

A. Operation of the Audit Committee:

The Board of Directors of the Company passed “Organizational Procedure of Audit Committee” on March 18, 2021, and set up an Audit Committee on July 26, 2021 in replacement of the supervisors after comprehensive reelection of directors. The current term of the second Audit Committee is from June 5, 2024 to June 4, 2027. The convener is Cheng,Sheng-In who is an independent director, while the committee members are two independent directors, i.e., Liu,Thu-Hua and Chen,Yen-Hui and Liao,Hsiang-Ruei. LEO SYSTEMS, INC. has adopted the "Board of Directors Performance Evaluation Methods" at the board of directors on January 28, 2021, and set indicators based on the actual situation. It conducts regular internal evaluations of the performance of the board of directors and various functional committees every year, and submits the results of the performance evaluation to Report to the board of directors and be used as a reference for individual directors’ salary, remuneration and nomination for renewal. The company completed the 2024 board performance and director member performance evaluation in January 2025, and has submitted the evaluation results to the board of directors on March 5, 2025.

1. The work highlights of the Audit Committee of the Company include the followings:

(1) Deliberation of internal control system

The internal control system established or amended in accordance with “Regulations Governing the Establishment of Internal Control Systems by Public Companies” shall be approved by the Audit Committee and then submitted to the Board of Directors for resolution.

(2) Audit of independence of CPAs

In order to ensure the reliability of the Company’s financial reports, the quality of internal control and the independence of CPAs, the independence of CPAs shall be audited in accordance with “Securities and Exchange Act” and “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, to avoid financial risks and improve the quality of information disclosure.

(3) Communication and discussion with CPAs regarding auditing purpose and scope of annual financial report, responsibilities of CPAs and the Company, form of the audit report, etc.

In order to enforce the internal control system according to “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, a communication mechanism has already been established between independent directors and CPAs, and the Audit Committee of the Company determined the auditing purpose and scope of annual financial report, responsibilities of CPAs and the Company, and form of the audit report ; also, the audit findings and conclusions of “Financial Statements of 2023” were communicated with the Audit Committee on March 8, 2024.The audit findings and conclusions of “Review of financial statements for the second quarter of 2024” were

communicated with the Audit Committee on July 31, 2024. The audit findings and conclusions of “Financial Statements of 2024” were communicated with the Audit Committee on March 5, 2025.

(4) Additionally, the functions and powers of the Audit Committee are listed as follows according to the Company’s “Organizational Procedure of Audit Committee”:

- (A) To establish or amend the internal control system in accordance with the provisions of Article 14-1 of the Securities and Exchange Act.
- (B) To assess the effectiveness of the internal control system.
- (C) To establish or amend procedures for the acquisition or disposal of assets, engaging in derivatives trading, lending of funds to others, endorsement for others, or provision of major financial business conducts in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.
- (D) To handle matters that involve the interests of directors themselves.
- (E) Trading of major assets or derivatives.
- (F) Lending, endorsement or provision of guarantee of major capital.
- (G) Fundraising, issuance or private placement of valuable securities with equity nature.
- (H) Appointment, dismissal or remuneration of CPAs.
- (I) Appointment or dismissal of financing manager, accounting manager, or internal audit officer.
- (J) Annual financial report signed or sealed by the chairman, managers and accounting manager, as well as the financial report of the second quarter audited and certified by CPAs
- (K) Other major matters stipulated by the Company or competent authorities.

2. 7 meetings (A) of the Audit Committee were convened in 2024 and as of the publication date of this prospectus in 2025, and the attendance status of independent directors is shown as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	Cheng, Sheng-In	7	0	100%	
Member	Liu, Thu-Hua	7	0	100%	
Member	Chen, Yen-Hui	7	0	100%	
Member	Liao, Hsiang-Ruei	7	0	100%	

3. Others matters to be recorded:

(1) If any of the following circumstances exists in the operation of the Audit Committee, dates and sessions of board meetings, content of proposals, results of resolutions made by the Audit Committee, and the Company’s handling of the opinions of the Audit Committee shall be explained.

(A) Matters listed in Article 14-5 of the Securities and Exchange Act: No independent director raised an opposing or reserved opinion, or made any major

suggestion.

