Stock Code: 5410

LEO SYSTEMS, INC.

Annual Report of 2024

Professionalism · Technology · Quality · Service

Publication date: April 30, 2025
Website for Query: https://mops.twse.com.tw/mops/web/index
Company Website: http://www.leosys.com/

I. Spokesperson of the Company: Peng, Hung-Chin

Title: Director

Tel.: (02)2799-6789

Email: bensonpeng@leosys.com

Deputy spokesperson; Li, Hsiang-Jui

Title: Assistant VP

Tel.: (02)2799-6789

Email: kevin-li@leosys.com

II. Addresses and Tel. of headquarters, branch companies and factory:

Address of headquarters: 3F, No. 298, Yangguang St., Neihu Dist., Taipei City

Tel.: (02)2799-6789

Address of Taichung branch company: 8F-7, No. 20, Dalong Rd., West Dist., Taichung Cit

Tel.: (04)2326-7949

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Tel.: (07)336-0650

Factory: None

III. Stock transfer agency:

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

Address: B1, No. 96, Section 1, Jianguo North Road, Taipei City

Tel.: (02)2504-8125

Website: https://stocktransfer.tssco.com.tw

IV. CPAs in recent year:

Names of CPAs: Chang,Chih-Yi and Shyu,Wen-Yea

Name of accounting firm: Deloitte & Touche, Taiwan

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

Tel.: (02) 2725-9988

Website: http://www.deloitte.com.tw/

V. Place of overseas securities trading and how to search overseas securities information: None

VI. Website of the Company: http://www.leosys.com/

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1.Letter to Shareholders

Ladies and gentlemen,

Looking back at the year 2024, with the end of the COVID-19 pandemic and the dust settling on the US presidential election, the impact on the global economy has gradually become clearer. However, due to the impact of geopolitical conflicts and global inflation, the economic outlook remains in doubt, and the momentum of global economic growth still needs to be continuously observed. In terms of the domestic economy, after the conclusion of Taiwan's presidential election, a new chapter has begun in the export sector, and manufacturers continue to seek investment targets. Fortunately, the impact of the epidemic and relevant government measures have gradually been relaxed, and domestic consumption and related industries have performed better, allowing the economy to support continued growth in domestic and foreign sales, and overall performance continues to move forward. Our company is in the information service industry, with its main sales market in Taiwan. Thanks to the efforts of our management team, we face the challenges of the epidemic and the post-presidential election together with our customers with a full range of software and hardware services. Compared with 2023, revenue increased in 2024, but profits decreased due to the decline in gross profit margin.

Looking ahead to 2025, the management team will continue to improve the value and efficiency of customer service and promote the company's digital transformation. In order to achieve further growth in operations, we will also contribute to global environmental protection and live up to the support and expectations of shareholders.

(I) Business plan and implementation results of 2024

A. Business plan and implementation results of 2024

Due to the indirect impact of the economic downturn in mainland China and changes in product mix, the company's operating income increased, but gross profit and net profit decreased. The individual revenue and consolidated revenue of Leo Systems, Inc. in 2024 were NT$3,677,175 thousand NTD$ and NT$3,896,185 thousand NTD$, respectively, which was NT$2,677,175 thousand NTD$ and NT$3,896,185 thousand NTD$, respectively, compared with NT$2,677,175 thousand NTD$ and NT$3,896,185 thousand NTD$ in 2023. The individual and consolidated net profits after tax for the current year were 145,623 thousand NTD$ and 145,338 thousand NTD$, respectively, a decrease of 42,824 thousand NTD$ and 43,244 thousand NTD$ compared to 2023.

Analysis of Financial Revenue and Expenditure & Profitability-Individual

Unit: NT$1,000

	Item	2024	2023
Financial revenue and expenditure	Operating revenue	3,677,175	3,248,817
	Gross profit	601,977	621,594
	Operating expenses	461,681	441,387
	Profit from operations	140,296	180,207
	Net profit for the year	145,623	188,447
Profitability	Return on assets (%)	4.38	5.06
	Return on equity (%)	10.08	13.11
	Net profit margin (%)	3.96	5.80
	Basic earnings per share (NT$)	1.61	2.12

Analysis of Financial Revenue and Expenditure & Profitability-Consolidated

Unit: NT$1,000

	Item	2024	2023
Financial revenue and expenditure	Operating revenue	3,896,185	3,457,717
	Gross profit	624,884	649,480
	Operating expenses	488,183	464,554
	Profit from operations	136,701	184,926
	Net profit for the year	145,338	188,582
Profitability	Return on assets (%)	4.34	4.91
	Return on equity (%)	10.06	13.11
	Net profit margin (%)	3.73	5.45
	Basic earnings per share (NT$)	1.61	2.12

The business operation of the Company in 2024 is described as follows:

1. Concentration on all-around information communication infrastructure integration services
2. Promote the integration of smart manufacturing systems
3. Development of automatic application services for each industry after the epidemic
4. Continual innovations in products and services by sticking to the spirit of ESG sustainable development

B. Execution status of budget of 2024: The Company executes the management policy approved by the Board of Directors every year. The Company didn’t disclose and issue any financial forecast in 2024, and therefore it is not applicable.

C. Research and Development Status: Our R&D team has the ability to integrate data and information. In recent years, we have invested in the field of artificial intelligence and machine learning, and developed AI technology integration application platforms, training simulator construction, information security and Edge AI technology, AI preventive medicine technology development, etc. In the new year, LEO SYSTEMS, INC. will combine innovative information and communication technologies to develop a number of innovative application solutions, including:

1. Develop advanced enterprise-level Generative AI solutions:

In the past year, the AI R&D team of LEO SYSTEMS, INC. has initially established several Generative AI success cases in the manufacturing and financial industries. In the new year, we will further develop Generative AI solutions that meet the industry characteristics and actual needs of customers, enhance industrial generative AI technology, and create advanced Generative AI for enterprises. With industry-specific AI models, cloud-based high-speed computing, and industry-specific AI technology platforms as core principles, we are committed to assisting enterprises to use AI technology that meets industry characteristics, deploy enterprise-level Generative AI technology, and assist enterprises to use AI more professionally to promote business development. In the new year, we will expand and promote the successful experience of the manufacturing and financial industries and establish larger-scale enterprise-level Generative AI success cases.

