduce total waste weight by more than 1%.</td><td></td></tr>
</table>

Items	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
4. Social Issues				The spirit is consistent with the Corporate Social Responsibility Practice Guidelines.
(1) Has the Company established relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	✓		(1) The Company links to government-related labor law amendment websites, maintaining company rules and regulations in line with the latest legal amendments, and has formulated measures such as: Sexual Harassment Prevention Measures and Management Measures, Employee Personal Data Protection Management Measures, Personnel Evaluation Committee, etc., to protect employees' legal rights.	
(2) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave, and other benefits) and appropriately reflected business performance or results in employee compensation?	✓		(2) Statutory employee benefits are specified, and additional non-statutory employee benefits are introduced, with employee bonuses based on the Company's annual performance.	
(3) Does the Company provide a safe and healthy working environment for employees and regularly conduct safety and health education?	✓		(3) Annual health examinations and special health checkups for designated operational personnel are conducted. In addition, the Company promotes communication between labor and management through various internal channels—including the employee opinion section of the corporate social responsibility platform on the employee portal, internal newsletters, monthly meetings, bulletin boards, and electronic bulletin boards. These initiatives aim to enhance mutual communication, maintain harmonious labor relations, and further elevate labor-management collaboration.	
(4) Has the Company established effective career development and training programs for employees?	✓		(4) The Company has an internal newsletter and an occupational health and safety management system. Based on the results of employee health checks, health seminars are conducted. Occupational health and safety, fire prevention, and emergency response (including power outages, fires, and evacuations) are incorporated into general education and training for all employees, which is conducted regularly.	
(5) Does the Company comply with relevant regulations and international guidelines regarding customer health and safety,	✓		(5) Monthly meetings are held to provide direct face-to-face communication between employees and management. This allows employees to understand the Company's management philosophy, operational status, and presentations by senior executives	

Items	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
customer privacy, marketing and labeling, and have policies and complaint procedures to protect consumer or customer rights? (6) Has the Company established a supplier management policy that requires suppliers to comply with relevant regulations and standards on environmental protection, occupational health and safety, or labor rights, and implemented it?	✓		on specific projects. It enables employees to grasp the Company's operations and development dynamics. (6) The Company has established contractor management procedures and "third-party liability insurance" to regulate the entry of contractors into the Company's premises and ensure compliance with safety, health, and environmental management regulations. Contractors engaged by the Company must meet the qualifications specified for bidding and waste removal responsibilities. Before engaging in contracting work, contractors must complete the necessary applications and assessments. When entering the Company's premises, they need to be accompanied by Company personnel and comply with relevant entry regulations to ensure the safety of Company and contractor personnel.	
5. Has the Company made reference to international standards or guidelines for the preparation of reports, such as perpetual reports, which disclose non-financial information about the Company? Has the Company obtained any assurance or guarantee from a third party?		✓	In 2025, the Company began compiling the 2024 ESG Report in collaboration with a professional consulting firm. The report has completed and filed by August 2025. Third-party assurance has not yet been conducted. Engagement of third-party assurance or attestation agencies will proceed in accordance with regulatory schedules.	The spirit is consistent with the Corporate Social Responsibility Practice Guidelines.
6. If the Ccompany has its own sustainable development practices based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between its operations and the established practices: The Company has established the "Sustainable Development Best Practice Principles," and its operations are conducted in accordance with the principles and spirit contained therein.				
7. Other important information to help understand the implementation of sustainable development: The Company utilizes the contents of the "Sustainable Development Best Practice Principles" to develop good management strategies, emphasizing environmental protection, the sourcing of product materials, personnel hygiene, and safety management as essential rules for production activities. Additionally, the Company ensures the protection of investors' rights and further provides high-quality products that comply with green environmental regulations, playing a key role in the supply chain and adhering to the spirit of honest management. The Company's internal regulations and systems are aimed at achieving corporate sustainable development.				

Information and Implementation Status Related to Climate Change:

Item	Implementation Status
(1) Description of the Board of Directors and management's oversight and governance of climate-related risks and opportunities. (2) Explanation of how identified climate risks and opportunities affect the Company's business, strategy, and finances (short-term, medium-term, and long-term). (3) Description of the impact of extreme climate events and transition actions on finances. (4) Explanation of how the identification, assessment, and management of climate risks are integrated into the overall risk management system. (5) If scenario analysis is used to assess resilience to climate change risks, an explanation of the scenarios, parameters, assumptions, analytical factors, and major financial impacts used should be provided. (6) If there is a transition plan to manage climate-related risks, the content of the plan should be described, including the indicators and targets used to identify and manage physical and transition risks. (7) If internal carbon pricing is used as a planning tool, an explanation of the pricing basis should be provided. (8) If climate-related targets are set, the covered activities, scope of greenhouse gas emissions, planning timeframe, annual progress, etc., should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related targets, the source and amount of carbon offsets or the number of Renewable Energy Certificates (RECs) should be explained. (9) Status of greenhouse gas inventory (separately filled in 1-1).	(1) Board of Directors The Board focuses on climate issues and oversees the effectiveness of the committee established under it. It executes based on the Sustainable Development Best Practice Principles, regularly reporting to the Board on environmental information and implementation status, including energy conservation and carbon reduction, greenhouse gas emission management, climate impact assessment, and progress towards sustainability goals. The "Corporate Governance Best Practice Principles" serve as the basis for the Company's corporate governance practices, disclosed publicly. Management Team The Sustainability Task Force serves as the managing body, with the Chairman acting as Chief Commissioner and the Chief Operating Officer as Executive Secretary. The team is responsible for formulating and implementing climate change and green energy action plans, executing climate risk management measures, and developing indicators that integrate environmental and social considerations into decision-making processes. These efforts are aimed at achieving sustainable development goals. (2) Identifying Climate Risk Impact and Opportunities Business: Short-term: Focus on the damage to existing equipment and finished products, and collaborate with suppliers to find business cooperation products. Medium-term: Address supply chain disruption risks due to climate disasters and develop low-carbon, energy-saving, and environmentally friendly processes and materials. Long-term: Adapt to changes in customer preferences by developing AI manufacturing lines and factories to respond to industry trends. Strategy: Short-term: Reduce operating transformation costs and improve internal management efficiency through opportunities from academic institutions.

Item	Implementation Status
	Medium-term: Utilize available resources to comply with laws and establish partnerships with suppliers to overcome technical bottlenecks. Long-term: Formulate operational strategies based on low-carbon transition policies to enhance sustainability competitiveness and lead industry progress through joint initiatives. Finance: Short-term: Manage increased costs from product transformation and raw material procurement by using systems to reduce manufacturing costs. Medium-term: Invest in automatic equipment and actively increase R&D expenditures for clean energy, enhancing product value, expanding revenue, and improving sales profits. Long-term: Continuously update low-carbon and energy policies, carefully manage operational and investment costs, and seek future potential product development to increase company revenue. (3) Extreme Climate Events and Transition Actions: The Company maintains close cooperation with the entire supply chain. Based on customer transitions and supplier control of raw materials, financial evaluations are conducted cautiously to avoid waste in response to increased costs and investment in climate change mitigation equipment. (4) Risk Identification and Management Processes: Based on industry and academic risk identification, each department of the Company conducts risk identification according to short, medium, and long-term goals and business responsibilities, evaluates the probability of risk events, and proposes risk response improvement plans according to the evaluated risk appetite levels. All related execution processes and results are recorded, reviewed, and reported through appropriate mechanisms to effectively adapt to risks. Other climate-related information is closely evaluated by the Board of Directors and functional task forces. This includes factory management, customer and supplier management, and compliance with government requirements, to manage risks and utilize resources effectively in response to climate variability.

Basic Information of the Company ☐ Company with a capital amount of NT$10 billion or more, steel industry, cement industry ☐ Company with a capital amount of NT$5 billion or more but less than NT$10 billion ■ Company with a capital amount of less than NT$5 billion		Disclosure according to the sustainable development roadmap for listed companies: ■Parent company inventory ☐Subsidiaries under consolidated financial statements inventory ☐Parent company assurance ☐Subsidiaries under consolidated financial statements assurance	
Scope 1	Total Emissions (tCO2e)	Assurance Agency	Assurance Description
Parent company	78.144	N/A	N/A
Scope 2	Total Emissions (tCO2e)	Assurance Agency	Assurance Description
Parent company	5,508.240	N/A	N/A
Scope 3	Total Emissions (tCO2e)	Assurance Agency	Assurance Description
Parent company	25.004	N/A	N/A

Note 1: Greenhouse gas inventory is conducted according to the ISO 14064-1:2018 standard issued by the International Organization for Standardization (ISO).

Note 2: The Company is required to first conduct a greenhouse gas inventory for the parent company, but it is not yet required to be verified by an assurance agency.

(6) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
1. Establishing policies and programs for honest management				
(1) Has the Company established an honest management policy approved by the Board of Directors, and has the policy and practices of honest management been clearly stated in the Articles of Incorporation and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?	✓		(1) All procedures and methods required for the Company's operations and supplier management are in compliance with governmental laws and regulations and the spirit of integrity, and sales contracts and product specifications are in compliance with laws and regulations.	The Company upholds the code of ethics and operates with integrity. Integrity is the entrepreneurial spirit of the Company, and the execution of business plans and daily management activities is guided by the principle of integrity.
(2) Has the Company established a mechanism to assess the risk of dishonest conduct, regularly analyze and evaluate the business activities within the scope of business that have a higher risk of dishonest conduct, and accordingly, formulate a plan to prevent dishonest conduct, and at least cover the preventive measures for the conducts mentioned in paragraph 2 of Article 7 of the "Code of Conduct for Listed Companies with Integrity"?	✓		(2) The Company's personnel rules and regulations regulate the behavior of employees not to violate the principle of integrity, and all new employees are instructed to conduct themselves.	
(3) Does the company specify the operating procedures, guidelines for conduct, disciplinary and complaint systems for non-compliance in the plan for preventing dishonest conduct, and implement them, and regularly review and revise the aforementioned plan?	✓		(3) The Company strictly enforces employee rewards and punishment management as an employee vigilance, and makes strict ethical regulations for senior management to make integrity the highest business practice, and regularly performs internal control system audits.	
2. Implementation of honest management				
(1) Does the Company evaluate the integrity records of its customers and specify the terms of integrity behavior in the contracts signed between the Company and its customers?	✓		(1) The company has established a customer credit management system, in which the principle of integrity is incorporated, and supplier credit management is positioned and evaluated, with the spirit of basic laws and regulations as	No difference

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
			conditions such as environment, quality certification, and source of raw materials.	
(2) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policies and plans to prevent dishonest practices and monitor their implementation?	✓		(2) The Board of Directors is the core of the Company, and the President's Office and Management Department are instructed to promote the implementation of corporate integrity management, and to report any deviation immediately.	No difference
(3) Does the Company have a policy on the prevention of conflict of interest, provide appropriate channels of representation, and implement them?	✓		(3) The Board of Directors has explicitly recused itself from the Board of Directors' meetings, and has established an internal personnel review committee that can serve as a channel for presentation.	No difference
(4) Has the Company established an effective accounting system and internal control system for the implementation of honest management, and has the internal audit unit prepared an audit plan based on the assessment results of the risk of dishonest acts, and checked the compliance of the dishonest act prevention plan accordingly, or has the Company appointed an accountant to perform the audit?	✓		(4) The Company has established a complete accounting system and amended it in accordance with the law, and has a complete internal audit plan that is systematically implemented, and the conclusions of the audits are reported to the Audit Committee and the Board of Directors in accordance with the regulations, and audits are regularly performed by the accountants.	No difference
(5) Does the Company regularly conduct internal and external education and training on integrity management?	✓		(5) The Company holds regular monthly meetings where senior executives review operating results and announce future operating policies for compliance, and encourages relevant employees to participate in appropriate external training if available.	No difference
3. Operation of the Company's whistleblower system				
(1) Has the Company established a specific whistleblower and reward system, established a convenient whistleblower channel, and assigned appropriate staff to receive whistleblowers?	✓ ✓		(1) The Company has a Personnel Review Board to enforce grievances and discipline and to request discipline in accordance with the Reward and Punishment Management System, which is handled by a dedicated staff in the Management Department.	No difference No difference

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
(2) Has the Company established standard operating procedures for the investigation of whistleblowing matters, follow-up measures to be taken after the completion of the investigation and the related confidentiality mechanism? (3) Does the Company take measures to protect whistleblowers from improper treatment as a result of whistleblowing?	✓		(2) The Company will conduct audits in accordance with the relevant handling procedures, and will maintain confidentiality during the auditing period. (3) Employees who file reports in accordance with the Company's management rules will not be affected by their actions.	No difference
4. Enhancement of information disclosure (1) Does the Company disclose the contents and effectiveness of its Code of Conduct on Integrity on its website and Market Observation Post System (MOPS)?	✓		(1) The Company has a corporate website and a dedicated unit to maintain relevant information at all times. The Company upholds the concept of honest management and discloses actual operating conditions in the Company's annual report, website and Market Observation Post System (MOPS) to facilitate investors' evaluation.	No difference
5. If the Company has its own code of ethics based on the "Code of Conduct for Listed and OTC Companies," please describe the differences between its operation and the established code: The Company guarantees product quality to customers and engages in fair transactions with suppliers without deception. The Company upholds integrity in treating employees, complying with laws, and providing related compensation and benefits. Integrity is the Company's founding spirit, and all operational plans and daily management activities are guided by this principle.				
6. Other important information that contributes to understanding the Company's operation with integrity: (such as the Company's review and amendment of its established code of ethics) The Company timely discloses information about its actual operational activities. It prioritizes environmental protection and quality assurance as fundamental criteria for suppliers. The Company engages in transactions with fully compliant enterprises and ensures that its business activities comply with relevant laws and regulations. The spirit of integrity is integrated into the Company's internal rules and regulations for adherence.				

(7) Other important information that can enhance understanding of the company's governance operations may also be disclosed:

Please refer to the summary explanation of the company's governance practices in section (3) Corporate Governance Operations, point 8 (page 31).

(8) The following matters should be disclosed regarding the implementation of the internal control system:

1. Internal Control Statement:

LEATEC FINE CERAMICS CO., LTD.

Internal Control System Statement

Date: March 12, 2026

The Company hereby declares the following based on the self-assessment of its internal control system for the year 2025:

1. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Board of Directors and management. The Company has already established this system. Its purpose is to achieve the goals of operational effectiveness and efficiency (including profitability, performance, and asset security), reliable reporting, timeliness, transparency, and compliance with relevant regulations and laws, providing reasonable assurance.
2. The internal control system has inherent limitations, and no matter how well-designed, an effective internal control system can only provide reasonable assurance in achieving the above three goals. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the Company's internal control system has a self-supervision mechanism, and any deficiencies identified will be promptly addressed.
3. The Company evaluates the effectiveness of the internal control system based on the criteria set forth in the "Guidelines for Public Companies to Establish Internal Control Systems" (hereinafter referred to as the "Guidelines"). The internal control system criteria adopted in the "Guidelines" divide the internal control system into five components: 1) Control Environment, 2) Risk Assessment, 3) Control Activities, 4) Information and Communication, and 5) Monitoring Activities. Each component consists of several items. Please refer to the provisions of the "Guidelines" for the aforementioned items.
4. The Company has used the above internal control system criteria to assess the design and effectiveness of the internal control system.
5. Based on the assessment results mentioned above, the Company believes that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2025, including the design and implementation of understanding the degree of achievement of operational effectiveness and efficiency goals, reliable and timely reporting, transparency, and compliance with relevant regulations and laws, is effective in reasonably ensuring the achievement of the aforementioned goals.
6. This statement will become a major content of the Company's annual report and public disclosure statement, and will be made publicly available. Any fraudulent or concealed information in the disclosed content may incur legal liability under the Securities and Exchange Act Articles 20, 32, 171, and 174.
7. This statement was approved by the Company's Board of Directors on March 12, 2026. Out of 8 attending directors, 0 held opposing views, and the remaining directors agreed to the content of this statement.