Session and date	Content of proposal	Result of resolution made by the Audit Committee	The Company's handling of the opinions of the Audit Committee
13 th meeting of the 1 st session February 5, 2024	1.The company's employee stock option certificates were converted into new shares of the company's ordinary shares.	All attending members agreed to pass the resolution.	All attending directors agreed to pass the resolution.
14 th meeting of the 1 st session March 8, 2024	1.2023 annual business report and financial statements case. 2.Profit distribution proposal for 2023. 3. Assessment of the effectiveness of the company's internal control system in 2023 and statement of internal control system. 4.Revision of some provisions of the company's "Standards of Procedures for Board of Directors". 5.Assessment of the competency and independence of Certified Public Accountants and appointment remuneration case.	All attending members agreed to pass the resolution.	All attending directors agreed to pass the resolution.
15 th meeting of the 1 st session May 10, 2024	1.The Company's consolidated financial report for the first quarter of 2024 is submitted for review. 2.Application for bank financing quota is submitted for review.	All attending members agreed to pass the resolution.	All attending directors agreed to pass the resolution.
1 th meeting of the 2 st session July 31, 2024	1. The Company's consolidated financial report for the second quarter of 2024 is submitted for review. 2. Application for bank financing quota is submitted for review. 3. Agree to allocate the financing quota of Hua Nan Bank for use by related enterprises and submit it for review. 4. Our company intends to provide endorsement and guarantee for the financing of LEO System Inc. (China) and submit it for review. 5. The proposal to issue new shares by converting the company's employee stock option certificates into the company's common stock is submitted for review.	All attending members agreed to pass the resolution.	All attending directors agreed to pass the resolution.
2 th meeting of the 2 st session November 4, 2024	1.The proposal to issue new shares by converting the company's employee stock option certificates into the company's common stock is submitted for review. 2.The Company's consolidated financial report for the third quarter of 2024 is submitted for review. 3.Revise some provisions of the Company's "Corporate Governance Practice Guidelines" for review. 4.Revise some provisions of the Company's "Audit Committee Organizational Rules" for review. 5.Formulate the "Procedures for Preparation and Verification of Sustainability Report" of the Company and submit it for review. 6.Formulate the "Corporate Sustainability Committee Organization Charter" for the company and submit it for review.	All attending members agreed to pass the resolution.	All attending directors agreed to pass the resolution.

Session and date	Content of proposal	Result of resolution made by the Audit Committee	The Company's handling of the opinions of the Audit Committee
	7.Add the internal control system, internal audit rules and sustainable information management control procedures of the company's "Other Management Operations - Sustainable Information Management Operations" for review. 8.Formulate the company's 2025 audit plan for review. 9.The case of the company's donation to the CGCH Foundation for Education.		
3 th meeting of the 2st session January 21, 2025	1.Revise some articles of the "Organizational Regulations of the Corporate Sustainability Committee" and submit them for review. 2.The proposal to lift the non-competition restriction on managers is submitted for review.	All attending members agreed to pass the resolution.	All attending directors agreed to pass the resolution.
4 th meeting of the 2st session March 5, 2025	1.The 2024 annual business report and financial statements are submitted for review. 2.The 2024 profit distribution proposal is submitted for review. 3.The Company's 2024 internal control system effectiveness assessment and internal control system statement are submitted for review. 4.The assessment of the competence and independence of the CPA and the commission remuneration are submitted for review.	All attending members agreed to pass the resolution.	All attending directors agreed to pass the resolution.

(B) Other resolved matters not approved by the Audit Committee but approved by more than two thirds of all directors beyond the preceding matters: Not involved and not applicable.

- (2) As for the execution of recusal of any independent director from any proposal where this director is a stakeholder, name of independent director, content of proposal, reason for recusal due to conflict of interest and voting status shall be explained: Not involved and not applicable.
- (3) Communication of independent directors with internal audit officer and CPAs:
- (A) Communication of independent directors and internal audit officer: The audit unit of the Company will submit each internal audit report to the independent directors periodically; after the establishment of the Audit Committee of the Company, the audit officer has meetings with the auditors at least once every quarter and submits relevant reports and resolutions to the Board of Directors.

Date	Theme of communication	Independent directors' suggestions, and handling and execution status
March 8, 2024	Reporting of the execution status of audit business from	No independent raised any opinion after the internal audit

	October 2023 to December 2023 at the Audit Committee	officer explained to them.
May 10, 2024	Reporting of the execution status of audit business from January 2024 to March 2024 at the Audit Committee	No independent raised any opinion after the internal audit officer explained to them.
July 31, 2024	Reporting of the execution status of audit business from April 2024 to June 2024 at the Audit Committee	No independent raised any opinion after the internal audit officer explained to them.
November 4, 2024	Reporting of the execution status of audit business from July 2024 to September 2024 at the Audit Committee	No independent raised any opinion after the internal audit officer explained to them.
March 5, 2025	Reporting of the execution status of audit business from October 2024 to December 2024 at the Audit Committee	No independent raised any opinion after the internal audit officer explained to them.

(B) Communication of independent directors with CPAs: The independent directors of the Company have maintained good communication with CPAs. At ordinary times, the independent directors and the CPAs may contact each other at any time by phone or meeting. CPAs also report the auditing or reviewing status of financial reports to the independent directors. The communication status of 2023 and 2024 to the date of publication of this annual report is summarized as follows:

Date	Theme of communication	Independent directors' suggestions, and handling and execution status
March 8, 2024 (by written report)	Audit findings and conclusions of "Financial Statements of 2023"	No independent director raised any opinion.
July 31, 2024 (by written report)	Instructions to the review of the financial statements in Q2 of 2024	No independent director raised any opinion.
March 5, 2025 (by written report)	Audit findings and conclusions of "Financial Statements of 2024"	No independent director raised any opinion.