2. Develop new generation communications EdgeAI, EdgeSecurity wireless endpoint protection information security operation services:

In response to the information and communication security needs of corporate customers' terminal devices, such as smartphones, tablets, laptops and other portable devices, LEO SYSTEMS, INC. has combined information security technology manufacturers and communication equipment manufacturers to develop wireless endpoint protection information security operation services, and use AI detection and prevention technology to enhance the information security protection of IoT devices and mobile carriers, gradually establish an information security risk management service model, and strengthen customers' information security protection. In the future, through these strategies and services, we will help customers build more mobile defense information security strategies, thereby enhancing the digital risk management capabilities of corporate customers.

3. Develop AI-enabled automation equipment and move towards AI robot medical care application areas:

Based on years of research and development in software and hardware, LEO SYSTEMS, INC. will develop AI technology combined with innovations in automation equipment such as financial equipment and AGV service robots, and will use AI to add value to professional industrial equipment. We will develop scene map construction navigation, voice dialogue engine technology, wheeled transfer platform control, Edge AI devices and various AI recognition applications to create AI-enabled automation equipment with innovative features. Looking forward to the new year, we hope to establish representative large-scale customer success cases in financial interactive technology and medical service innovation.

(II) Outline of business plan of 2025

A. Management policy:

The management policy of 2025 will focus on the continual R&D of LEO-ESG sustainable intelligent AIoT system platform and industrial IIoT intelligent manufacturing AIoT value-added technical platform, for the purpose of becoming a specialized AIoT system integration technology team in the field of SI. Additionally, we will also pay attention to service fields including cloud computing, ESG, network communication, IoT and AI.

B. Organizational structure:

The organizational structure of the Company comprises General Manager Office, Operation Department and Administration Department. The Operation Department includes Business Unit 1 (BU1), Business Unit 2 (BU2), Business Unit 3 (BU3), Business Unit 4 (BU4), Business Unit 5 (BU5), Business Unit 7 (BU7), R&D Center. Each of them is responsible for its own professional field and advances in a coordinated manner. In addition, on December 30, 2024, the Board of Directors will hire a new General Manager and Chief Strategy Officer to meet the company's future operational needs and strengthen the company's future core competitiveness.

C. Influence from external competitive environment, regulatory environment, and overall operation environment

1. Tough challenges are faced regarding information security, and the requirements of customers for information services become increasingly complicated.
2. The supply of information communication products is continuously unstable, and the delivery period required by customers is challenging; due to the shortage of IC raw materials, the delivery period is postponed, which does not benefit delivery and shipment.
3. The Company is seriously lack of software talents with the rising of solutions in the fields of AI and blockchain.
4. The operational strategies for online digital marketing business must be transformed due to the influence of the epidemic and the changes of the original manufacturers' policies.

D. Future development strategies

1. Concentration on all-around information communication infrastructure integration services
2. Continual strengthening of all-area, mobile maintainability and management system
3. Active R&D of ESG sustainable intelligent AIoT system technical platform
4. Continual development of 5G and AIoT factory automation solutions
5. Active development of intelligent medical and healthcare system integration solutions
6. Active cultivation of application software manpower and expansion of financial business application solutions.

E. Expected sales volume and basis as well as important production and sales policies

Since the Company is specialized in the information service industry with a great many types of products, it is relatively uneasy to estimate the expected sales quantity. Additionally, no financial forecast was issued for the Company in 2025. As for production and sales policies, the Company is not involved in production, and purchases by orders so that our inventory amount is maintained at a relatively low level, and the Company's operation cost can be reduced.

Thanks to the encouragement and support from each shareholder and the cooperative efforts exerted by all employees and teams, the Company will stick to the corporate culture of "Professionalism, Technology, Quality, Service" and the down-to-earth management concept, and advance the deployment and deployment upon the coming of the era of 5G and AIoT and the increasing attention drawn by ESG so that LEO can take a place and create and share profits with shareholders upon maturity of the market applications.

Yours Truly

Chairman : WANG,CHAU-CHYUN

2.Corporate Governance Report

(I) Information of directors, supervisors, general manager, vice president, director, and heads of each department and branches

A. Information of directors and supervisors: The Shareholders' Meeting of the Company was comprehensively reelected on July 26, 2021, and the supervisors were replaced with the Audit Committee.

1. Information of directors and supervisors

March 29, 2025

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Nationality or place of registration</th><th rowspan="2">Name</th><th rowspan="2">Gender Age</th><th rowspan="2">Date elected</th><th rowspan="2">Term of office</th><th rowspan="2">Date first elected</th><th colspan="2">Shareholding when elected</th><th colspan="2">Current shareholding</th><th colspan="2">Shares currently held by spouse and underage children</th><th colspan="2">Shares held in the name of others</th><th rowspan="2">Main experience (education)</th><th rowspan="2">Concurrent position(s) currently held in the Company and other companies</th><th colspan="3">Other officers, directors or supervisors with relation of spouse or relative of second degree</th></tr>
<tr><th>Number of shares</th><th>Shareholding ratio (%)</th><th>Number of shares</th><th>Shareholding ratio (%)</th><th>Number of shares</th><th>Shareholding ratio (%)</th><th>Number of shares</th><th>Shareholding ratio (%)</th><th>Title</th><th>Name</th><th>Relation</th></tr>
<tr><td rowspan="2">Chairman</td><td rowspan="2">ROC</td><td rowspan="2">University Venture Co., Ltd.
Wang,Chau-Chyun</td><td>Male</td><td rowspan="2">Jul. 26, 2021</td><td rowspan="2">3 years</td><td rowspan="2">Jun. 21, 2006</td><td>981,399</td><td>1.08%</td><td>981,399</td><td>1.07%</td><td>0</td><td>0</td><td>0</td><td>0</td><td rowspan="2">MBA of National Chengchi University
Super Network Technology Co., Ltd.</td><td rowspan="2">General Manager of the Company
Juridical Person Director Representative of Lotrich Information
Juridical Person Director Representative of ADTECH Inc.
Juridical Person Director Representative of Formolight Inc.
Director of CGCH Foundation For Education</td><td rowspan="2">None</td><td rowspan="2">None</td><td rowspan="2">None</td></tr>
<tr><td>71-80</td><td>133,126</td><td>0.15%</td><td>268,126</td><td>0.29%</td><td>44,421</td><td>0.04%</td><td>0</td><td>0</td></tr>
<tr><td rowspan="2">Director</td><td rowspan="2">USA</td><td rowspan="2">University Venture Co., Ltd.
Chien Leo Ming Tz</td><td>Male</td><td rowspan="2">Jun. 5, 2024</td><td rowspan="2">3 years</td><td rowspan="2">Jun. 5, 2024</td><td>981,399</td><td>1.08%</td><td>981,399</td><td>1.07%</td><td>0</td><td>0</td><td>0</td><td>0</td><td rowspan="2">Master of Electrical Engineering, University of California, Los Angeles
Chairman of FIC Global, Inc.
Chairman of First International Computer,Inc.</td><td rowspan="2">Chairman of FIC Global, Inc.
Chairman of First International Computer,Inc.
Chairman of UBIQCONN TECHNOLOGY, INC.
Chairman of RuggON Corporation.
Director of Witilogy Technology Company Limited.
Director of King's Sports Co.,Ltd.
Director of 3CEMS Corporation.
Director of 3CEMS Investment Management Limited.
Independent director of Cyberlink Corp.
Independent director of Promate Electronic Co.,Ltd.</td><td rowspan="2">None</td><td rowspan="2">None</td><td rowspan="2">None</td></tr>
<tr><td>41-50</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table>