LEATEC FINE CERAMICS CO., LTD.

Chairman: CHEN, QING-JIN Signature

President: CHEN, JUAN-TING Signature

2. For the appointment of an accountant to review the internal control system, the accountant's review report should be disclosed: Not applicable.

(9) Important resolutions of the shareholders meeting and the board of directors in the most recent year and up to the date of the annual report printing:

1. Important resolutions and execution of the shareholders' meeting in the most recent year and up to the date of the annual report printing:

Date	Summary	Result	Implementation
2025.6.20	1. Approval of the 2024 Business Report and Financial Statements. 2. Approval of the 2024 Loss Compensation Statement. 3. Amendment to the Company's Articles of Incorporation.	1. Unanimous approval by all attending shareholders. 2. Unanimous approval by all attending shareholders. 3. Unanimous approval by all attending shareholders.	1. Loss compensation was implemented in accordance with the resolution. 2. The amended Articles of Incorporation were implemented in accordance with the resolution.

2. Important resolutions of the Board of Directors.

Board Meeting	Agenda Content and Follow-up Actions	Matters listed in the Securities and Exchange Act §14-3	Opinions of Independent Directors
Term12 Meeting 6 2025.3.13	1. Proposal on the Company's 2024 financial statements and business report.		
	2. Report on the results of the Company's 2024 internal control self-assessment.		
	3. Annual self-evaluation on the independence of the Company's certifying CPA.	V	None
	4. Proposal to convene the Company's 2025 Annual General Shareholders' Meeting.		
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term12 Meeting 7 2025.3.27	1. Proposal on the 2024 deficit compensation plan.		
	2. Endorsement and guarantee for the Company's subsidiary.		
	3. Intercompany lending by the Company's investee LEATEC FINE CERAMICS (KUNSHAN) CO., LTD. to LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	V	None
	4. Proposal to amend the Company's Articles of Incorporation.		
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term12 Meeting 8 2025.5.12	1. Review of shareholder proposals and agenda items for the Company's 2025 Annual Shareholders' Meeting.		
	2. Proposal regarding loan agreements between the Company and its banking institutions to meet financial scheduling requirements.	V	None
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		

Board Meeting	Agenda Content and Follow-up Actions	Matters listed in the Securities and Exchange Act §14-3	Opinions of Independent Directors
Term12 Meeting 9 2025.8.11	1. Proposal regarding loan agreements between the Company and its banking institutions to meet financial scheduling requirements.	V	None
	2. Proposal regarding a loan of funds from subsidiary LEATEC FINE CERAMICS (SAMOA) CO., LTD. to the Company.	V	None
	Independent Director’s opinion: Not applicable.		
	Company’s handling of the independent director’s opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term12 Meeting 10 2025.11.11	1. Proposal regarding loan agreements between the Company and its banking institutions to meet financial scheduling requirements.	V	None
	2. Proposal regarding a loan of funds from subsidiary COSMOS HARVEST INTERNATIONAL LIMITED to LEATEC FINE CERAMICS (SAMOA) CO., LTD.	V	None
	3. Proposal regarding endorsement and guarantee provided by the Company to its subsidiary.	V	None
	4. Proposal for the issuance of the Company's First Secured Ordinary Corporate Bonds of 2025.		
	Independent Director’s opinion: Not applicable.		
	Company’s handling of the independent director’s opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term12 Meeting 9 2025.12.29	1. Proposal regarding loan agreements between the Company and its banking institutions to meet financial scheduling requirements.	V	None
	2. Report on the Company's internal audit plan for 2026.		
	3. Report on the addition of the “Salary Adjustment Procedures for Non-Executive Employees” to the Company's Internal Control System and Internal Audit System.	V	None
	4. Proposal for the Company to provide financing endorsement and guarantee for subsidiary Leatec Fine Ceramics (Kunshan) Co., Ltd.	V	None
	5. Proposal regarding the merger of the Company's investees, Leatec Fine Ceramics (Kunshan) Co., Ltd. and Leatec Applied Materials (Kunshan) Co., Ltd., through absorption.		
	6. Proposal regarding the Company's 2026 Operating Plan.		
	Independent Director’s opinion: Not applicable.		
	Company’s handling of the independent director’s opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term12 Meeting 10 2026.3.12	1. Proposal regarding loan agreements between the Company and its banking institutions to meet financial scheduling requirements.	V	None
	2. Proposal regarding the Company's 2025 Financial Statements and Business Report.		
	3. Proposal regarding the results of the self-assessment of the Company's Internal Control System for 2025.		
	4. Report on the Company's annual evaluation of the independence of its attesting CPAs.		
	5. Proposal to convene the Company's 2026 Annual Shareholders' Meeting.		
	6. Audit report relating to the policy-driven relocation of subsidiary Leatec Fine Ceramics (Kunshan) Co., Ltd.		
	7. Proposal regarding the change of the Company's attesting CPAs.		

Board Meeting	Agenda Content and Follow-up Actions	Matters listed in the Securities and Exchange Act §14-3	Opinions of Independent Directors
	8. Proposal regarding performance bonuses for the Company's managers for 2025.		
	9. Proposal regarding a loan of funds from the Company's investee Leatec Fine Ceramics (Kunshan) Co., Ltd. to Leatec Applied Materials (Kunshan) Co., Ltd.		
	10. Proposal for the pre-approval of non-assurance services to be provided by the Company's CPA firm (including member firms of its global network).		
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		

(10) For the recent fiscal year and up until the date of printing of the annual report, there were no records or written statements of differing opinions from the directors or supervisors on important resolutions passed by the board of directors: None.

4. CPA Fee Information

Fees and details of non-audit services paid to the signing certified public accountant and its affiliated firm and related entities:

Unit: NT$1,000

Name of Accounting Firm	Name of CPA	Period Covered by CPAs' Audit	Audit Fee	Non-audit Fee	Total	Remark
Deloitte & Touche	XU, WEN-YA WANG, PAN-FA	2025/1/1~ 2025/12/31	4,280	722	5,002	None

Non-audit service fees paid to the signing certified public accountant and its affiliated firm and related entities amounted to NT$722,000, primarily for tax certification-related expenses and auditor travel expenses.

5. Information on Changing CPA:

(1) Regarding the former accountant:

Replacement Date	March 12, 2026		
Reasons and Explanation for the Change	Due to internal workload adjustments and personnel arrangements within Deloitte & Touche, the Company's attesting CPAs were changed from XU, WEN-YA and WANG, PAN-FA to WANG, PAN-FA and PENG, YI-HUA.		
Clarification whether it's due to the principal or the accountant terminating or not accepting the appointment	Party / Situation	Accountant	Appointer
	Termination of appointment (voluntary)	N/A	N/A
	No longer accepting (continuing) appointment	N/A	N/A

Opinions and Reasons for Issuing Other Than Unqualified Audit Report in the Last Two Years	None		
Whether there are Disagreements with the Issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Scope or procedures of audit
			Others
	None	V	
	N/A		
Other Disclosures (As required by the fourth point of the first item of paragraph 5 in Article 10 of this Standard)	(1) The former accountant previously notified the Company of the lack of sound internal control systems, resulting in unreliable financial statements: Not applicable. (2) The former accountant previously notified the Company that they are unwilling to be associated with the Company's financial statements or statements of the Company: Not applicable. (3) The former accountant previously notified the Company of the need to expand the scope of the audit or indicated that expanding the scope of the audit may compromise the reliability of previously issued or soon-to-be-issued financial statements. However, due to a change of accountants or other reasons, the former accountant did not expand the scope of the audit: Not applicable. (4) The former accountant previously notified the Company that, based on the collected information, the reliability of the issued or soon-to-be-issued financial statements may be compromised. However, due to a change of accountants or other reasons, the former accountant did not address this matter: Not applicable.		

(2) Regarding the successor accountant:

Firm	Deloitte & Touche
Name	WANG, PAN-FA and PENG, YI-HUA
Date of Appointment	March 12, 2026
Consultation Matters and Results Prior to Appointment Regarding Specific Transaction Accounting Treatment Methods or Accounting Principles and Possible Opinions on Financial Statements	N/A
Written Opinion of the Successor Accountant on Matters of Disagreement with the Predecessor Accountant	N/A

(3) Response from the former accountant regarding the provisions of Article 10, Sections 5.1 and 5.2 of the "Guidelines for Items to be Disclosed in Annual Reports of Publicly Traded Companies": None.

6. In the past year, the Chairman of the Company, the President, the person in charge of financial or accounting affairs, has not worked in the office of the certified accountant or its affiliated enterprise: None.

7. Recent years and up until the date of printing of the annual report, changes in equity transfer and equity pledge of directors, supervisors, managers, and shareholders with more than 10% stake:

(1) Changes in the shareholding of directors, managers, and major shareholders (holding more than 10% shares)

Title	Name	2025		As of April 26, 2026	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	CHEN, QING-JIN	0	0	0	0
Vice Chairman	CHEN, JUAN-TING	0	0	0	0
Director	HUANG, LIAN-CHENG	0	0	0	0
Director	ALPIN INTERNATIONAL CO., LTD.	10,000	0	0	0
Legal Representative	LIU, JING-RONG	0	0	0	0
Independent Director	GUO, XIAN-ZHANG	0	0	0	0
Independent Director	CHEN, JIA-RONG	0	0	0	0
Independent Director	WANG, JIN-YAN	0	0	0	0
Independent Director	LIN, CHING	0	0	0	0
President	CHEN, JUAN-TING	0	0	0	0
Chief Financial Officer	CHEN, YONG-CANG	(50,000)	0	0	0

Note: There are no major shareholders holding more than 10% of the total company shares.

(2) Share transfer information: None

(3) Share pledge information: None

8. Shareholding proportion of the top ten shareholders, their relationships with each other or spouses, or information on the relationship within the second degree of kinship:

April 26, 2026

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
CHEN, QING-JIN	5,211,045	4.82%	1,304,450	1.21%	0	0%	CHEN, SHU-MEI CHEN, JUAN-TING LAN, SHU-FENG CHEN, WEI-ZHEN	Spouse First-degree relative First-degree relative First-degree relative	None
CHEN, WEI-ZHEN	3,274,905	3.03%	0	0%	0	0%	CHEN, QING-JIN CHEN, SHU-MEI CHEN, JUAN-TING LAN, SHU-FENG	First-degree relative First-degree relative Second-degree relative Second-degree relative	None
CHEN, JUAN-TING	2,314,184	2.14%	0	0.00%	0	0%	CHEN, QING-JIN CHEN, SHU-MEI LAN, SHU-FENG CHEN, WEI-ZHEN	First-degree relative First-degree relative Second-degree relative Second-degree relative	None
LAN, SHU-FENG	2,101,204	1.94%	0	0%	0	0%	CHEN, QING-JIN CHEN, SHU-MEI CHEN, JUAN-TING CHEN, WEI-ZHEN	First-degree relative First-degree relative Second-degree relative Second-degree relative	None
HUANG, LIAN-CHENG	1,768,000	1.64%	0	0%	0	0%	None	None	None
ALPIN INTERNATIONAL CO., LTD.	1,560,000	1.44%	0	0%	0	0%	None	None	None
ALPIN INTERNATIONAL CO., LTD. Rep: LIU, JING-RONG	991	0%	1,163	0%	0	0%	None	None	None
UBS Europe SE Investment Account in Custody of Citibank (Taiwan) Commercial Bank	1,320,000	1.22%	0	0%	0	0%	None	None	None
CHEN, SHU-MEI	1,304,450	1.21%	5,211,045	4.82%	0	0%	CHEN, QING-JIN CHEN, JUAN-TING LAN, SHU-FENG CHEN, WEI-ZHEN	Spouse First-degree relative First-degree relative First-degree relative	None
HUANG, CHIH-MING	1,200,000	2.11%	0	0%	0	0%	None	None	None
WU, CHANG-MIN	1,000,000	0.93%	0	0%	0	0%	None	None	None

9. Overall Holding Ratio

2026.3.31 Unit: Shares; %

Investment in Subsidiaries	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly Controlled Enterprises		Comprehensive Investment	
	Shares	%	Shares	%	Shares	%
LEATEC FINE CERAMICS(SAMOA) CO., LTD.	1,470 million	100.00	0	0.00	1,470 million	100.00
COSMOS HARVEST INTERNATIONAL LIMITED	200 million	100.00	0	0.00	200 million	100.00
Leatec Fine Ceramics (Kunshan) Co., Ltd.	0	0.00	(Note1)	100.00	(Note1)	100.00
Leatec Applied Materials (Kunshan) Co., Ltd.	0	0.00	(Note1)	100.00	(Note1)	100.00
KUNSHAN LEATEC SOLAR PV CO.,LTD	0	0.00	(Note1)	100.00	(Note1)	100.00
Jiangsu Yongsheng New Energy Technology Co., Ltd.	0	24.00	(Note1)	0.00	(Note1)	24.00

Note 1: In Mainland China, equity is not categorized as shares.

III. Fundraising Situation

1. Capital and Shares

(1) Sources of Capital

Unit: Shares / Amount: NT$

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1991.12	10	8,000,000	80,000,000	2,000,000	20,000,000	Initial investment: 20,000,000	None	None
1992.03	10	8,000,000	80,000,000	4,000,000	40,000,000	Cash capital increase: 20,000,000	None	None
1992.07	10	8,000,000	80,000,000	8,000,000	80,000,000	Cash capital increase: 27,750,000	Debt Repayment with Creditors: 12,250,000	None
1993.05	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash capital increase: 20,000,000	None	None
1994.08	10	13,600,000	136,000,000	13,600,000	136,000,000	Cash capital increase: 36,000,000	None	None
1995.04	10	18,632,000	186,320,000	18,632,000	186,320,000	Cash capital increase: 40,800,000 Capital surplus transfer for capital increase: 9,520,000	None	None
1995.09 (Note 1)	10	50,000,000	500,000,000	26,632,000	266,320,000	Cash capital increase: 80,000,000	None	None
1996.10 (Note 2)	10	50,000,000	500,000,000	30,626,800	306,268,000	Cash capital increase: 13,316,000 Capital surplus transfer for capital increase: 26,632,000	None	None
1999.09 (Note 3)	10	50,000,000	500,000,000	33,689,480	336,894,800	Retained earnings transfer for capital increase: 30,626,800	None	None
2000.07 (Note 4)	10	50,000,000	500,000,000	47,100,000	471,000,000	Retained earnings transfer for capital increase: 14,486,480 Capital surplus transfer for capital increase: 19,203,010 Employee bonus transfer for capital increase: 415,710 Cash capital increase: 100,000,000	None	None
2001.06 (Note 5)	10	90,000,000	900,000,000	62,486,000	624,860,000	Retained earnings transfer for capital increase: 141,300,000 Employee bonus transfer for capital increase: 12,560,000	None	None
2002.07 (Note 6)	10	90,000,000	900,000,000	74,880,000	748,800,000	Retained earnings transfer for capital increase: 62,486,000 Capital surplus transfer for capital increase: 49,988,800 Employee bonus transfer for capital increase: 11,465,200	None	None

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2003.04 (Note 7)	10	117,000,000	1,170,000,000	79,167,537	791,675,370	Convertible corporate bonds: 42,875,370	None	None
2003.07 (Note 8)	10	117,000,000	1,170,000,000	79,180,811	791,808,110	Convertible corporate bonds: 132,740	None	None
2003.08 (Note 9)	10	117,000,000	1,170,000,000	83,132,551	831,325,510	Retained earnings transfer for capital increase: 3,951,740 Capital surplus transfer for capital increase: 35,565,660	None	None
2006.08 (Note 10)	10	117,000,000	1,170,000,000	83,092,551	830,925,510	Cancellation of treasury shares: 40,000 shares	None	None
2006.11 (Note 11)	10	117,000,000	1,170,000,000	81,147,551	811,475,510	Cancellation of treasury shares: 1,945,000 shares	None	None
2010.5 (Note 12)	10	117,000,000	1,170,000,000	81,029,551	810,295,510	Cancellation of treasury shares: 118,000 shares	None	None
2010.10 (Note 13)	10	117,000,000	1,170,000,000	85,677,394	856,773,940	Convertible corporate bonds: 46,478,430	None	None
2011.1 (Note 14)	10	117,000,000	1,170,000,000	87,968,466	879,684,660	Convertible corporate bonds: 22,910,720	None	None
2011.5 (Note 15)	10	117,000,000	1,170,000,000	89,705,546	897,055,460	Convertible corporate bonds: 17,370,800	None	None
2011.11 (Note 16)	10	117,000,000	1,170,000,000	88,841,546	888,415,460	Cancellation of treasury shares: 864,000 shares	None	None
2012.1 (Note 17)	10	117,000,000	1,170,000,000	86,541,546	865,415,460	Cancellation of treasury shares: 2,300,000 shares	None	None
2012.3 (Note 18)	10	117,000,000	1,170,000,000	85,041,546	850,415,460	Cancellation of treasury shares: 1,500,000 shares	None	None
2017.12 (Note 19)	10	117,000,000	1,170,000,000	85,963,698	859,636,980	Convertible corporate bonds: 9,221,520	None	None
2018.6 (Note 20)	10	117,000,000	1,170,000,000	109,414,751	1,094,147,510	Convertible corporate bonds: 23,451,053	None	None
2018.11 (Note 21)	10	117,000,000	1,170,000,000	108,079,751	1,080,797,510	Cancellation of treasury shares: 1,335,000 shares	None	None

Note 1: Approval document for capital increase on July 21, 1995: (84) TAI-CAI-ZHENG(I) No. 39293

Note 2: Approval document for capital increase on July 10, 1996: (85) TAI-CAI-ZHENG(I) No. 41573

Note 3: Approval document for capital increase on July 8, 1999: (88) TAI-CAI-ZHENG(I) No. 62110

Note 4: Approval document for capital increase on May 24, 2000: (89) TAI-CAI-ZHENG(I) No. 45582

Note 5: Approval document for capital increase on May 8, 2001: (90) TAI-CAI-ZHENG(I) No. 124263

Note 6: Approval document for capital increase on June 25, 2002: TAI-CAI-ZHENG(I) No. 0910134623

Note 7: Approval document on May 22, 2003: JING-SHOU-SHANG-ZI No. 09201149460

Note 8: Approval document on September 18, 2003: JING-SHOU-SHANG-ZI No. 09201272170

Note 9: Approval document for capital increase on July 11, 2003: TAI-CAI-ZHENG(I) No. 0920131035

Note 10: Approval document on August 15, 2006: JING-SHOU-SHANG-ZI No. 09501174810

Note 11: Approval document on November 23, 2006: JING-SHOU-SHANG-ZI No. 09501264740

Note 12: Approval document on May 31, 2010: JING-SHOU-SHANG-ZI No. 09901107780

Note 13: Approval document on October 8, 2010: JING-SHOU-SHANG-ZI No. 09901225830

Note 14: Approval document on January 19, 2011: JING-SHOU-SHANG-ZI No. 10001011760

Note 15: Approval document on May 13, 2011: JING-SHOU-SHANG-ZI No. 10001097930

Note 16: Approval document on November 29, 2011: JING-SHOU-SHANG-ZI No. 10001272280

Note 17: Approval document on January 9, 2012: JING-SHOU-SHANG-ZI No. 10101004050

Note 18: Approval document on March 20, 2012: JING-SHOU-SHANG-ZI No. 10101048680

Note 19: Approval document on December 4, 2017: JING-SHOU-SHANG-ZI No. 10601164110

Note 20: Approval document on June 1, 2018: JING-SHOU-SHANG-ZI No. 10701060080

Note 21: Approval document on November 27, 2018: JING-SHOU-SHANG-ZI No. 10701149550

Share Type	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered ordinary shares (Note 1)	108,079,751	41,920,249	150,000,000	-

Note 1: The Company was listed on the over-the-counter market on January 10, 2002.

(2) List of Major Shareholders

April 26, 2026

Shares / Shareholding	Shareholding	Percentage
CHEN, QING-JIN	5,211,045	4.82%
CHEN, WEI-ZHEN	3,274,905	3.03%
CHEN, JUAN-TING	2,314,184	2.14%
LAN, SHU-FENG	2,101,204	1.94%
HUANG, LIAN-CHENG	1,768,000	1.64%
ALPIN INTERNATIONAL CO., LTD.	1,560,000	1.44%
UBS Europe SE Investment Account in Custody of Citibank (Taiwan) Commercial Bank	1,320,000	1.22%
CHEN, SHU-MEI	1,304,450	1.21%
HUANG, CHIH-MING	1,200,000	1.11%
WU, CHANG-MIN	1,000,000	0.93%

(3) Company’s Dividend Policy and Implementation Status

1. Dividend Policy

The dividend policy of the Company is as follows:

The Company is in a stage of business growth, and the dividend policy is determined based on the Company’s capital requirements, financial structure, and earnings. If the Company has a surplus in its annual financial statements, it will pay taxes and donations in accordance with the law, offset accumulated deficits, and allocate 10% as legal retained earnings. However, when the legal retained earnings reach the Company’s paid-in capital, no further allocation is required. The remaining surplus will be allocated or reversed as specified by laws and regulations. If there is still a balance, it will be combined with accumulated undistributed earnings, and the Board of Directors will propose a profit distribution resolution to the shareholders’ meeting for the distribution of dividends to shareholders.

The Company considers a balanced and stable dividend policy and will appropriately distribute dividends in the form of stock dividends or cash dividends, taking into account capital needs and dilution of earnings per share.

2. Proposed Distribution at the Shareholders’ Meeting:

The Company recorded net profit after tax of NT$51,003,523 for 2025. After adding actuarial gains on defined benefit plans of NT$2,880,119 and income tax expense related to components of other comprehensive income of NT$576,024, deducting the beginning accumulated deficit of NT$51,147,047, and appropriating NT$216,057 to legal reserve, the Company's undistributed earnings for 2025 amounted to NT$1,944,514.

(4) The impact of this shareholders’ meeting’s proposed free distribution of stocks on the company’s business performance and earnings per share: None.

(5) Employee, director, and supervisor compensation

1. The percentage or range of compensation for employees, directors, and supervisors as stipulated in the Company’s Articles of Incorporation:

If the Company records a profit for a fiscal year, 1.5% to 15% of such profit shall be appropriated as employee compensation, and no less than 50% of the total employee compensation shall be distributed to non-executive employees. Employee compensation may be distributed in the form of shares or cash pursuant to a resolution of the Board of Directors, and eligible employees of subordinate companies meeting certain criteria may also be included as recipients. The Company may, by resolution of the Board of Directors, appropriate no more than 5% of such profit as remuneration for directors and supervisors. The distribution of employee compensation and directors' and supervisors' remuneration

shall be reported to the shareholders' meeting. Any remaining earnings distribution proposal shall be prepared by the Board of Directors and submitted to the shareholders' meeting for approval.

2. The basis for estimating the amount of employee, director's compensation for the current period, the calculation basis for stock-based employee compensation, and the accounting treatment when the actual distribution amount differs from the estimated amount:

   If there are changes to the estimated amount after the issuance of the annual financial statements, accounting adjustments will be made based on accounting estimates and reflected in the subsequent year's financial statements.

3. Information on the distribution of employee compensation and director compensation approved by the Board of Directors in 2026 for the 2025 fiscal year:

   (1) The amount of employee compensation and director compensation distributed in cash or stock. If there is a difference from the estimated amount recognized in the annual expenses, the difference, reasons, and handling should be disclosed:

   The Company's 2025 financial statements have been approved by the Board of Directors. Employee compensation in the amount of NT$200 thousand is proposed for distribution, while no remuneration is proposed for directors.

   (2) The amount of employee compensation distributed in the form of shares and its proportion to the total of the current period's after-tax net income (based on parent company only or individual financial reports) and total employee compensation: Not applicable.

4. Actual distribution of employee and director compensation for the previous fiscal year:
   Employee compensation for 2024: NT$0;
   Director compensation for 2024: NT$0
   If there is any difference from the amount estimated in the expenses recognized in the financial statements, the difference, reasons, and handling should be disclosed: No difference.

(6) Share repurchase by the Company: None.

2. Handling of Corporate Bonds

(1) Corporate Bonds:

2026.3.31

Type of Corporate Bonds		2025 First Secured Corporate Bonds
Issue Date		December 10, 2025
Denomination		NT$1,000,000
Place of Issue and Trading		Listed for trading on the Taiwan Stock Exchange
Issue Price		NT$100
Total Amount		NT$250,000,000
Interest Rate		Fixed annual interest rate: 1.95%
Maturity		The bonds have a term of three years and will mature on December 10, 2028.
Guaranteed Institution		BANK OF KAOHSIUNG CO.,LTD.
Trustee		Taipei Star Bank Co., Ltd.
Underwriter		SinoPac Securities Corporation
Signing Counsel		Handsome Attorneys-at-law Attorney QIU, YA-WEN
Certified Public Accountant		Deloitte & Touche CPA: XU, WEN-YA
Repayment Method		Full principal repayment at maturity
Outstanding Principal Amount		NT$250,000,000
Terms of Redemption or Early Settlement		None
Restrictions		None
Name of Credit Rating Agency, Date of Rating, Results of Corporate Bond Rating		Guarantor rating: Moody's Taiwan AA-(twn)
Other Rights Attached	As of the date of printing the annual report, the amount of ordinary shares, American Depositary Receipts (ADRs), or other securities that have been converted (exchanged or subscribed)	None.
	Issuance and conversion (exchange or subscription) method	Please refer to the attached issuance guidelines (pages 64-65).
Issuance and conversion, exchange or subscription method, issuance conditions on the possible dilution of equity and the impact on existing shareholders' rights		None.
Name of Entrusted Custodian for Exchange Object		None

(2) Convertible Bonds Data: None

(3) Exchangeable Bonds Data: None

(4) Comprehensive Declaration of Issued Bonds Data: None

(5) Data on Bonds with Attached Warrants: None

3. Situation regarding preferred stock issuance: None.

4. Situation regarding overseas depositary receipts: None.

5. Situation regarding employee stock option issuance: None.

6. Situation regarding the issuance of new shares with restricted employee rights: None.

7. Situation regarding merger or acquisition of other companies' shares to issue new shares: None.

8. Execution of capital utilization plan:

(1) Uncompleted or recently completed cash capital increase, acquisition, or issuance of new shares or corporate bonds where the expected benefits have not yet materialized in the past three years: None

(2) Implementation Status:

On December 2, 2025, the filing for the issuance of the Company's First Secured Ordinary Corporate Bonds of 2025 in the aggregate principal amount of NT$250 million became effective pursuant to Letter No. 11400102971 issued by the Taipei Exchange (TPEx). The bonds have been fully subscribed and the issuance has been completed.

LEATEC FINE CERAMICS CO., LTD.

Issuance Guidelines for the 2025 First Secured Ordinary Corporate Bonds

LEATEC FINE CERAMICS CO., LTD. (hereinafter referred to as the “Company”), having obtained effective registration for the issuance of corporate bonds pursuant to Letter No. 11400102971 issued by the Taipei Exchange (TPEx) on December 2, 2025, hereby establishes the following issuance guidelines:

1. Bond Name: LEATEC FINE CERAMICS CO., LTD. 2025 First Secured Ordinary Corporate Bonds (referred to as "Company Bonds").
2. Total Issuance Amount: The total issuance amount of the Company Bonds is NT$250 million.
3. Face Value: NT$1 million per bond.
4. Issuance Period: The Company Bonds have a three-year term, starting from December 10, 2025, and maturing on December 10, 2028.
5. Issuance Price: The Company Bonds will be issued at their full face value.
6. Coupon Rate: The coupon rate for the Company Bonds is a fixed annual rate of 1.95%.
7. Repayment Method: The Company Bonds will be repaid in full once at the end of three years from the issuance date.
8. Interest Payment Method: Interest on the bonds shall accrue from the issuance date at the stated coupon rate and shall be calculated on a simple interest basis, with interest paid once annually. Interest payments shall be calculated for each bond denomination of NT$1 million and rounded to the nearest New Taiwan Dollar, with amounts below one dollar rounded according to standard rounding rules. If the repayment date coincides with a banking holiday, the payment will be made on the next business day without additional interest. If bondholders receive principal and interest after the due date, no additional interest will be paid.
9. Guarantee Institution: The Company Bonds are guaranteed by Kaohsiung Bank Co., Ltd.
10. Bond Form: The Company Bonds will be issued in dematerialized form and registered with the Taiwan Depository & Clearing Corporation.
11. Trustee: Taipei Star Bank Co., Ltd. will act as the trustee for the bondholders, representing their interests and exercising supervision over the Company’s compliance with the issuance matters. A trust agreement will be established. All bondholders, whether subscribed at the time of issuance or acquired subsequently, agree to acknowledge and grant full authority to the trustee in accordance with the terms of the trust agreement and the issuance guidelines. This authorization cannot be revoked midway. Bondholders may review the content of the trust agreement at the Company’s or trustee’s business premises during business hours.
12. Principal and Interest Agent: The Company has entrusted Taoyuan Branch of Kaohsiung Bank Co., Ltd. to handle the repayment of principal and interest. The agent will process the allocation of principal and interest payments based on the bondholders’ register provided by the Taiwan Depository & Clearing Corporation. The agent is responsible for withholding taxes in

accordance with the law, preparing withholding certificates, and sending them to the bondholders.