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when elected		Current shareholding		Shares currently held by spouse and underage children		Shares held in the name of others		Main experience (education)	Concurrent position(s) currently held in the Company and other companies	Other officers, directors or supervisors with relation of spouse or relative of second degree		
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of	Shareholding ratio (%)			Title	Name	Relation
Director	ROC	WYC God-loving Foundation for Charity	Male	Jul. 5, 2024	3 years	Jun. 21, 2006	7,218,436	7.97%	7,218,436	7.90%	0	0	0	0	Special Master Continuing Education Course of Department of Department of Business Administration, National Taipei University Jishimei Food Industrial	General Manager of the Company Chairman of LEO Image Inc.	None	None	None
		Wen,Chien-Liang(Note1)	51-60				21,034	0.02%	41,034	0.04%	0	0	0	0					
Director	ROC	WYC God-loving Foundation for Charity	Male	Jul. 26, 2021	3 years	Jun. 15, 2010	7,218,436	8.26%	NA	NA	NA	NA	NA	NA	Master of Electrical Engineering of University of California, Berkeley Chairman of KKBOX Taiwan Co., Ltd.	Director of KKBOX Holding Juridical Person Director Representative of TVBS Media Director of Respera Inc. Director of KKBOX	None	None	None
		Chien Lambert Ming Long(Note2)	41-50				0	0	NA	NA	NA	NA	NA	NA					
Director	ROC	WYC God-loving Foundation for Charity	Male	Jul. 26, 2021	3 years	Jun. 15, 2010	7,218,436	7.97%	7,218,436	7.90%	0	0	0	0	Department of Business Management, College of Engineering, Tatung University	Chief Strategy Officer of the Company Chairman of Unity SmartTech Inc	None	None	None
		Jou,Shao-Huey(Note2)	61-70				28,467	0.03%	11,467	0.01%	0	0	0	0					
Independent director	ROC	Cheng,Sheng-In	Female 51-60	Jul. 26, 2021	3 years	Jul. 26, 2021	0	0	0	0	0	0	0	0	MBA of the University of Southern California	Independent director of Welgene Biotech Co., Ltd. Independent director of NWW Manufacturing CO., Ltd. Independent director of Sanitar Co., Ltd.	None	None	None
Independent director	ROC	Liu,Thu-Hua	Male 61-70	Jul. 26, 2021	3 years	Jun. 10, 2015	0	0	0	0	0	0	0	0	Doctorate Degree in the University of Iowa Industrial Engineering and Management	President of Ming Chi University of Technology Independent director of GrandTech Director of Formosa Biomedical Technology Corp. Director of King Car Cultural & Educational Foundation Director of Mingde Charity Foundation	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when elected		Current shareholding		Shares currently held by spouse and underage children		Shares held in the name of others		Main experience (education)	Concurrent position(s) currently held in the Company and other companies	Other officers, directors or supervisors with relation of spouse or relative of second degree		
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of	Shareholding ratio (%)			Title	Name	Relation
Independent director	ROC	Chen,Yen-Hui	Male 71-80	Jul. 26, 2021	3 years	Jun. 8, 2018	0	0	0	0	0	0	0	0	Doctorate Degree in Political Scince of the University of Göttingen, Germany Inheritance Chair Professor of Department of Electrical Engineering, National Taiwan Ocean University		None	None	None
Independent director	ROC	Liao,Hsiang-Ruei	Male 51-60	Jul. 7, 2023	3 years	Jun. 10, 2015	0	0	0	0	0	0	0	0	Ph.D., Institute of Pharmacology, National Taiwan University. Professor of Chang Gung University		None	None	None

Note1：Resigned as the representative of University Venture Co., Ltd. on May 12, 2023 and was newly elected as the representative of WYC God-loving Foundation for Charity at the shareholders' meeting on June 5, 2024.

Note2: Term of office ends at the general re-election of directors at the shareholders' meeting on June 5, 2024.

Major Shareholders of Corporate Shareholders

March 29, 2025

Name of corporate shareholder (Note 1)	Major shareholder(s) of corporate shareholder (Note 2)
WYC God-loving Foundation for Charity	Chien, Ming-Jeh (71.43%), Wang, Yang-Jiao (23.57%), Chien Wong,Hsueh-Ling (1.67%), Wang, Kuei-Yun (1.67%), Chen, Che (1.67%)
FICTA Technology Inc.	FIC Global,Inc. (69.16%)、University Venture Co., Ltd. (10.36%)、Zong Jing Investment Inc. (8.68%)、Chia Chao Investment Inc. (5.93%)、Mengya Investment Co., Ltd. (1.29%)、CGCH Education Charitable Trust Fund (0.31%)、Zhong, Zhen-Hua (0.18%)、Ho Mon Investment Inc. (0.11%)、Liu, Kai-Li (0.07%)、Tang, He-Ming (0.07%)
Huiju Investment Co., Ltd.	Chairman Xie, Cai-Luan(0.09%)、Director Wang, Wei-Xin(2.36%)、Director Zhang, Ting-Yu(0.93%)、Supervisor Zhang, Mi-Ou(0.28%)
Chi Hsin Investment Inc.	Li, Peng-Hsuan (89.30%)、Chien, Ming-Hui (9.48%)、Ho Mon Investment Inc. (1.22%)
FIC Global,Inc.	Chia Chao Investment Inc. (19.33%)、WYC God-loving Foundation for Charity (14.92%)、CGCH Education Charitable Trust Fund (13.53%)、Zong Jing Investment Inc. (7.13%)、Chi Hsin Investment Inc. (6.35%)、Chien Leo Ming Tz (2.70%)、Li, Peng-Hsuan (1.87%)、CGCH Foundation for Education (1.69%)、Chien, Ming-Jeh (1.63%)、Ho Mon Investment Inc. (1.16%)
University Venture Co., Ltd.	Chia Chao Investment Inc. (68.98%)、Chi Hsin Investment Inc. (20.00%)、Zong Jing Investment Inc. (11.00%)、Chien, Ming-Jeh (0.02%)

Note 1: If director and supervisor are representatives of corporate shareholder, the name of this corporate shareholder shall be filled out.

Note 2: Fill out names of major shareholders of this corporate shareholder (top 10 shareholders in terms of shareholding ratio) and their shareholding ratios. If any major shareholder is a legal person, the following table shall also be filled out.

Major Shareholders of Major Shareholders as Legal Persons

March 29, 2025

Name of legal person (Note 1)	Major shareholder(s) of legal person (Note 2)
Zong Jing Investment Inc.	Genuine Profit Limited (100%)
Chia Chao Investment Inc.	Chien, Ming-Jeh (30%)、Li, Peng-Hsuan (35%)、Chen, Hui-Jun (35%)
Ho Mon Investment Inc.	Chien, Ming-Jeh (0%)、Jian, Xian-Li(0%)、Peng-Hsuan (100%)

Note 1: If a major shareholder in the table above is a legal person, the name of this legal person shall be filled out.

Note 2: Fill out names of major shareholders of this legal person (top 10 shareholders in terms of shareholding ratio) and their shareholding ratios.

2. Information disclosure of professional qualifications of directors and supervisors and independence of independent directors:

The Company established an Audit Committee on July 26, 2021 in replacement of the supervisors. The professional knowledge and independence status of the directors are shown as follows:

Condition / Name	Professional qualification and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
Chairman: Wang,Chau-Chyun	MBA of National Chengchi University Chairman and general manager of LEO Systems, Inc.	N/A	0
Director: Chien Leo Ming Tz(Note1)	Master of Electrical Engineering, University of California, Los Angeles Chairman of FIC Global, Inc. Chairman of First International Computer,Inc.	N/A	0
Director: Wen,Chien-Liang(Note1)	Special Master Continuing Education Course of Department of Department of Business Administration, National Taipei University General Manager of LEO Systems, Inc.	N/A	0
Director: Chien Lambert Ming Long(Note2)	Master of Electrical Engineering of University of California, Berkeley Director of KKBOX Taiwan Co., Ltd. Director of LEO Systems, Inc. Director of TVBS Media Inc.	N/A	0
Director: Jou,Shao-Huey(Note2)	Department of Business Management, College of Engineering, Tatung University Chief Strategy Officer of LEO Systems, Inc.	N/A	0
Independent director: Liu,Thu-Hua	Doctorate Degree in Industrial Engineering and Management, The University of Iowa President of Ming Chi University of Technology	Detailed in the table below	0

Independent director: Chen,Yen-Hui	Doctorate Degree in Political Science of the University of Göttingen, Germany Adjunct Professor of Department of Electrical Engineering, College of Electrical Engineer and Computer Science Head and Professor of Graduates Institute of Political Science, National Taiwan Normal University	Detailed in the table below	0
Independent director: Cheng,Sheng-In	MBA of the University of Southern California Deputy General Manager of Taiwan SECOM Co., Ltd.	Detailed in the table below	3
Independent director: Liao,Hsiang-Ruei	Ph.D., Institute of Pharmacology, National Taiwan University. Professor of Chang Gung University	Detailed in the table below	0

Note1：Resign on May 12, 2023 and newly elected after the full re-election of directors at the general meeting of shareholders on June 5, 2024.

Note2: Term of office ends at the general re-election of directors at the shareholders' meeting on June 5, 2024.

Condition / Name	With more than five years' work experience and the following professional qualifications or not			Independence status (Note 1)										Number of other public companies where the director holds a concurrent post of independent director
	Lecturer or above in department of commerce, legal affairs, finance, accounting or corporate business of public or private university and junior college	Judge, procurator, lawyer, accountant or any other professional vocational and technical personnel passing the examination of national examinations needed for corporate business.	Work experience needed for commerce, legal affairs, finance, accounting or corporate business	1	2	3	4	5	6	7	8	9	10	
Cheng,Sheng-In		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Liu,Thu-Hua	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chen,Yen-Hui	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Liao,Hsiang-Ruei	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1. Each director shall comply with the following conditions two years before being elected and appointed and during tenure:

(1) Not an employee of the Company or its affiliate.

(2) Not a director or supervisor of the Company or its affiliate (however, it does not apply to the concurrent officeholding of an independent director in the Company and its parent company or subsidiary or subsidiaries belonging to a same parent company according to this law or local laws and regulations).

(3) Not an individual shareholder holding or with his/her spouse, underage children or others holding more than one percent of total shares already issued by the Company or ranking the top ten in terms of shareholding ratio.

(4) Not the spouse, or a relative within second degree, or an immediate blood relative within fifth degree of the personnel listed in the three paragraphs above.

(5) Not a director, supervisor or employee of a corporate shareholder directly holding more than five percent of total shares already issued by the Company, or director, supervisor or employee of a top five corporate shareholder in terms of shareholding ratio.

(6) Not a director (council member), supervisor or manager or shareholder with shareholding ratio above five percent of a specific company or institution that has financial or business contact with the Company

(7) Not a profession, or owners, partner, director (council member), supervisor, or manager of sole proprietorship, partnership, company or institution providing services or consulting involving commerce, legal affairs, finance and accounting for the Company or its affiliates, as well as their spouses.

(8) Not the spouse or a relative within second degree to any other director.

(9) Not having any of the circumstances stipulated in Article 30 of the Company Act.

(10) Not elected as government, legal person or its representative according to Article 27 of the Company Act.

Note2 : The regular meeting of shareholders on June 7, 2023 has added one independent director, Liao Hsiang-Ruei.