13. Underwriter: The Company has appointed SinoPac Securities Corporation as the lead underwriter for public underwriting.
14. Notification Method: Except where otherwise stipulated by laws and regulations, all matters concerning the Company Bonds will be announced on the Market Observation Post System (MOPS) (https://mops.twse.com.tw).
15. Sales Target: Limited to professional investors as defined in the Rules Governing Issuance of Foreign Currency Denominated International Bonds by the Taiwan Stock Exchange.
16. Any matters not covered in these issuance guidelines shall be handled in accordance with relevant regulations of the competent authority.

IV. Operation Overview

1. Operation Overview

(1) Business Scope

1. The main content of the Company's business includes:

(1) Manufacturing, processing, and trading of alumina ceramic substrates.
(2) Manufacturing, designing, processing, and trading of ceramic packaging substrates.
(3) Manufacturing, designing, processing, and trading of structural ceramic components.
(4) Manufacturing, designing, processing, and trading of electronic functional ceramic components.
(5) Manufacturing, designing, processing, and trading of thick film circuit components.
(6) Manufacturing, designing, processing, and trading of thin film circuit components.
(7) Import and export trading of the aforementioned products.
(8) Wholesale of molds.
(9) Retail of molds.
(10) Wholesale of basic chemical materials.
(11) Retail of basic chemical materials.
(12) Wholesale of industrial additives.
(13) Retail of industrial additives.
(14) Wholesale of plastic film bags.
(15) Retail of plastic film bags.
(16) Wholesale of refractory materials.
(17) Retail of refractory materials.
(18) Intellectual property rights.
(19) Product design services.
(20) In addition to licensed business, engaging in non-prohibited or restricted business activities under the law.

2. Business distribution ratio.

Unit: NT$1,000

Product	2025	
	Amount	%
Resistive Substrate	505,588	50.96
Non-resistive Substrate	430,069	43.35
Others	56,484	5.69
Total	992,141	100.00

3. Current product items include:

(1) Ceramic substrates for chip resistors.

(2) Ceramic substrates for chip resistors.

(3) Thin film substrates for chip resistors.

(4) Ceramic substrates for hybrid integrated circuits.

(5) Ceramic raw materials for automotive oxygen sensors.

(6) Ceramic substrates for automotive pressure sensors.

(7) Ceramic substrates for lasers.

(8) Grinding ceramic substrates.

(9) Ceramic heat sinks for LEDs.

(10) High thermal conductivity aluminum nitride heat sinks.

(11) Aluminum nitride grinding substrates for 5G data centers.

(12) ZTA (alumina toughened zirconia) substrates.

(13) Dry-pressed/oil-pressed ceramic parts.

(14) Ceramic substrates for power modules.

(15) Thin film 98% alumina substrates.

(16) Large-sized thick alumina substrates.

4. Planned development of new products:

(1) High-k aluminum nitride (AlN) substrates

(2) Metallized aluminum nitride (AlN) substrates.

(2) Large-sized zirconia-toughened alumina substrates.

(3) Thick lapping substrates

(4) High-purity 99.6% alumina substrates.

(2) Industry Overview

1. Industry status and development:

According to the Global Economic Prospects report released by the World Bank on January 13, 2026, the global economy has demonstrated remarkable resilience despite experiencing an unprecedented escalation in trade tensions. The World Bank revised its forecast for global real gross domestic product (GDP) growth in 2026 upward to 2.6%, compared with the 2.4% forecast issued in June 2025. Global economic growth for 2025 is estimated at 2.7%, exceeding previous expectations, primarily due to a surge in trade driven by businesses and households accelerating purchases ahead of tariff policy changes, as well as substantial growth in artificial intelligence (AI)-related expenditures.

Among major economies, the forecast for U.S. economic growth in 2026 was significantly revised upward from 1.6% to 2.2%. China's economic growth is estimated at 4.9% in 2025 and projected at 4.4% in 2026. Although both forecasts have been

revised upward, growth is expected to continue moderating due to structural challenges, including weak consumer confidence, a prolonged downturn in the real estate market, and population aging. According to Ayhan Kose, Deputy Chief Economist of the World Bank, global real GDP growth has remained within a range of 2.6% to 2.8% since 2023, below the 3.2% average recorded during the decade preceding the pandemic, indicating that global growth is stabilizing rather than accelerating.

Among other advanced economies, recovery remains relatively moderate.

The euro area recorded growth of 0.9% in 2024 and is expected to grow by 1.4% in 2025 (revised upward by 0.7 percentage points), before slowing to 0.9% in 2026 (revised upward by 0.1 percentage points). Japan experienced a contraction of 0.2% in 2024 but is expected to grow by 1.3% in 2025 (revised upward by 0.6 percentage points) and 0.8% in 2026 (unchanged).

Among emerging markets, significant divergence continues to be observed.

Vietnam remains one of the strongest performers in East Asia, with projected growth rates of 7.1%, 7.2%, and 6.3% for 2024, 2025, and 2026, respectively. In contrast, Brazil, the largest economy in Latin America, is expected to experience a gradual slowdown from 3.4% growth in 2024 to 2.3% and 2.0% in 2025 and 2026, respectively. Mexico recorded growth of 1.4% in 2024, is expected to slow significantly to 0.2% in 2025, and is projected to recover to 1.3% in 2026.

Passive Components Sector: The passive component market in 2026 is benefiting from strong demand for AI servers and high-performance computing (HPC) applications, driving shortages of high-end multilayer ceramic capacitors (MLCCs) and specialty products and creating favorable pricing conditions for the industry. Market demand is increasingly focused on miniaturized products with higher capacitance density, while Integrated Passive Device (IPD) technology is also developing rapidly. Leading Taiwanese manufacturers, such as YAGEO Corporation and Walsin Technology Corporation, are expected to achieve significant profit growth due to their strong positioning in AI-related applications.

At the same time, escalating raw material prices have become a pressing challenge for the passive component industry. Global raw material markets continue to be affected by geopolitical uncertainties, including developments in the Middle East. In addition, China has responded to tariff disputes by restricting exports of certain metal raw materials, resulting in increased price volatility. Under mounting cost pressures, passive component manufacturers in Taiwan and worldwide have initiated a new round of price adjustments. Rather than occurring all at once, these price increases have spread progressively across the industry as demand recovery and cost pressures interact, creating a gradual expansion effect throughout the market.

Automotive Sector: Global automobile sales reached 96.89 million units in 2025, representing year-over-year growth of 6%. Worldwide vehicle sales in February 2026 totaled 6.74 million units, a decline of 2% compared with the same period of the previous year. Cumulative global vehicle sales for January and February 2026 reached 13.96 million units, representing year-over-year growth of 0.1%. China's automotive market has generally outperformed global markets in recent years, with its market share continuing to increase and expected to account for 29.7% of global vehicle sales in 2026. As the automotive industry accelerates its transition toward electrification and intelligent mobility, the global automotive semiconductor market is expected to grow steadily from US$67.7 billion in 2024 to US$96.9 billion by 2029, representing a compound annual growth rate (CAGR) of 7.4% between 2024 and 2029.

The market outlook for third-generation semiconductors, particularly silicon carbide (SiC) and gallium nitride (GaN), remains highly favorable. According to estimates by TrendForce, the market size of third-generation power semiconductors is projected to reach approximately US$2.31 billion to US$2.53 billion in 2026. Key applications include RF power amplifiers for 5G communications, LiDAR, and satellite communications, as well as control systems for electric vehicles, solar power generation, and wind power generation, all of which represent important growth markets.

2. Outlook, Development, and Relationships with Upstream, Midstream, and Downstream Industries for the Whole Year

The Company focuses on the research, development, and manufacturing of precision ceramic substrates and high-performance ceramic materials. These products are widely applied in critical fields such as electronic components, automotive parts, and thermal management modules, providing downstream industries with stable and high-quality foundational materials.

With the rapid advancement of 5G communications, electric vehicles (EV), AI computing, and semiconductor packaging technologies, the market demand for high-performance ceramic materials continues to grow, especially in areas requiring high thermal conductivity, low dielectric loss, heat resistance, and high mechanical strength. The Company is committed to enhancing product competitiveness to meet the demands for high-end ceramic substrates across various industries. **Future Development:** With the continued growth of markets such as EVs, AI servers, and third-generation semiconductors (SiC/GaN), the demand for high-performance ceramic materials will keep expanding. The Company will continue to enhance its technology and production capacity in response to market trends.

The relationship between the Company's products and the industries can be

summarized as shown in the following diagram:

Precision Ceramic Substrate Industry Chain			
Role in the Industry Chain	Upstream	Midstream	Downstream
Industry Categories	Alumina powder materials Zirconia powder materials Aluminum nitride powder materials	Ceramic substrates Structural ceramics Energy-saving ceramics	➢Electronic Components: Chip resistors, thick/thin film circuits, LED thermal substrates ➢Power Modules: IGBT modules, high-power server modules, power control modules ➢Telecommunications: 5G base stations, optical communication components ➢Automotive Electronics: EV film components, automotive sensing modules ➢AI and Semiconductors: AI computing chip modules, advanced packaging substrates

3. Product Development Trends and Competitive Situation

The integration of the robotics industry with artificial intelligence (AI) is driving growth in demand for high-power servers. With the rapid advancement of AI technologies, particularly the increasing demand for graphics processing unit (GPU) computing modules, the related industrial supply chain continues to expand. Although GPU module assemblies require a certain amount of passive components, the quantity involved is relatively limited. In contrast, the high-power server market generates significantly greater demand for passive components. These servers are primarily assembled by Taiwanese contract manufacturers on behalf of end customers such as Microsoft and Google. As a major supplier in this field, Walsin Technology is experiencing exceptionally strong growth momentum.

Over the next several years, the robotics industry and AI-related server markets are expected to maintain high growth rates. However, over the longer term, market growth may gradually stabilize.

Innovation in Smartphone Technology Driving Demand for High-performance Ceramics:

Smartphones and wearable devices continue to evolve through the integration of increasingly advanced features, including retinal recognition, voice recognition, 3D facial recognition, high-core-count processors, mobile computational photography, and extended battery-life technologies. Leading smartphone brands continue to accelerate technological innovation, driving demand for high-thermal-conductivity insulating materials and various passive components. Ceramic substrate materials are also being increasingly adopted to enhance heat dissipation performance and product durability.

Moreover, as smartphones and other mobile devices become more functionally complex, internal components are trending toward further miniaturization and thinning. This is expected to significantly boost demand for ultra-thin ceramic substrates.

The Company holds a leading position in the technology for ultra-small and ultra-thin ceramic substrates. With stable quality and precision manufacturing processes, the Company's market share continues to rise and is expected to grow further as the market expands.

Expansion of High-Precision Ceramic Substrate Applications:

1. Precision Applications of Ceramic Substrates in Current Control Modules

Ceramic thermal substrates are widely used in chip resistors and current control modules. As the market demands higher precision in current control, product design trends are evolving toward:

- Finer spacing and narrower widths of metal circuit traces
- Higher stability and lower resistance drift

The Company possesses advanced technology in ultra-high-density ceramic substrate manufacturing and will continue to expand its market share in thin-film resistor substrates.

2. Growth in Ceramic Substrate Applications for New Energy Vehicles

Ceramic substrates are also used as carrier boards for PTC (Positive Temperature Coefficient) thermistors, providing precise temperature control functionality. For example:

- In EV air conditioning systems, PTC heaters utilize electro-ceramic materials to generate heat, warming the cool air from compressors to a set temperature.
- The Company has successfully mass-produced large-sized, high-flatness ceramic substrates using a specialized sintering process, meeting the thermal management needs of new energy vehicles and achieving rapid growth in line with market expansion.

High Thermal Conductivity Ceramic Materials Leading Future Market Applications:

With the rapid development of the electric vehicle (EV) market, the Company has become one of the leading players in the Greater China region in the field of high thermal conductivity ceramic materials. Through the development and mass production of ZTA (Zirconia Toughened Alumina) substrates, which are successfully applied in IGBT power modules, the Company is gradually expanding from the traditional electronics (passive component) industry to:

- Automotive electronics (EV power modules, BMS battery management systems)
- 5G and optical communications (high-frequency, high-speed transmission components)
- Semiconductor processes (high-precision packaging technology)
- LED packaging and green energy storage (high-power LEDs, energy management systems)

In the future, the Company will continue to work with customers on the joint development and design of high-performance ceramic substrates to further enhance market competitiveness and contribute professional value to the industry.

2026 Market Outlook:

98% Thin-Film Substrates: Automotive and Industrial Control Applications in Focus

- Industrial control market: Expected to maintain steady growth in 2026.
- Automotive electronics market: Demand continues to increase, particularly in the new energy vehicle segment, driving up ceramic substrate usage.
- Intensified EV price competition in China: May impact raw material prices and supply chain costs, leading customers to request pricing adjustments. Nonetheless, this trend is expected to drive technological upgrades and cost optimization.

Core Product Development Direction for 2026

Key application markets will continue to focus on:

- Electric vehicles (EV) – High thermal conductivity ceramic substrates, BMS battery management systems
- AI computing – High-power thermal dissipation substrates, thin-film resistor substrates
- Industrial precision applications – Precision ceramic substrates, optical communication components

The Company will continue to deepen its capabilities in automotive substrates, AlN (aluminum nitride) substrates, 98% thin-film substrates, and ZTA substrates. At the same

time, it will strengthen cost control and capacity optimization to enhance market competitiveness and seize future growth opportunities.

(3) Technical and Research and Development Situation

1. Technological Level

The Company is one of the few domestic manufacturers possessing proprietary precision ceramic substrate manufacturing technologies that have been successfully commercialized in mass production. Leveraging decades of experience in ceramic materials engineering, the Company continues to strengthen its integrated capabilities in key manufacturing technologies, including material design, slurry preparation and forming, debinding, and high-temperature sintering, thereby establishing a comprehensive and stable mass-production system.

Supported by its engineering expertise and research and development team, the Company has successfully developed a variety of precision alumina and aluminum nitride ceramic substrates, including 98% alumina substrates, 99.6% alumina substrates, and aluminum nitride (AlN) ceramic materials featuring high thermal conductivity (approximately 230 W/m·K or higher, and up to 250 W/m·K) and high mechanical strength (flexural strength exceeding 550 MPa). These products have been applied in automotive sensors, advanced precision thin-film process substrates, high-power laser modules, and artificial intelligence (AI) high-performance computing applications.

In addition to mastering critical technologies such as material formulation design, forming processes, and sintering condition control, the Company also invests in the development and optimization of manufacturing equipment to enhance product consistency and production stability. To further strengthen its technological capabilities and industry competitiveness, the Company actively collaborates with domestic academic institutions through industry-academia partnerships, introducing both theoretical and practical expertise in materials science. The Company also participates in government-sponsored industrial upgrading and R&D transformation programs, accelerating the advancement and application expansion of ceramic material technologies through collaboration among industry, government, and academia.

Through these initiatives, the Company continues to reinforce its technological foundation in the precision ceramic substrate industry and establish a solid platform for future growth in high value-added application markets.

2. R&D Expenditures and Technologies or Products Successfully Developed During the Current Year up to the Date of Publication of the Annual Report

The Company's technologies are primarily developed through internal research and development efforts. R&D expenditures for 2025 totaled NT$74,453 thousand. Products

that have been successfully developed, commercialized, or are currently under development are summarized as follows:

Item	Progress	Overview
High Thermal Conductivity Aluminum Nitride Substrates (K ≥ 230 W/m·K)	Pilot Production	Successfully passed customer testing and validation
Ultra-High Thermal Conductivity Aluminum Nitride Substrates (K ≥ 250 W/m·K)	Sample Submission	Submitted to customers for testing and validation
High-Strength, Thermal-Shock-Resistant ZTA Ceramic Substrates (550MPa150W/mK) (550MPa; K≧150W/mK)	Pilot Production	Successfully passed customer testing and validation
High-Strength Aluminum Nitride Ceramic Substrates	Sample Submission	Submitted to customers for testing and validation

3. Future-Year Research and Development Plans

(1) Ultra-high thermal conductivity (K > 250 W/m·K) and high-strength (≥ 350 MPa) aluminum nitride substrates.

(2) Development of finely polished high-thermal-conductivity aluminum nitride substrates.

(3) High-strength (≥ 650 MPa) and high-thermal-conductivity (K ≥ 130 W/m·K) aluminum nitride substrates.

(4) High-strength, high-thermal-conductivity silicon nitride substrates.

(4) Long-term and Short-term Business Development Plans

1. Short-term Plans

Expand into the automotive ceramic substrate and precision thin-film resistor markets. With the increasing electrification of automotive systems and the popularity of intelligent and electric vehicles, the demand for passive components has been driven. Various automotive electronics, electric vehicle applications, and high-performance requirements have led to significant growth in the demand for ZTA, 98 thin film substrates, and AlN. Utilizing process and technological advantages, the Company will continue to increase development projects, expand market share overseas, and target the electric vehicle ceramic market. The R&D team will collaborate with automobile manufacturers to jointly develop new products from a design application perspective, strengthen the automotive market domain, and create highly competitive products with customized specifications for customers. With the booming development of AI intelligence, the demand for heat dissipation is also increasing. Our R&D team has swiftly developed high thermal conductivity AlN substrates (high k substrates) to meet customer demands.

2. Long-term Plans

High-purity ceramics and composite materials are widely regarded as the most stable and suitable electronic materials. The Company's products have expanded into automotive ceramic materials and energy industries. Starting from ceramic core technology, LEATEC is moving towards the application of industrial ceramics in order to diversify business risks affected by the economy. With excellent quality and localized services, the resistor substrates have become the preferred choice for customers.

The Company will continuously enhance its technological capabilities, develop new processes and processing projects, expand the application areas of its products, and become a comprehensive ceramic technology and product manufacturer. It will add new material projects to become the preferred ceramic supplier for customers. The Company will also extend the level of substrate processing to improve production efficiency and actively seek strategic cooperation with other enterprises to achieve win-win goals. Responding to the global carbon reduction trend, it will enter the green energy and energy-saving industries and compete with European and American manufacturers.

2. Market and Production and Sales Overview

(1) Market Analysis:

1. Sales Regions of the Company's Main Products

The Company's products currently focus on oxide and non-oxide ceramic substrates. The distribution of main product sales by region and amount in the past three years is as follows:

Unit: NT$1,000

Sales Regions	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
Asia	715,753	86.86	898,050	89.49	873,620	88.05
America	98,980	12.01	60,256	6.00	86,908	8.76
Europe	9,293	1.13	25,280	2.52	30,845	3.11
Other Regions	0	0.00	19,918	1.99	768	0.08
Total	824,026	100.00	1,003,504	100.00	992,141	100.00

2. Market Share

The following table shows the market share status of the Company's main product, alumina ceramic substrates:

Year	2022		2023		2024		2025	
Company	Domestic Market	Global Market	Domestic Market	Global Market	Domestic Market	Global Market	Domestic Market	Global Market
LEATEC	28%	19%	30%	14%	31%	12%	36%	13%
Maruwa	21%	23%	18%	20%	17%	18%	12%	8%
Kyocera	1%	2%	1%	2%	1%	2%	1%	2%
Others	50%	56%	51%	64%	51%	68%	51%	77%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Note: Data source: Company statistics

3. Market Future Supply and Demand Situation and Growth

The automotive industry is regarded as a key growth driver and a major market trend. Vehicle demand is expected to continue growing in 2026 and over the coming years, with double-digit growth anticipated over the next five years. This will drive the global charging station count to reach 280 million by 2040. The Company will primarily allocate resources and production capacity to advanced products such as protective components for automotive-grade batteries, automotive-grade chip resistors, and automotive power semiconductor substrates. The resistor substrates will continue to be produced and sold at the Kunshan plant, with technical support and new product development from the Pingzhen plant. This will ensure a stable market demand with competitive pricing adjustments when necessary. Specialized and high-value-added products with unique specifications will be produced by the Taiwan production line, with close cooperation between the two sides of the Taiwan Strait, generating maximum synergies in terms of product adjustments and customer service.

The application of ceramic materials in the automotive market is gradually expanding. LEATEC's many years of experience in sensing components, heat dissipation, and insulation materials make it a major beneficiary of the future trends of the automotive Internet of Things and Industry 4.0. The Company has established quality assurance through long-term cooperation with international giants, enabling it to develop more diversified products. With improved technology and reputation, the Company will continue to experience continuous growth.

Demand for high thermal conductivity AlN (aluminum nitride) materials is also increasing for AI server systems, high-power laser cutting, and laser ranging applications. Given the higher unit price and production value of high thermal conductivity AlN, it is a key focus for long-term development.

The development and marketing of new materials and ceramic composites will shift the focus from the traditional electronic materials industry to broader market applications such as automotive sensor components, power modules for electric vehicles, LED packaging, and mechanical equipment. The Company's material research and

development technology and process control technology have been continuously improved. Sales of materials for the automotive industry will provide high-quality orders and market positioning for the Company. As the Company expands and extends its new materials and processes, it will play a more proactive role in precision ceramics, contributing more to the materials industry in Taiwan.

4. Competitive Advantages

(1) Internal Factors

①Advanced process technologies in composite ceramic materials and highly customized ceramic materials are among LEATEC's core strengths.

②Specialized laser processing for ceramic substrates and mass production capacity for customized dimensions

③Engineering and technical support services, including collaborative development of product specifications and assistance in resolving customers' manufacturing process challenges.

④In-depth manufacturing experience and material research engineering talent in series processes.

⑤Continuous investment in automation equipment to improve efficiency and reduce dependence on manual labor.

(2) External Factors

①Ceramic materials are widely used in optical communications, semiconductor manufacturing processes, electronic products, the automotive industry, and high-power components.

②Core technologies and process know-how in ceramic materials require long-term experience, creating high entry barriers for new competitors

③Metallized substrates and composite ceramic materials continue to be incorporated into new products, resulting in steadily increasing market demand.

④Increasing use of ceramic materials in the energy industry.

⑤Rapid development of the electric vehicle market, leading to a surge in demand for high-precision passive components, power dissipation modules, and IGBT power modules.

5. Prospects, Advantages, Disadvantages, and Countermeasures

(1) Advantages

①Whether in consumer electronics or industrial control components, the increasing functionality raises the requirements for materials, and ceramic materials and composites are among the most suitable options.

Alumina ceramic substrates are cost-competitive carriers for chip resistors and the most stable materials. The Company is currently one of the global manufacturers that possess the technology for manufacturing alumina ceramic substrates and have achieved economies of scale. The related raw material formulas and core process technologies have been developed in-house and institutionalized.

The Company has precise control over equipment operating parameters and maintenance techniques, which will make significant contributions to sales in the future of composite material substrate production technology.

The global development of automated industries has invested significant resources, with an increasing usage of related control components, and ceramic materials do not cause environmental pollution. The Company's capabilities in the research, development, and production of ceramic composite materials and high-power ceramic substrates continue to grow, and it actively collaborates with manufacturers to develop products with suitable specifications.

②The quality and load capacity of control components and functional components continue to improve.

Ceramic materials can withstand high temperatures, wear and tear, and high power environments. Ceramic substrate materials are essential components for control components, and in the future, various products, including information exchange and 3C products, will be more diversified and integrated into daily life, including the Internet of Things (IoT) and automotive IoT. Information, communication, and consumer electronic products are included. Future products will focus on lightweight, thin, short, and small designs and require stable materials. Ceramic materials can fully leverage their characteristics to achieve perfect miniaturization of electronic product components. Therefore, the demand for resistors in the electronics and communication markets will continue to grow and be widely used. Due to the unlimited development potential of downstream resistor and automotive industries, there are significant growth opportunities for the Company's alumina ceramic substrates and ceramic products for the automotive industry.

③Ceramic materials have a high technological threshold.

The manufacturing process technology for ceramic materials requires long-term parameter data and stable control capabilities. LEATEC's core technologies, such as doctor blade forming and atmospheric sintering, are of high technical levels and require long-term control parameter experience. From material source management, formulation, parameter condition control during ball milling, doctor blade forming technology for green body production, automated die punching, issues of warpage and microcracks during sintering, substrate stack quantity, and more, time and continuous research and improvement are required to achieve smooth mass production and quality control. Therefore, a relatively long learning curve is needed, making it difficult for potential competitors to enter this industry.

④Future Demand

Applications such as smart electric vehicles, charging stations, 5G communication, optical communication, and the Internet of Things (IoT) are the focal points of global communication development. The demand for passive components will gradually increase, and with few competitors in the industry, the

Company's growth momentum can be expected. Major countries worldwide consider electric vehicles and autonomous vehicles as development priorities, and related components and control systems require insulation and heat resistance, making ceramic materials the most suitable products. It is believed that the use of ceramic materials will continue to expand in the future, and the Company will continue to grow.

⑤Cost Competitive Advantage

The Company possesses parameter technology for mold and material development efficiency and effective supplier collaboration, which provides a strong cost competitiveness and ensures quality. The advantages of using ceramic materials, including cost and lead time, continue to expand the market while ensuring quality. The Company maintains advantages in controlling major material sources and has many years of experience in mutual growth. It actively engages in the development and integration of composite materials and high-power materials, providing professional products and services.

(2) Disadvantages and Countermeasures

①Increasing demand for specialized functional components

Rapid product innovation continues to drive demand for specialized functional components. To strive for sales and differentiate products to meet consumer preferences for novel features, manufacturers are rapidly introducing new designs to attract consumers. As a result, products become more diverse and complex, requiring material component suppliers to enhance their R&D capabilities and quickly meet demands. To respond to this change, the Company needs to invest in R&D and engineering design to drive the front-end product development, pursue production efficiency, yield improvement, and cost reduction. Therefore, the strategy should focus on actively investing in R&D and engineering design to gradually transform the Company and enhance gross margins.

②Environmental safety and health, and labor safety issues

Environmental protection is a major trend. However, in the manufacturing process of ceramic materials, high-temperature sintering can generate odors and waste. To properly handle the exhaust during the process, investments in environmental protection and resource recycling need to be increased. In response to this phenomenon, the Company has developed solvent recovery equipment, which has been installed and proven effective. Exhaust treatment equipment is also operational, ensuring compliance with regulations. However, continuous education and training of new employees in operating procedures and daily routine inspections and records of environmental protection equipment are necessary. Additionally, the Company arranges regular inspections by qualified testing institutions to measure and provide emission reports on pollution sources.

③Competitors engaging in price competition to secure orders

The main competitors in the passive component market are primarily mainland Chinese manufacturers who aim to enter the market, increase market share, and win by quantity, leading to price competition. To address this, the Company not only improves product quality, reduces lead times, and enhances research and development efforts but also focuses on the development of high-end products to differentiate from competitors. The Company also offers customized ceramic substrates to meet customer requirements and maintains close communication with customers to develop special application products, satisfying their needs and promoting continuous innovation.

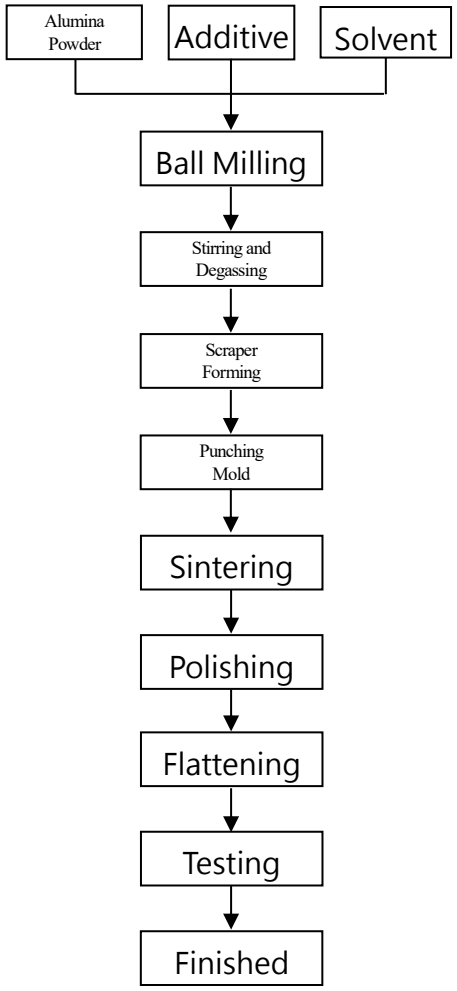
(2) Major Uses and Production Process of Main Products

1. Main Applications of Key Products

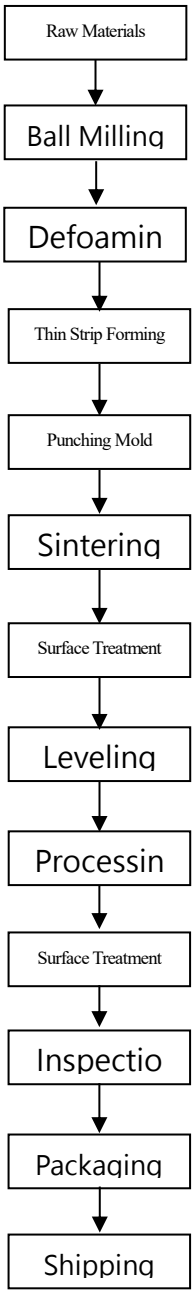
Main Products		Important Uses
Precision Ceramic Substrate	Resistive Substrate	Important raw material for chip resistors and chip resistances, used in personal computers, smartphones, digital cameras, memory devices, intelligent automotive electronics, electric vehicle electronic components, industrial precision control, etc.
	Non-resistive Substrate	(1) Important raw material for hybrid integrated circuits, used in automotive, military, precision instruments, and communication modules. (2) Important semi-finished ceramic blanks for stacked-type oxygen sensors, used in sensing the oxygen concentration in automobile engine exhaust to provide fuel injection setting feedback. (3) Important heat dissipation substrates for 5G data centers and intelligent matrix car lights. (4) Important substrates and heat dissipation materials for optical communication and 5G communication. (5) Raw materials for battery module protection components and power semiconductor substrates. (6) AI server heat dissipation materials (7) Materials required for high-power laser emitters and laser ranging

2. Production Process:

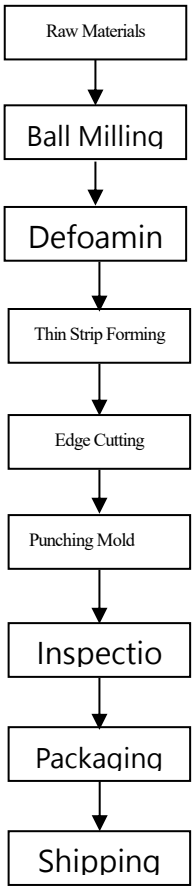
Aluminum oxide ceramic substrates.