3. Diversification and independence of Board of Directors:

(1) Diversification of the Board of Directors:

With reference to "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company, in consideration of the diversification for the constitution of the members of the Board of Directors, has drafted an appropriate diversification policy regarding its operation, business types and development demands. This policy shall better include but not limited to the standards of the following two aspects.

(A) Basic conditions and values: Gender, age, nationality, culture, etc.

The company's 18th board of directors has 7 directors, 6 of whom are of Chinese nationality and 1 of American nationality. The gender is 6 males and 1 female, and the average age ranges from 40 to 80 years old, which is suitable for the company's own operations and operating model.

Name of director	Wang,Chau-Chyun	Chien Leo Ming Tz	Wen,Chien-Liang	Cheng,Sheng-In	Liu,Thu-Hua	Chen,Yen-Hui	Liao,Hsiang-Ruei
Gender	Male	Male	Male	Female	Male	Male	Male
Age	71-80	41-50	51-60	51-60	61-70	71-80	51-60
Nationality	ROC	USA	ROC	ROC	ROC	ROC	ROC

(B) Professional knowledge and skills: Professional background (e.g., law, accounting, industry, and finance), professional skills, industry experience, etc.

The members of the Board of Directors shall generally possess the knowledge, skills, and quality needed for execution of their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors shall have the following capacity as a whole:

a. Operational judgment
b. Accounting and financial analysis ability
c. Operation management ability
d. Crisis handling capacity
e. Industrial knowledge
f. Outlook on international market
g. Leadership
h. Decision-making ability

The specific management goal of the Company's Board of Directors' diversity is to have eight abilities that directors should possess. Except for accounting and financial analysis abilities, which are possessed by four directors, at least five directors should possess the remaining abilities. In addition, individual directors should possess at least six of the eight abilities. The Company's current Board of Directors and individual directors have achieved the management objectives of the diversity policy. The capabilities of individual directors of the Company are as follows:

Diversification item / Name of director	Gender	Operational judgment	Accounting and financial analysis ability	Operation management ability	Crisis handling capacity	Industrial knowledge	Outlook on international market	Leadership	Decision-making ability
Chairman:Wang,Chau-Chyun	Male	V	V	V	V	V	V	V	V
Director: Chien Leo Ming Tz	Male	V	V	V	V	V	V	V	V
Director: Wen,Chien-Liang	Male	V	V	V	V	V	V	V	V
Independent director: Liu,Thu-Hua	Male	V		V	V	V	V	V	V
Independent director: Chen,Yen-Hui	Male	V			V	V	V	V	V
Independent director: Cheng,Sheng-In	Female	V	V	V	V		V	V	V
Independent director: Liao,Hsiang-Ruei	Male	V		V	V		V	V	V

(2) Implementation status of diversification of the members of the Board of Directors:

Management objective	Achievement status
The consecutive tenure of an independent director shall not exceed three sessions.	(Note1)
There shall be at least one independent director specialized in finance or business administration.	Achieved
Adequate diversified professional knowledge and skills	Achieved

Does the Board of Directors of the Company contain at least one female director?	Achieved
Does the number of independent directors of the Company reach more than half of total directors or above?	Achieved
Are the members of the Board of Directors of the Company with identity of employees of the Company, its parent company or subsidiaries, or brother companies lower than or equal to one third of total directors?	Achieved

Note 1: In the management goal of not more than three consecutive terms of office for independent directors, except for Independent Director Liu,Thu-Hua who is serving as the Company's independent director for the fourth consecutive term, the other three independent directors shall not serve for more than three consecutive terms. Independent Director Liu,Thu-Hua has met and possessed professionalism and independence before being elected by the shareholders' meeting and during his term of office. He has provided the Company with advice on governance on many occasions, so he can help and protect the interests of shareholders. Therefore, the Company continues to nominate him as the Company's independent director this time.

Additionally, considerations for nomination of members of the Board of Directors also include the honest and upright reputation required of the candidates for directors, their outstanding achievements, experience and reputation enjoyed in each specialized field, dedication of sufficient time to participate in the supervision of corporate business, ability to assist operation management, and contributions made to the success of the Company, etc. The qualification conditions of independent directors shall comply with the provisions of relevant laws and regulations.

(3) Independence of the Board of Directors: There are 4 independent directors among all 7 directors of the Company, which complies with the provisions of “Highlights of Events to Follow for the Setting and Authority Exercising of Board of Directors of TPEx Listed Companies”. The directors have no relations of spouse and relatives within second degree with each other, which complies with the provisions of Item 3 of Article 26-3 of the Securities and Exchange Act.

4. Directors’ participation in continuing education related to corporate governance.

Title	Name	Date of continuing education		Sponsor	Name of course	Duration of training
		Starting date	Ending date			
Chairman	University Venture Co., Ltd. Wang,Chau-Chyun	Dec. 20, 2024	Dec. 20, 2024	Securities & Exchanges Institute	Nvidia's 3-trillion miracle: New thinking behind the semiconductor industry revolution behind artificial intelligence	3h
Director	University Venture Co., Ltd. Chien Leo Ming Tz	Dec. 20, 2024	Dec. 20, 2024			3h
Director	WYC God-loving Foundation for Charity Wen,Chien-Liang	Dec. 20, 2024	Dec. 20, 2024			3h
Independent director	Liu,Thu-Hua	Dec. 20, 2024	Dec. 20, 2024			3h
Independent director	Chen,Yen-Hui	Dec. 20, 2024	Dec. 20, 2024			3h

Title	Name	Date of continuing education		Sponsor	Name of course	Duration of training
		Starting date	Ending date			
Independent director	Cheng,Sheng-In	Dec. 20, 2024	Dec. 20, 2024			3h
Independent director	Liao,Hsiang-Ruei	Dec. 20, 2024	Dec. 20, 2024			3h
Chairman	University Venture Co., Ltd. Wang,Chau-Chyun	Dec. 20, 2024	Dec. 20, 2024	Securities & Exchanges Institute	Corporate ESG: Environment, Society, Governance - Analysis of Related Judicial Cases and Legal Liabilities	3h
Director	University Venture Co., Ltd. Chien Leo Ming Tz	Dec. 20, 2024	Dec. 20, 2024			3h
Director	WYC God-loving Foundation for Charity Wen,Chien-Liang	Dec. 20, 2024	Dec. 20, 2024			3h
Independent director	Liu,Thu-Hua	Dec. 20, 2024	Dec. 20, 2024			3h
Independent director	Chen,Yen-Hui	Dec. 20, 2024	Dec. 20, 2024			3h
Independent director	Cheng,Sheng-In	Dec. 20, 2024	Dec. 20, 2024			3h
Independent director	Liao,Hsiang-Ruei	Dec. 20, 2024	Dec. 20, 2024			3h
Chairman	University Venture Co., Ltd. Wang,Chau-Chyun	Mar. 13, 2024	Mar. 13, 2024	The Greater China Financial Development Association	New Thinking in Digital Transformation	3h
		Apr. 19,2024	Apr. 19,2024		Business strategies in the digital age	3h
		Feb. 24,2025	Feb. 24,2025		Trump's New Tariff Policy and Global Economic Changes	3h
Independent director	Cheng,Sheng-In	May 08,2024	May 08,2024	Taiwan Corporate Governance Association	Business Operation and Crisis Management	3h
		Aug 13, 2024	Aug 13, 2024	Taiwan Independent Director Association	Latest Developments in Sustainable Governance and Directors' Responsibilities	3h
		Sep 2, 2024	Sep 2, 2024	Accounting Research and Development Foundation	Corporate ESG: Environment, Society, Governance - Related Court Cases and Legal Liability Analysis	3h
		Oct 28, 2024	Oct 28, 2024	Accounting Research and Development Foundation	Strengthening the internal control defense line and the board of directors' operating mechanism and analyzing fraud cases	6h
		Nov 6, 2023	Nov 6, 2023	Accounting Research and Development Foundation	Understanding ESG environment, society and governance	3h

(2) Information of general manager, vice president, director and heads of each department and branch

1. Basic information of important management levels:

March 29, 2025

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholding		Shares currently held by spouse and underage children		Main experience (education)	Concurrent position(s) currently held in other companies	Managers with relation of spouse or relative within second degree		
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
General Manager (Note1)	ROC	Wen,Chien-Liang	Male	Jan. 1, 2025	41,034	0.04	0	0	0	0	Special Master Continuing Education Course of Department of Department of Business Administration, National Taipei University Jishimei Food Industrial	Chairman of LEO Image Inc.	None	None	None
General Manager (Note1)	ROC	Wang,Chau-Chyun	Male	Mar. 1, 2005	268,126	0.29	44,421	0.04	0	0	MBA of National Chengchi University Chairman of Super Network Technology Co., Ltd.	Juridical Person Director Representative of Lotrich Information Juridical Person Director Representative of ADTECH Inc. Juridical Person Director Representative of Formolight Inc. Director of CGCH Foundation For Education	None	None	None
Chief Strategy Officer (Note2)	ROC	Jou,Shao-Huey	Male	Jan. 1, 2008	11,467	0.01	0	0	0	0	Department of Business Management, College of Engineering, Tatung University Yi Syue Industrial Corporation Limited	None	None	None	None
Senior Vice President	ROC	Chang,Yueh-Chin	Female	Mar. 1, 2001	98,117	0.11	0	0	0	0	Department of Electronics, National Taiwan Ocean University First International Computer	None	None	None	None
Senior Vice President	ROC	Tang,Hui-Kang	Male	Jan. 1, 2008	96,132	0.11	0	0	0	0	Master of Institute of Materials Research and Engineering Super Network Technology	None	None	None	None
Vice President	ROC	Wang,Shih-Chao	Male	Jan. 22, 2014	32,000	0.04	0	0	0	0	Master of Institute of Mechanics, Tatung University	Chairman of LEO Systems, Inc. (China)	None	None	None
Vice President (Note3)	ROC	Liao,Chen-Hsiang	Male	Jan. 1, 2010	17,096	0.02	0	0	0	0	National Taipei University EMBA Division of Electronics, Oriental Institute of Technology Linge Technology	None	None	None	None
Vice President (Note4)	ROC	Wang,Yueh-Hsing	Female	Jan. 1, 2010	38,235	0.04	0	0	0	0	Department of Asset Management, Kun Shan University of Technology Waxberry Food	None	None	None	None
Vice President (Note5)	ROC	Hung,Ho-Yi	Male	Jan. 1, 2011	1,096	0.00	0	0	0	0	Department of Business Administration, Tamkang University Honghuo Information	None	None	None	None
Assistant Vice President	ROC	Li,Hsiang-Jui	Male	Jan. 1, 2004	0	0.00	69	0.00	0	0	Master of Institute of Engineering Management, New Jersey Institute of Technology Deloitte & Touche, Taiwan	None	None	None	None
Assistant Vice President	ROC	Ku,Hung-Yi	Male	Jan. 1, 2008	46,096	0.05	0	0	0	0	Division of Electronics, Lee-Ming Institute of Technology Uprise Technology	None	None	None	None
Senior Director	ROC	Shih,Ming-Long	Male	Jan. 1, 2008	22,385	0.02	0	0	0	0	Division of Electronic Information, National Taipei College of Business Lite-On Electronic	None	None	None	None
Senior Director	ROC	Chen,Wen-Pin	Male	Jan. 1, 2010	12,096	0.01	0	0	0	0	Master of Architecture and Urban-Rural Research Institute, National Taiwan University Xinxin Program Production	None	None	None	None
Senior Director	ROC	Kao,Yung-Jay	Male	Jan. 1, 2008	26,149	0.03	0	0	0	0	Division of Electronic Equipment Maintenance, Tatung Institute of Technology	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholding		Shares currently held by spouse and underage children		Main experience (education)	Concurrent position(s) currently held in other companies	Managers with relation of spouse or relative within second degree		
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
											Zhongdian System				
Senior Director (Note6)	ROC	Chen,Hhi-Fang	Female	Jan. 1, 2019	20,000	0.02	17,096	0.02	0	0	Department of Economics, Feng Chia University	None	Assistant manager	SHIH, TO-YU	Spousal
Director	ROC	Chiu.Wei-Buh	Male	Jan. 1, 2008	819	0.01	0	0	0	0	Department of Information Science, Tunghai University First International Computer	None	None	None	None
Director (Note7)	ROC	Yang,Chang-Cheng	Male	Jan. 11, 2012	N/A	N/A	N/A	N/A	N/A	N/A	Department of Electrical Engineering, Lunghwa Junior College of Technology	None	None	None	None
Director	ROC	Chang,Jung-Mao	Male	Feb. 1, 2018	0	0.00	0	0	0	0	Department of Electrical Engineering, Southern Taiwan Institute of Technology	None	None	None	None
Director	ROC	Shyh,Tuoh-Yeu	Male	Jan. 1, 2020	17,096	0.02	20,000	0.02	0	0	Department of Electronics, Tungnan University	None	Assistant manager	CHEN, HUI-FANG	Spousal
Director	ROC	Lin,Meng-Hung	Male	Jan. 1, 2022	27,001	0.03	0	0	0	0	Department of Business Administration, China University of Science and Technology Neweb Technologies Co., Ltd.	None	None	None	None
Director	ROC	Chang,Yung-Chieh	Male	Jan. 1, 2023	10,000	0.01	0	0	0	0	National Caotun Commercial & Industrial Vocational Senior High School GOTOP INFORMATION INC.	None	None	None	None
Director & Accounting Manager Financial Manager& Corporate Governance Office	ROC	Peng,Hung-Chin(Note5)	Male	Mar. 31, 2023	0	0.00	0	0	0	0	Fu Jen Catholic University Institute of Accountancy Master's Program(EMBA) National Taiwan University Institute of Health Policy and Management Master's Program(EMHA) SmartDisplayer Technology Co., Ltd. senior manager. Inalways Corporation director	Supervisor of Lotrich Information	None	None	None
Director (Note8)	ROC	Chang,Chia-Chi	Male	Feb. 6, 2024	1,000	0.00	0	0	0	0	Far East Industrial and Commercial College Mechanical Department. Chin-Chi Enterprise Co., Ltd. manager. LEO Systems, INC. manager, senior manager.	None	None	None	None
Director (Note9)	ROC	Chen,Yen-Liang	Male	Jan.21,2025	11,455	0.01	0	0	0	0	Department of Transportation Engineering Management, Feng Chia University Senior engineer, assistant manager, manager, senior manager at LEO SYSTEMS, INC..	None	None	None	None