Non-aluminum oxide ceramic substrates.



Blanks for oxygen sensors.



(3) Supply Status of Main Raw Materials

The main raw materials for precision ceramic substrates are aluminum oxide powder or other ceramic refining powders. Ceramic powders are widely used in high-temperature materials, mechanical materials, electrical and electronic materials, optical materials, etc., due to their heat resistance, insulation, high hardness, and wear resistance. They are used as grinding fluids in the IC industry, additives in the passive component industry, refractory materials in the fire protection industry, etc.

Manufacturers of ceramic powders include world-class chemical companies such as Sumitomo Chemical Co., Ltd., Showa Denko K.K., Nippon Light Metal Holdings Company, Ltd., AA - Alcoa Corp, and Nabaltec from Germany. The Company's selected suppliers are KINSEI, the agent of Sumitomo Chemical Co., Ltd., and Hui Ye, based on considerations of material characteristics, quality, and stability. These suppliers have agents in Taiwan.

Ceramic powders have a wide range of applications, and the global market demand has been increasing rapidly. Sumitomo Chemical Co., Ltd. has increased its production capacity to meet market demand. However, with the rise in international crude oil prices and costs, the cost of aluminum oxide powder has been increasing. Sumitomo Chemical Co., Ltd. is a long-term supplier with a good cooperative relationship, stable quality, and delivery schedule, and there is no risk of raw material shortage. In recent years, the Company has also actively developed diversified new materials to reduce the risk of raw material sourcing.

(4) List of Major Customers for the Past Two Years

1. Suppliers whose purchase amount accounted for more than 10% of the total purchase amount in any of the past two years, including the purchase amount and proportion:

Unit: NT$1,000

Item	2024				2025				As of March 31, 2026			
	Name	Amount	% to net purchase for the year	Relationship with the Issuer	Name	Amount	% to net purchase for the year	Relationship with the Issuer	Name	Amount	% to net purchase for the year	Relationship with the Issuer
1	KINSEI	77,413	27.64	None	KINSEI	70,766	24.92	None	TIANMA	11,971	21.36	None
2	TIANMA	10,642	3.80	None	TIANMA	41,256	14.53	None	KINSEI	3,895	6.95	None
3	Juci	39,572	14.13	None	Juci	3,899	1.37	None	Juci	420	0.75	None
	Others	152,447	54.43	None	Others	168,023	59.18	None	Others	39,766	70.94	None
	Net Purchase Amount	280,074	100.00	NA	Net Purchase Amount	283,944	100.00	NA	Net Purchase Amount	56,052	100.00	NA

Reason for Variation: There was little change in the main suppliers.

2. List of Customers whose sales amount accounted for more than 10% of the total sales amount in any of the past two years, including the sales amount and proportion:

Unit: NT$1,000

Item	2024				2025				As of March 31, 2026			
	Name	Amount	% to net sales for the year	Relationship with the Issuer	Name	Amount	% to net sales for the year	Relationship with the Issuer	Name	Amount	% to net sales for the year	Relationship with the Issuer
1	YAGEO CORPORATION	130,112	12.97	None	YAGEO CORPORATION	111,490	11.24	None	YAGEO CORPORATION	18,391	7.59	None
2	DUAN HUA	123,370	12.29	None	DUAN HUA	111,138	11.20	None	Dongguan Walsin Technology Electronics Co., Ltd.	26,291	10.86	None
3	Dongguan Walsin Technology Electronics Co., Ltd.	103,994	10.36	None	Dongguan Walsin Technology Electronics Co., Ltd.	100,751	10.15	None	DUAN HUA	18,443	7.61	None
	Others	646,028	64.38	NA	Others	668,762	67.41	NA	Others	179,096	73.94	NA
	Net Sales Amount	1,003,504	100.00	NA	Net Sales Amount	992,141	100.00	NA	Net Sales Amount	242,221	100.00	NA

Reason for Variation: There was little change in the main sales customers.

3. Employees

March 31, 2026

Year		2024	2025	As of March 31, 2026
Number of Employees	Direct Labor	454	417	409
	Indirect Labor	141	115	107
	Total	595	532	516
Average Age		39.11	38.48	37.25
Average Years of Service		5.01	4.29	4.01
Distribution of Educational Background	Doctorate	0.34 %	0.19 %	0.19 %
	Master's	6.05 %	5.45 %	5.23 %
	Bachelor's	23.53 %	17.48 %	16.67 %
	High School	47.23 %	53.01 %	54.07 %
	Below High School	22.85 %	23.87 %	23.84 %
	Total	100.00 %	100.00 %	100.00 %

4. Distribution of Educational Background

(1) Environmental Information:

1. The Company primarily engages in the manufacturing of alumina ceramic substrates. During the production process, emissions such as exhaust gas, wastewater, and waste are generated. According to the letter 87-Fu-Huan-Bei-Zi No. 175143 issued by the Taiwan Provincial Government on December 19, 1998, the Company has obtained the fixed pollution source establishment and operation permits. Furthermore, based on letter Fu-Huan-Kong-Zi No. 0970082300 issued by the Taoyuan County Government on December 18, 2008, the Company is authorized to designate dedicated personnel for air pollution control.
2. Regarding wastewater, the Company was approved by letter Fu-Huan-Shui-Zi No. 357543 from the Taoyuan County Government on March 29, 2001, to install wastewater treatment facilities. All wastewater is properly treated in accordance with discharge standards before being released into surface water bodies.
3. Waste is entrusted to legally compliant waste disposal companies for transportation and treatment.
4. The Company strives for solvent recovery and has introduced low-cost and efficient recovery system equipment.
5. In accordance with laws and regulations, the Company is required to apply for permits for the installation of pollution control facilities, pay pollution control fees, or establish a dedicated environmental unit. Explanation of the application, payment, or establishment status:

(1) The Company has obtained the following pollution operation permits:

Item	Permit Number	Validity Period of Permits
Water Pollution Control Permit	Tao-Shi-Huan-Pai-Xu-Zi No.H0667-09 Fu-Huan-Shui-Zi No.1130274967	2024.10.04~2028.03.10
Permit for the Operation of Fixed Pollution Sources	Fu-Huan-Kong-Zi No.1130168072 Cao-Zheng-Zi No.H3787-10	2024.06.24~2026.10.30

(2) Appointment of Environmental Responsibility Personnel

Item	Name	Type of Permit	Permit Number
Wastewater	LI, TAI-JI	Class B Wastewater Treatment Specialist	(97) HUAN SHU XUN ZHENG ZI No.GB210097
Air Pollution	LI, TAI-JI	Class B Air Pollution Prevention Specialist	(97) HUAN SHU XUN ZHENG ZI No.FB080443

(2) Significant losses and penalties incurred by the Company due to environmental pollution in the most recent fiscal year and up to the date of the annual report printing: None.

(3) Future Response Strategies:

In order to mitigate global warming effects and maintain sustainable environmental ecology, the Company actively promotes green and environmentally friendly operations. It incorporates green production mechanisms through product design, process design, and management system design, and has obtained ISO14001 certification. In the production process, based on environmental considerations, the Company strives for resource conservation and pollution reduction through technological advancements, aiming to achieve green industry goals.

(4) Response to the European Union RoHS Directive:

The Company's products are not subject to the regulations of the European Union RoHS Directive.

5. Labor Relations

(1) Various employee welfare measures, advancement, training, retirement system and its implementation, and the status of agreements between labor and management and measures to protect employee rights:

1. Statutory Employee Welfare Measures and Implementation Status
   (1) Each employee is legally covered by labor insurance, national health insurance, and monthly contributions to retirement pensions.
   (2) Various types of leaves are provided according to the law, ensuring peace of mind for employees when they need to take leave.
   (3) The well-organized Employee Welfare Committee, consisting of members elected from various departments, regularly holds committee meetings to plan various employee welfare measures:
      ①Organizing domestic and overseas trips, year-end banquets, raffles, birthday gifts, and providing monetary gifts and subsidies for Lunar New Year, Labor Day, Dragon Boat Festival, and Mid-Autumn Festival.
      ②Providing congratulatory and condolence money for employees' marriage, childbirth, hospitalization due to injury or illness, and funeral expenses (including employees' parents, spouse, and children).
2. Non-statutory Employee Welfare Measures and Implementation Status
   (1) Group comprehensive insurance is provided for employees, including accident insurance, hospitalization medical insurance, accident medical insurance, and overseas business travel insurance. The premiums are fully paid by the company, providing additional security for employees' work and life.
   (2) The employee cafeteria offers free lunch, dinner (for overtime), and late-night snacks.
   (3) Annual provision of summer and winter uniforms for all employees.
   (4) Prioritizing employee health, regular health check-ups and health seminars are

arranged.

(5) Establishing awards for long-term employees (5, 10, 15, 20, 25 to 45 years) and publicly recognizing and rewarding them on a regular basis.

(6) Determining bonus items and amounts based on the Company's profitability, individual employee performance, and achievement of organizational goals.

(7) Providing opportunities for employee profit-sharing and stock ownership.

(8) Planning annual training programs throughout the year for professional, occupational health and safety, management, and general skills development. Courses are offered to enhance employees' knowledge, work skills, and attitudes, assisting the company in achieving its goals.

3. Employee Continuing Education and Training System and Implementation Status

(1) Encouraging employees to pursue degrees at domestic colleges and universities approved by the Ministry of Education under the "In-Service Education Regulations," with relevant expenses subsidized by the company.

(2) Planning annual professional, occupational health and safety, management, and general skills training programs based on training needs under the "Employee Education and Training Regulations." Courses are offered according to the plan. In 2025, a total of 684 hours of training were conducted throughout the year, covering various fields such as professional skills, management skills, and legal compliance, to promote balanced development of employees' capabilities.

(3) Managers participate in education and training related to corporate governance:

Managerial Officer	Course Name Related to Corporate Governance	Training Hours in 2025
CHEN, QING-JIN President	➢The Era of Taiwan Asset Management: Opportunities and Challenges for Family Offices ➢How Directors and Supervisors Can Oversee the Establishment and Implementation of a Comprehensive Risk Management System	6H
CHEN, YONG-CANG Chief Accounting Officer	Continuing Education Courses for Corporate Governance Officers, Directors, and Accounting Officers	12H
WENG, XUE-PAN Chief Audit Officer	Generative AI and AI Data Protection: Essential Knowledge for Internal Personnel	12H

(4) Status of relevant certifications obtained by personnel related to financial information transparency

Finance personnel, accounting personnel, and auditing personnel of the Company have not obtained relevant certifications from competent authorities.

4. Employee Retirement System and Implementation Status

The Company has established a comprehensive retirement system in compliance with the Labor Standards Act and the Labor Pension Act. For employees covered by the Labor Pension Act (new system), 6% of their monthly wages are deposited by the company into their personal accounts with the Labor Insurance Bureau. For employees covered by the Labor Standards Act (old system), a Labor Retirement Reserve Supervisory Committee, consisting of representatives from labor and management, is formed to jointly oversee and verify the amount of retirement reserve allocation, storage, disbursement, and other relevant supervision matters. A third-party actuary is appointed to perform act

5. Agreements between Labor and Management and Measures to Protect Employee Rights

The Company holds regular monthly employee meetings to facilitate direct communication between employees and management. This allows employees to understand the Company's business philosophy, operational status, and receive project reports from senior executives of various departments. Through various communication channels within the company (including an employee portal for submitting opinions, labor-management meetings, bulletin boards, electronic bulletin boards, internal newsletters, etc.), efforts are made to enhance dialogue and exchange of opinions between labor and management. The goal is to maintain the existing harmonious labor-management relationship and further enhance it in the future.

6. The Company has established "Work Rules" for employees, which include disciplinary codes, prevention of sexual harassment, and other behavioral and ethical guidelines that employees are required to follow. New employees are informed of these contents during the eight-hour pre-employment training, and employees can also refer to the relevant regulations on employee behavior or ethical guidelines at any time through the electronic bulletin board on the Company's internal website.

7. Work Environment and Measures to Protect Employee Personal Safety

To improve the work environment and protect employee personal safety, the Company has established an "Environmental Safety and Health Policy" formulated by the President, with the highest safety goal of achieving "zero accidents, zero incidents." Various occupational safety measures are implemented, and the 6S program (Sort, Set in order, Shine, Standardize, Sustain, Safety) is actively practiced to prevent occupational accidents, ensure employee safety and health, and create a good working environment. The implementation measures are explained as follows:

Item	Content
Access Control Security	1. 24-hour access control and surveillance system are in place. 2. 24-hour security guard service is provided.
Maintenance and Inspection of Various Equipment	1. According to the regulations on building public safety inspection and reporting, a professional inspection agency is commissioned every two years to conduct public safety inspections. The inspection is completed and reported between July and September of that year. The report was completed on October 8, 2025. 2. In accordance with the Building Act, elevator and lift equipment must obtain a usage permit after passing the inspection by the competent authority. The usage permit is posted conspicuously at the entrance. Monthly maintenance is outsourced to professional companies, and before the expiration of the usage permit, a professional inspection agency is commissioned to apply for a safety inspection and obtain a new permit for record. 3. The Company conducts monthly self-inspections and commissions qualified fire safety companies for annual fire safety equipment maintenance. The inspection is completed and reported by the end of November. The report was completed on November 14, 2025. 4. In accordance with the regulations on the management of electrical power equipment and dedicated electrical technicians, high and low voltage power equipment undergoes inspections every six months and applies for inspection records. The report was completed on May 23 and November 14, 2025. 5. For boilers and specific equipment for high-pressure gases, regular inspections are conducted according to automated inspection management regulations. Before the expiration of the inspection certificate's validity, a professional inspection agency commissioned by the Occupational Safety and Health Administration is engaged to apply for a safety inspection and obtain a new certificate for record.
Work Environment Inspection	1. In accordance with the Occupational Safety and Health Act, regular occupational environment monitoring and reporting are conducted every six months, and the monitoring results are announced for employee awareness. These were executed on June 2 and November 14, 2025. 2. Flammable gas concentration detectors are installed at appropriate locations in workplaces where solvents are used. Professional inspection companies are commissioned annually for the calibration of monitoring instruments to maintain the quality of monitoring operations. Calibration checks were conducted by a professional agency on June 9, 2025.
Disaster Prevention Measures and Response	1. According to the regulations of the Occupational Safety and Health Management, an Occupational Safety Office unit is established, with a Class A Occupational Safety and Health Supervisor and Occupational Safety and Health Managers, approved by the Occupational Safety and Health Administration of the Ministry of Labor. 2. Safety and Health Work Guidelines, Occupational Safety and Health Management Plans, Self-inspection Plans, Hazard Awareness Plans, Occupational

	Environment Monitoring Plans, Emergency Response Plans, Air Pollution Equipment/Wastewater Equipment/Fire Equipment/Chemical Leak Emergency Response Plans, Natural Disaster Emergency Response Plans are established. 3. In accordance with the regulations on Occupational Safety and Health Education and Training, general safety and health education and training for new employees, hazard chemical labeling and general education training, safety and health education and training for operators of hazardous machinery or equipment, safety and health education and training for special operators, safety and health education and training for first aid personnel, safety and health education and training for Occupational Safety and Health Managers, and on-the-job safety and health education and training are conducted. 4. Control measures are established for hazardous operations, confined spaces, and special operations, including controlled work permits for hazardous operations, prevention of confined space hazards, fall accident prevention, electrical safety management, organic/dust operation management, etc. 5. Necessary safety protective equipment is provided to on-site workers, such as gas masks, goggles, activated carbon masks, earplugs/earmuffs, aprons, gloves, back support belts, safety shoes, and other protective equipment. 6. In accordance with the Fire Service Act, a fire safety manager is appointed, a fire protection plan is formulated, and it is submitted to the fire department for approval. The fire safety manager has received proper education and training and holds a certificate. Regular self-defense fire brigade training is conducted every six months, with training sessions conducted on May 27 and December 10, 2025.