Note: 1. On December 30, 2024, in order to facilitate generational succession, the Board of Directors of the Company dismissed Chairman Wang,Chau-Chyun from the position of General Manager and appointed Co-Chief Operating Officer Mr. Wen,Chien-Liang as the new General Manager effective January 1, 2025.

2. Upon submission and approval by the Board of Directors on December 30, 2024, the position will be promoted from Co-Chief Operating Officer to Chief Strategy Officer, effective January 1, 2025.

3. Upon submission and approval by the Board of Directors on February 5, 2024, he was promoted to Vice President, effective retroactively from January 1, 2024.

4. Upon submission and approval by the Board of Directors on December 30, 2024, he was promoted to Vice President, effective retroactively from January 1, 2025.

5. Upon submission and approval by the Board of Directors on December 30, 2024, he was promoted to Vice President, effective retroactively from January 1, 2025.

6. Upon submission and approval by the Board of Directors on January 21, 2025, he was promoted to Senior Director, effective January 21, 2025.

7. Already left the company on April 2, 2024.

8. Promoted to Director upon approval by the Board of Directors on February 5, 2024, effective February 6, 2024.

9. Promoted to Director upon submission and approval by the Board of Directors on January 21, 2025, effective January 21, 2025.

2. Succession planning for important management levels:

Regarding the company's current important management level, on December 30, 2024, the board of directors appointed Co-Chief Operating Officer Wen,Chien-Liang as general manager and promoted Co-Chief Operating Officer Jou,Shao-Huey to Chief Strategy Officer, effective January 1, 2025. There are also eight Vice President in each business unit under him.

The general manager is responsible for coordinating the affairs of all departments and offices of the company, while the Chief Strategy Officer is responsible for planning the company's future operational strategy direction. In order to ensure the sustainable operation and future development of the company, the company not only selects and cultivates the best management, but also continuously recruits outstanding talents from outside. In addition to having outstanding professional abilities, the relevant candidates should also have values and personal traits that are consistent with those of the company.

Regarding the training of key management personnel, internally, in addition to holding regular monthly performance review meetings, we also hold kick-off and strategic development seminars and business performance and annual budget review meetings every year, hoping to help heads of each business unit better understand the company's future operating guidelines. On the external side, in order to cultivate an international perspective, we also hire external lecturers every year to teach directors' training courses within the company group. In addition to allowing directors to better understand international affairs, we will also invite supervisors from important management levels to participate in this training course so that they can also understand the unpredictable changes in the international arena and cultivate their international perspective. In addition, the company's administrative management department also regularly or irregularly organizes various professional training courses to enhance the job skills of each supervisor.

Finally, through the job delegation and performance evaluation system, we can develop operational judgment and crisis management capabilities. Enable key management levels to establish leadership and high-quality organizational culture to ensure the company's sustainable development. Therefore, regarding the scheduled timeline for succession planning for important management positions such as general manager or Chief Strategy Officer, the company will evaluate the performance of the heads of each business unit and promote them to take over at the appropriate time. If necessary, we will not rule out recruiting outstanding talents to take over important management positions such as general manager or Chief Strategy Officer.

Participation of managers and internal audit in the continuing education related to corporate governance:

Title	Name	Date of continuing education		Sponsor	Name of course	Duration of training
		Starting date	Ending date			
Accounting Manager	Peng,Hung-Chin	Nov 1,2024	Nov 5,2024	Accounting Research and Development Foundation	Continuing Education Course of Stock Exchange of Issuers and Dealers for Accounting Managers	12h
Corporate Governance Office	Peng,Hung-Chin	Jul 16,2024	Jul 16,2024	Accounting Research and Development Foundation	Latest annual report/sustainability information/financial report preparation related laws and regulations analysis and internal control management practices	6h
		Sep 10,2024	Sep 10,2024	TPEx	Advocacy Session of Insider Equity of TPEx/Emerging Stock Market Listed Companies	3h
		Dec 20,2024	Dec 20,2024	Securities & Exchanges Institute	Nvidia's 3-trillion miracle: New thinking behind the semiconductor industry revolution behind artificial intelligence	3h
		Dec 20,2024	Dec 20,2024	Securities & Exchanges Institute	Corporate ESG: Environment, Society, Governance - Analysis of Related Judicial Cases and Legal Liabilities	3h
Accounting Manager Agent	Kuo,Yu-Mao	Jul 11,2024	Jul 12,2024	Accounting Research and Development Foundation	Continuing Education Course of Stock Exchange of Issuers and Dealers for Accounting Managers	12h
Audit Officer	Chang,Yueh-Chin	Apr 12,2024	Apr 12,2024	The Institute of Internal Auditors-Chinese Taiwan	Enterprises implement ESG and integrate internal audit and internal control	6h
		Aug 28,2023	Aug 28,2024	The Institute of Internal Auditors-Chinese Taiwan	New Challenges for Internal Auditors: Analysis of Sustainable Information Disclosure and Management Policies and Related Audit Points	6h
Audit Officer Agent	Peng, Mei-Hui	Aug 15,2024	Aug 15,2024	Accounting Research and Development Foundation	Strengthening the internal control defense function and the board of directors' operating mechanism and analyzing fraud cases	6h
		Oct 17,2024	Oct 17,2024	The Institute of Internal Auditors-Chinese Taiwan	Application and examples of corporate implementation of "ESG" and "internal audit and internal control integration"	6h