7. The Company has established the "Insider Trading Prevention Management Procedures." To prevent and respond to insider trading violations, when necessary, the spokesperson disseminates relevant information during the monthly all-staff meetings, and the "Insider Trading Prevention Guidelines" are published on the internal website's electronic bulletin board for employees to access at any time. Directors and supervisors are also periodically reminded via email.

(2) The recent year and up to the date of the annual report, the losses suffered due to labor disputes, and the disclosure of current and future possible estimated amounts and response measures: None.

6. Information Security Management

(1) Information security risk management framework, information security policy, specific management plans, and resources allocated to information security management:

1. Information security risk management framework:

The Information Department is a unit under the Management Department, responsible for implementing information security policies and promoting information

security awareness among employees. It ensures the continuous operation of information systems and data security. The Audit Office conducts annual information security audits of internal control systems and computerized information system processing operations to assess the effectiveness of the company's information operation internal controls.

2. Information Security Policy

To implement information security management, the company has established internal control systems for computerized information system processing and information security management. Through the joint efforts of all employees, the following policy objectives are expected to be achieved:

- Ensure the confidentiality and integrity of information assets.
- Ensure data access in accordance with departmental functional regulations.
- Ensure the continuous operation of information systems.
- Prevent unauthorized modification or use of data and systems.
- Regularly conduct information security audits to ensure the implementation of information security.

3. Specific Management Methods and Resources Allocated to Information Security Management

Internet Security Control	Data Access Control	Response and Recovery Mechanism	Advocacy and Verification
• Installation of firewalls. • Regular virus scanning of computer systems and data storage media. • Usage of various network services should comply with information security policies.	• Computer equipment should be securely stored and configured with account and password settings. • Different access permissions should be assigned based on job responsibilities. • Revocation of access permissions for personnel who are transferred or leave the company. • Before disposing of equipment, confidential, sensitive data, and copyrighted software should be removed or overwritten. • Remote login to the information system should be appropriately approved.	• Regular review of emergency response plans. • Annual system recovery exercises. • Establishment of system backup mechanisms and implementation of off-site backup. • Regular review of computer network security control measures.	• Ongoing promotion of information security awareness among employees. • Regular implementation of information security checks.

4. Implementation Status

Continuously implementing the objectives of information security management policies and regularly conducting recovery plan exercises to protect the security of important systems and data of the company.

(2) In the most recent fiscal year and up to the date of the annual report, if there were any significant losses, potential impacts, and response measures due to major information security incidents that cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained: None.

7. Important Contracts:

Contract Nature	Parties	Contract Start and End Date	Main Content	Restrictive Clauses
Technology Licensing	Institute of Nuclear Energy Research, AEC	Effective upon signing by both parties on January 16, 2014, with a validity period of 11 years.	Technology licensing for the production of solid oxide fuel cell ceramic substrate-supported unit cells.	None
Technology Licensing	Institute of Nuclear Energy Research, AEC	Effective upon signing by both parties on July 20, 2016, with a validity period of 10 years.	Licensing of "Solid Oxide Fuel Cell Stack Assembly Technology" and "Composition and Packaging Method for High-Temperature Sealing Glass."	None

V. Review and Analysis of Financial Condition and Operational Performance and Risk Matters

1. Financial Condition

Financial Condition Comparative Analysis

Unit: NT$1,000

Item \ Year	2025	2024	Difference	
			Amount	(%)
Current assets	1,343,112	1,191,471	151,641	12.73
Investments accounted for using the equity method	16,706	84,888	(68,182)	(80.32)
Property, plant and equipment	1,550,953	1,572,854	(21,901)	(1.39)
Right-of-use Assets	140,622	144,470	(3,848)	(2.66)
Investment Property	335,613	356,187	(20,574)	(5.78)
Other Intangible Assets	1,259	2,291	(1,032)	(45.05)
Other Non-current Assets	157,319	160,260	(2,941)	(1.84)
Total Assets	3,545,584	3,512,421	33,163	0.94
Current Liabilities	1,090,653	1,176,141	(85,488)	(7.27)
Long-term Borrowings	912,252	999,158	(86,906)	(8.70)
Other Non-current Liabilities	366,357	203,136	163,221	80.35
Total Liabilities	2,369,262	2,378,435	(9,173)	(0.39)
Share Capital	1,080,798	1,080,798	0	0.00
Capital Surplus	56,549	59,069	(2,520)	(4.27)
Retained Earnings	7,586	(45,720)	53,306	(116.59)
Other Equity	31,389	39,839	(8,450)	(21.21)
Treasury Stock	0	0	0	0.00
Total Equity	1,176,322	1,133,986	42,336	3.73

Explanation for Changes Exceeding 20%:

1. Investments Accounted for Using the Equity Method: The Company resigned from the board of directors of ECOCERA Optronics Co., Ltd. in September 2025 and consequently lost significant influence over the investee. As a result, the investment was reclassified from an investment accounted for using the equity method to a financial asset measured at fair value through other comprehensive income (FVOCI).
2. Other Intangible Assets: The decrease was mainly attributable to the periodic amortization of computer software, trademarks, and patents.
3. Other Non-Current Liabilities: The increase was primarily due to the issuance of the Company's First Secured Ordinary Corporate Bonds of 2025.
4. Retained Earnings: The increase was mainly attributable to profits generated in 2025.
5. Other Equity: The change was primarily attributable to exchange differences arising from the translation of financial statements of foreign operations.

2. Analysis of Operation Results

(1) Financial performance comparative analysis

Unit: NT$1,000

Year / Item	2025	2024	Amount of increase or decrease	Variation (%)
Operating Income	992,141	1,003,504	(11,363)	(1.13)
Operating Costs	(866,293)	(848,696)	(17,597)	2.07
Net gross profit	125,848	154,808	(28,960)	(18.71)
Operating Expenses	(328,668)	(275,942)	(52,726)	19.11
Operating profit	(202,820)	(121,134)	(81,686)	67.43
Non-operating income and (expenses)	290,078	63,504	226,574	356.79
Profit before tax from continuing operations	87,258	(57,630)	144,888	(251.41)
Income tax benefit (expense)	(36,256)	(11,672)	(24,584)	210.62
Net profit (loss) for the period	51,002	(69,302)	120,304	(173.59)

Explanation for Changes Exceeding 20%:

1. Operating Profit: In 2025, selling prices of resistor substrates declined due to market competition. Meanwhile, the Company's subsidiary, Leatec Fine Ceramics (Kunshan) Co., Ltd., completed the installation of its production facilities and was in the process of optimizing production parameters and transitioning to the manufacture of new products, which affected production efficiency and yield rates. By 2025, a more efficient production system had been substantially established, with equipment utilization and production volumes gradually increasing. Improved efficiency from newly installed equipment resulted in a significant increase in operating revenue and gross profit.
2. Non-operating Income and Expenses: The increase was primarily attributable to the recognition of relocation subsidy reimbursements received by Leatec Fine Ceramics (Kunshan) Co., Ltd. as other income during 2025.
3. Profit Before Tax from Continuing Operations: The increase was mainly attributable to the recognition of relocation subsidy reimbursements received by Leatec Fine Ceramics (Kunshan) Co., Ltd. as other income during 2025.
4. Income Tax Expense: The increase was primarily attributable to higher current income tax expenses incurred during the year.
5. Net Income:
   The increase was primarily due to the combined reasons described above.

(2) Expected Sales Quantity and Basis

The expected sales quantities for the year 2026 are 250,000 thousand pieces of resistive substrates and 80,000 thousand pieces of non-resistive substrates. These estimations are based on the company's production capacity planning, information obtained from professional organizations and clients, and input from business personnel.

(3) Potential Impact on the Company's Future Financial Operations and Response Plans

The Company's continued growth in scale and optimization of its product portfolio are expected to contribute to greater stability in its future financial and operating performance.

3. Analysis of Cash Flow

(1) Analysis of recent annual cash flow movements:

Unit: NT$1,000

Initial cash balance at the beginning of the period	Full year net cash flow from operating activities	Annual cash outflow	Surplus (shortfall) of cash	Remedial measures for cash shortfall	
				Investment Plan	Financial Planning
135,912	(148,262)	146,337	133,987	None	None

1. Analysis of Cash Flow Changes for the Year 2025:
   (1) Operating Activities: Net cash outflow from operating activities amounted to NT$148,262 thousand, primarily due to gains on the disposal of investments accounted for using the equity method and reversal of allowances related to government subsidy income.
   (2) Investing Activities: Net cash inflow from investing activities amounted to NT$88,100 thousand, mainly due to proceeds received from the disposal of non-current assets held for sale.
   (3) Financing Activities: Net cash inflow of NT$54,317 thousand, mainly due to an increase in bank borrowings.
2. Remedial Measures for Cash Shortages and Improvement Plans for Insufficient Liquidity: Not applicable.

(2) Cash flow analysis for the coming year:

Unit: NT$1,000

Initial cash balance at the beginning of the period	Full year net cash flow from operating activities	Annual cash outflow	Surplus (shortfall) of cash	Remedial measures for cash shortfall	
				Investment Plan	Financial Planning
133,987	1,010,000	(985,000)	158,987	0	0

1. Analysis of Expected Cash Flow Changes for the Year 2026:
   The Company estimates the cash outflow for the coming year will mainly be for routine material purchases, inventory procurement, salary payments, and operational expenses, as well as partial repayment of bank loans. Capital expenditures will focus on the expansion of production capacity for new products. Expenditures will be based on the principle of aligning with cash inflows from operating activities and ensuring financial security, with funding primarily sourced from internal funds and bank loans.
2. Remedial Measures for Cash Shortages and Improvement Plans for Insufficient Liquidity: Not applicable.

4. Major Capital Expenditure Items:

(1) Utilization of Significant Capital Expenditures: None.

(2) Impact on Financial Operations: None.

5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

(1) The profitability of the Company's investee enterprises during 2025 was primarily attributable to the gradually stabilized production capacity and sales scale of ECOCERA Optronics Co., Ltd., which achieved revenue growth and profitability. LEATEC FINE CERAMICS (SAMOA) CO., LTD. maintained normal operating income and expenditures. Although LEATEC FINE CERAMICS (KUNSHAN) CO., LTD. incurred higher expenses due to plant relocation and production line construction, it achieved profitability during the year through the recovery of relocation compensation payments. Furthermore, its operating activities began to grow steadily in the second half of 2025. LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD. completed the installation of most of its equipment and commenced normal production operations, while a portion of its facilities was leased to third parties. The reduction in import and export operations at KUNSHAN LEATEC SOLAR PV CO., LTD. did not materially affect the consolidated profit or loss. COSMOS HARVEST INTERNATIONAL LIMITED generated a modest profit, primarily due to foreign exchange factors. The investee Jiangsu Yongsheng New Energy Technology Co., Ltd. has decided to cease operations due to the impacts of the pandemic and conditions in China's real estate market, and all related operating activities have been discontinued. Overall, despite significant changes in the external business environment and rising raw material costs, the Company has been able to manage cost pressures through diversified sourcing strategies. Together with process optimization and the introduction of new products, operating results improved significantly. In 2026, the global economic environment is expected to face challenges arising from increasing protectionism and changes in supply and demand conditions. Both production and sales strategies will need to be adjusted accordingly. The Company will continue focusing on revenue growth and yield improvement. Given external uncertainties such as geopolitical conflicts, the Company will actively develop new customer relationships to maximize production and sales efficiency, with the benefits of improved market profitability expected to become increasingly evident.

(2) Analysis of Profit or Loss of Investee Companies:

Unit: NT$1,000

Company Name	Shareholding	Income (Loss) of Investee Companies for the Year 2024	Explanation
LEATEC FINE CERAMICS (SAMOA) CO., LTD.	100.00%	1,847	Recognition of investee company income.
COSMOS HARVEST INTERNATIONAL LIMITED	100.00%	573	Impact of exchange rate fluctuations.
LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	100.00%	11,765	Compensation income and recovery of equipment production

Company Name	Shareholding	Income (Loss) of Investee Companies for the Year 2024	Explanation
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	100.00%	(11,184)	Rental income was adjusted in accordance with market conditions and economic circumstances.
KUNSHAN LEATEC SOLAR PV CO.,LTD	100.00%	(181)	The decrease was attributable to lower product sales and higher selling expenses.
Jiangsu Yongsheng New Energy Technology Co., Ltd.	24.00%	0	Operations are currently suspended due to uncertain market conditions.

(3) Investment Plans for the Next Year: The main investment plans for LEATEC FINE CERAMICS (KUNSHAN) CO., LTD. include the installation of new production equipment and the renovation of plant facilities. However, the company will consider the operational and profit conditions to ensure secure investments.

6. Analysis of Risk Management

(1) Impact of changes in interest rates, exchange rates and inflation on the Company's profit and the response of the Company:

1. Impact of Recent Interest Rate Changes on the Company's Profit and Loss and Future Countermeasures:

Market interest rates in 2026 remain subject to uncertainty due to factors such as inflation and trade tariffs. The Company will appropriately adjust its financing channels and funding structure to mitigate the impact of financing costs. Should interest rates continue to rise in the future, the Company will prudently optimize its financial structure accordingly. In addition, as operating cash flows continue to improve and financing resources are utilized effectively, the impact of interest costs on profitability is expected to gradually diminish.

2. Impact of Recent Exchange Rate Changes on the Company's Profit and Loss and Future Countermeasures:

The Company's imported materials, equipment, and exported products are primarily denominated in U.S. dollars. The New Taiwan dollar exchange rate remained generally stable as of May 2026, and the impact of exchange rate fluctuations on profit and loss has remained manageable. Nevertheless, uncertainties continue to exist in the international market, and foreign exchange markets remain subject to ongoing fluctuations. Although the Company recorded a foreign exchange loss of NT$3,009 thousand in 2025, the impact of exchange rate movements during the current year will continue to be closely monitored and managed with appropriate response measures.

The Company has implemented the following specific measures to reduce the impact of exchange rate fluctuations on import costs and profitability:

(1) Natural hedging: Strive to match income and expenses in the same currency as much as possible.

(2) Stay updated on relevant information regarding exchange rate fluctuations, maintain close communication with banks, and have a thorough understanding of exchange rate trends.

3. Impact of recent inflation on the company's profit and loss and future response measures:

Global inflation showed an upward trend in 2025, and inflationary pressures are expected to increase further in 2026. The Company will seek to mitigate the impact of inflation through cost improvement initiatives and expansion of its operating scale, thereby absorbing potential inflation-related cost increases.

(2) Policies on engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profits or losses and the response of the Company:

1. In 2025, the company did not engage in high-risk, high-leverage investments or derivatives trading. In the future, besides hedging requirements, the company will refrain from engaging in high-risk financial instrument operations.

2. Apart from related-party transactions, there were no instances of lending funds to others or providing endorsement guarantees in 2025. In the future, related operations will be strictly controlled in accordance with the company's established endorsement and lending management policies.

(3) Future Research and Development Plans and Estimated R&D Expenditure

The Company's future research and development efforts will continue to focus on precision ceramic materials and ceramic substrate processing technologies. Through a dual strategy of in-house development and collaboration with external professional institutions, the Company aims to enhance product differentiation and strengthen manufacturing competitiveness. In addition to continuing the technological advancement of existing ceramic substrates for resistor applications to meet demand from high-end applications, the Company will progressively expand the development of applications for various ceramic substrate materials to address market demand in the electronics, telecommunications, automotive electronics, and energy industries.

From a process technology perspective, the Company will continue investing in the development of low-cost, highly stable manufacturing technologies. Through optimization of material formulations, refinement of process conditions, and improvements in mass-production efficiency, the Company seeks to establish sustainable technological barriers and long-term competitive advantages. At the same time, resources allocated to the development and commercialization of new and composite materials will be gradually increased in accordance with project progress and market demand.

With respect to R&D expenditures, the Company will continue to allocate reasonable research and development budgets based on annual operating scale, project progress, and overall financial planning. Investments will be carefully evaluated to ensure that R&D

achievements effectively support the Company's medium- and long-term growth strategies.

Unit: NT$1,000

Research and Development Products	Current Progress	Further Investment	Expected Completion Date	Key Factors for Success
Ultra-High Thermal Conductivity Aluminum Nitride Substrates (K ≥ 250 W/m·K)	Sample Production	2,500	2026/06	Control of residual oxygen content and the type and distribution of secondary phases at grain boundaries
Development of Finely Polished High-Thermal-Conductivity Aluminum Nitride Substrates	Formulation Design	2,000	2026/09	Control of material removal rate and surface quality
High-Strength (≥ 650 MPa), High-Thermal-Conductivity (K ≥ 130 W/m·K) Aluminum Nitride Substrates	Formulation Design	2,000	2026/12	Control of reinforcing phase dispersion and grain size
High-Strength, High-Thermal-Conductivity Silicon Nitride Substrates	Formulation Design	5,000	2026/12	Control of lattice oxygen dissolution and grain aspect ratio morphology

(4) Impact of important domestic and international Law and legal changes on the Company's financial operations and the response of the Company

The Company has complied with the regulations issued by regulatory authorities, such as the Company Law, various processing guidelines, and corporate governance principles. Currently, there are no significant impacts on the Company's financial operations.

(5) Impact of technological changes (including cyber security risk) and industry changes on the Company's financial operations and the response of the Company:

The Company is dedicated to research and development of ceramic substrates and automotive materials, focusing on market and customer demands. It allocates resources to develop various functional products, maintaining a leading position in technology and products. Information security is essential for the operation and management security of the Company.

The Company collaborates with professional vendors to strengthen hardware and software security and promotes information security awareness among employees. The Company has a dedicated information department that constantly monitors information and communication security.

(6) Impact of the change in corporate image due to corporate crisis management and the response of the Company:

The Company has always adhered to professional, integrity, and excellence principles in its operations, maintaining good interactive relationships and corporate image with customers, suppliers, banks, shareholders, and employees. No factors have caused a crisis situation or any changes in the Company's corporate image.

(7) Expected benefits, possible risks and responses to mergers and acquisitions:

As of the date of printing the prospectus, the Company has not acquired or been acquired by any other company.

(8) Expected benefits, possible risks and contingency measures for plant expansion:

Regarding the funding for the construction of the new plant in China, the Company has a secure plan for funding sources, and equipment investment will be gradually made based on market demand, which is very positive for the Company's financial soundness.

(9) Risks of concentration of imports or sales and the response of the Company:

In response to tariff-related issues, the Company has adjusted its product sales channels, diversified customer and regional sales, and implemented risk management strategies. The Company has also adopted a policy of sourcing materials from both domestic and international regions and suppliers, and has secured multiple sources for key materials. These measures have effectively reduced product cost and market risks.

(10) Impact, risk and response to the substantial shift or change in shareholding of directors or substantial shareholders holding more than 10% of the shares of the Company:

The Company currently does not have any directors or major shareholders holding more than 5% of the shares. The Company can identify the major shareholders who effectively control the Company and the ultimate controllers of the major shareholders. The Company complies with the provisions of the Securities Exchange Act and timely reports the shareholding status of directors and the top 5 shareholders.

(11) Impact of changes in operating rights on the Company, risks and the response of the Company: None.

(12) Litigation or non-litigation events:

1. Significant lawsuits, non-litigation, or administrative disputes that have been determined or are currently pending as of the recent fiscal year or the date of printing the annual report, and may have a significant impact on shareholders' equity or securities prices: None.
2. Significant lawsuits, non-litigation, or administrative disputes involving directors, the President, the substantial responsible person, major shareholders holding more than 10% of the shares, and subsidiary companies, that have been determined or are currently pending as of the recent fiscal year or the date of printing the annual report, and may have a significant impact on shareholders' equity or securities prices: None.

(13) Other significant risks and the response of the Company: None.

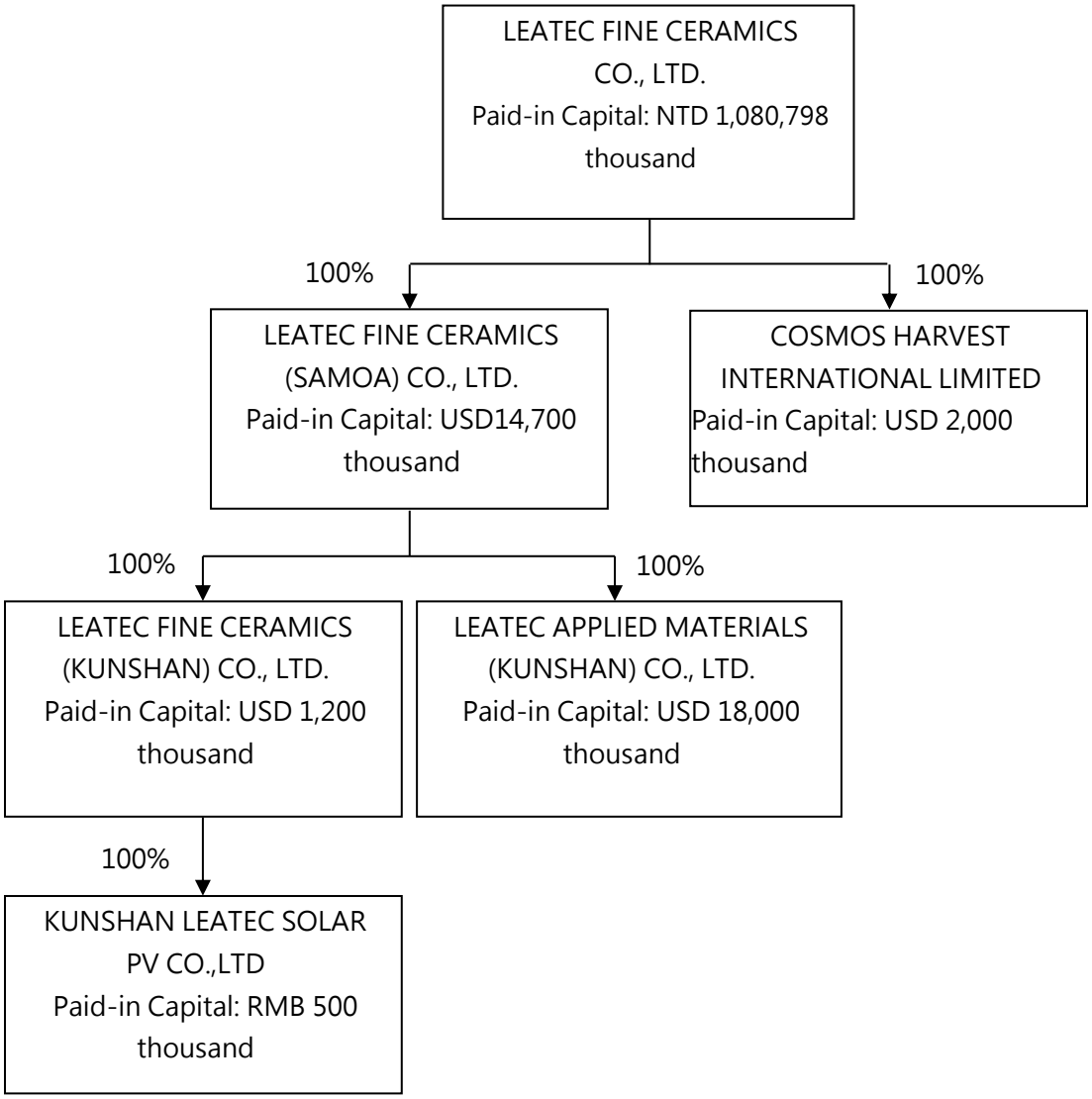
7. Other Important Matters: None

VI. SPECIAL DISCLOSURE

1. Summary of Affiliated Companies

(1) Business reports of related parties:

1. Organizational Chart



2. Basic Information on Affiliates:

December 31, 2025

Unit: NT$1,000

Name	Date of establishment	Location	Paid-in capital	Business
LEATEC FINE CERAMICS (SAMOA) CO., LTD.	2000.09.12	P.O. Box 217, Apia, Samoa	469,296 (US$14.70 million)	Investment holding and trading of machinery and equipment
COSMOS HARVEST INTERNATIONAL LIMITED	2001.05.25	P.O. Box 217, Apia, Samoa	66,669 (US$2 million)	Sales of raw materials, ceramic substrates, and machinery and equipment parts
LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	2000.11.01	No. 8 Nandian Road, High-tech Zone, Kunshan, Jiangsu Province, China	73,575 (US$1.20 million)	Manufacturing and trading of precision electronic ceramic substrates, new electronic components, photoelectric-sensitive devices, etc.
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	2012.07.03	No. 8 Nandian Road, High-tech Zone, Kunshan, Jiangsu Province, China	542,439 (US$18 million)	Manufacturing and trading of precision electronic ceramic substrates and solar photovoltaic products
KUNSHAN LEATEC SOLAR PV CO.,LTD	2014.01.09	No. 8 Nandian Road, High-tech Zone, Kunshan, Jiangsu Province, China	2,461 (RMB500,000)	Manufacturing and trading of solar photovoltaic products

3. Same shareholder information presumed to have control or subsidiary relationship:

None.

4. Industries covered by the business of related parties and their mutual relationships:

Industry Type	Name	Association with Other Related Enterprises' Business Operations
Holding company	LEATEC FINE CERAMICS (SAMOA) CO., LTD.	Investment in subsidiary companies in mainland China and procurement of machinery and equipment on behalf of subsidiary companies
Trading industry	COSMOS HARVEST INTERNATIONAL LIMITED	Sales of products from the parent company and mainland subsidiary companies, and procurement of materials and spare parts equipment on behalf of mainland subsidiary companies
Product manufacturing Sales industry	LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	Production, sales, and after-sales services of products
Product manufacturing Sales industry	LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	Production, sales, and after-sales services of products
Trading industry	KUNSHAN LEATEC SOLAR PV CO.,LTD	Sales of products from the parent company and mainland subsidiary companies, and trading of solar photovoltaic products

5. Directors, supervisors, and president information of related parties:

Name	Title	Name of Representative	Shareholding	
			Shares	Ratio
LEATEC FINE CERAMICS (SAMOA) CO., LTD.	Chairman	LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, QING-JIN)	14,700,000	100%
COSMOS HARVEST INTERNATIONAL LIMITED	Chairman	LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, QING-JIN)	2,000,000	100%
LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	Chairman Director Director	LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, QING-JIN) LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, JUAN-TING) LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, YONG-CANG)	(Note 1)	100%
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	Chairman Director Director	LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, QING-JIN) LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, JUAN-TING) LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, YONG-CANG)	(Note 1)	100%
KUNSHAN LEATEC SOLAR PV CO.,LTD	Chairman	LEATEC FINE CERAMICS (KUNSHAN) CO., LTD. (Rep: CHEN, YONG-CANG)	(Note 1)	100%

Note 1: Non-limited liability companies do not issue stocks.

6. Overview of related party operations:

December 31, 2025 /Unit: NT$1,000

Name	Amount of capital	Total assets	Total liabilities	Net value	Operating income	Operating (loss) profit	Current period (loss) profit (after tax)	Earnings (loss) per share (NT$) (after tax)
LEATEC FINE CERAMICS (SAMOA) CO., LTD.	469,296	1,527,862	203,983	1,323,879	0	(3,785)	1,847	0.13
COSMOS HARVEST INTERNATIONAL LIMITED	66,669	34,163	8,746	25,417	10,480	271	573	0.29
LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	73,735	1,428,581	570,072	858,510	652,906	(84,595)	11,765	0(Note 1)
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	542,439	1,126,566	664,146	462,420	0	(205,873)	(11,184)	0(Note 1)
KUNSHAN LEATEC SOLAR PV CO.,LTD	2,461	2,529	1,881	648	2,975	(178)	(181)	0(Note 1)

Note 1: Non-limited liability companies do not issue stocks.

Note 2: Capital amount calculated based on the original investment exchange rate.

(2) Consolidated Financial Statements of Related Parties

Statement of Consolidated Financial Reports of Related Parties

The Company's financial statements for the year 2025 (from January 1, 2025, to December 31, 2025) are prepared in accordance with the "Guidelines for the Preparation of Consolidated Financial Statements of Related Parties in Related Party Business Reports, Consolidated Financial Statements of Parent and Subsidiary Companies under International Financial Reporting Standards No. 10." The information required to be disclosed in the consolidated financial statements of related parties has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, there is no separate preparation of consolidated financial statements of related parties.

Company Name: LEATEC FINE CERAMICS CO., LTD.

Person in charge: CHEN, QING-JIN

March 17, 2025

(3) Related Party Report: Not applicable.

2. Private Placement Securities in the Most Recent Years: None.

3. Other necessary supplementary explanations: None.

4. For the most recent year and up to the date of printing the annual report, if any significant event that impacts shareholder rights or securities prices as specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act has occurred: None.

LEATEC FINE CERAMICS CO., LTD.

Chairman: CHEN, QING-JIN