(II) Remuneration of directors, supervisors, general manager, and deputy general manager in recent years

A. Remuneration of general directors and independent directors (summarization of remuneration scale and name disclosing method)

Unit: NT$1,000;%

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="8">Director remuneration</th><th colspan="2" rowspan="2">Total of A, B, C and D and ratios over net income after tax %</th><th colspan="8">Relevant remuneration received by concurrent employees</th><th colspan="2" rowspan="2">Total of A, B, C, D, E, F and G and ratios over net income after tax %</th><th rowspan="4">Remuneration received from reinvestment enterprises other than subsidiaries</th></tr>
<tr><th colspan="2">Salary (A)</th><th colspan="2">Severance pay and pensions (B)</th><th colspan="2">Director reward (C)</th><th colspan="2">Business execution fees (D)</th><th colspan="2">Remuneration, bonus and allowances (E)</th><th colspan="2">Severance pay and pensions (F)</th><th colspan="4">Employee reward (G) (Note 2)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th></tr>
<tr><th></th><th></th><th>Cash amount</th><th>Stock</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td rowspan="2">Chairman</td><td>University Venture Co., Ltd.</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">3,693</td><td rowspan="10">3,693</td><td rowspan="10">183</td><td rowspan="10">183</td><td rowspan="10">3,876
2.67%</td><td rowspan="10">3,876
2.67%</td><td rowspan="10">13,008</td><td rowspan="10">13,008</td><td rowspan="10">108</td><td rowspan="10">108</td><td rowspan="10">1,200</td><td rowspan="10">0</td><td rowspan="10">1,200</td><td rowspan="10">0</td><td rowspan="10">18,192
12.52%</td><td rowspan="10">18,192
12.52%</td><td rowspan="10">None</td></tr>
<tr><td>Wang,Chau-Chyun</td></tr>
<tr><td rowspan="2">Director</td><td>University Venture Co., Ltd</td></tr>
<tr><td>Chien Leo Ming Tz</td></tr>
<tr><td rowspan="2">Director</td><td>WYC God-loving Foundation for Charity</td></tr>
<tr><td>Wen,Chien-Liang (Note3)</td></tr>
<tr><td rowspan="2">Director</td><td>WYC God-loving Foundation for Charity</td></tr>
<tr><td>CHIEN LAMBERT MING LONG(Note4)</td></tr>
<tr><td rowspan="2">Director</td><td>WYC God-loving Foundation for Charity</td></tr>
<tr><td>Jou,Shao-Huey(Note4)</td></tr>
</table>

Note 1: The Company established an Audit Committee on July 26, 2021 in replacement of the supervisors.
Note 2: It is a tentatively negotiated amount.
Note 3: Resign on May 12, 2023 and newly elected after the general re-election of directors at the general meeting of shareholders on June 5, 2024.
Note 4: Term of office until June 5, 2024, when the general meeting of shareholders will re-elect directors.

Title	Name	Director remuneration								Total of A, B, C and D and ratios over net income after tax		Relevant remuneration received by concurrent employees								Total of A, B, C, D, E, F and G and ratios over net income after tax		Remuneration received from reinvestment enterprises other than subsidiaries or not
		Salary (A)		Severance pay and pensions (B)		Director reward (C)		Business execution fees (D)				Remuneration, bonus and allowances (E)		Severance pay and pensions (F)		Employee reward (G)						
																The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Amount of cash	Amount of stock	Amount of cash	Amount of stock	The Company	All companies in the financial report	
Independent director	Liu,Thu-Hua	0	0	0	0	660	660	127	127	787 0.54%	787 0.54%	0	0	0	0	0	0	0	0	787 0.54%	787 0.54%	None
Independent director	Chen,Yen-Hui																					
Independent director	Cheng,Sheng-In																					
Independent director	Liao,Hsiang-Ruei																					

Note1: The Company established an Audit Committee on July 26, 2021 in replacement of the supervisors.

Remuneration Scale

Scale of remuneration paid to each director of the Company	Name of director			
	Total of the first four items (A+B+C+D)		Total of the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements
Below NT$1,000,000	WYC God-loving Foundation for Charity/ Liu,Thu-Hua / Chen,Yen-Hui/ Cheng,Sheng-In / Liao,Hsiang-Ruei/ Chien Leo Ming Tz /Wen,Chien-Liang/Wang,Chau-Chyun	WYC God-loving Foundation for Charity/ Liu,Thu-Hua / Chen,Yen-Hui/ Cheng,Sheng-In / Liao,Hsiang-Ruei/ Chien Leo Ming Tz / Wen,Chien-Liang/Wang,Chau-Chyun	WYC God-loving Foundation for Charity/ Liu,Thu-Hua / Chen,Yen-Hui Cheng,Sheng-In / Liao,Hsiang-Ruei/Chien Leo Ming Tz	WYC God-loving Foundation for Charity/ Liu,Thu-Hua / Chen,Yen-Hui Cheng,Sheng-In / Liao,Hsiang-Ruei/Chien Leo Ming Tz
NT$1,000,000 (included)-2,000,000 (excluded)				
NT$2,000,000 (included)-NT$3,500,000 (excluded)				
NT$3,500,000 (included)-NT$5,000,000 (excluded)			Wen,Chien-Liang	Wen,Chien-Liang
NT$5,000,000 (included)-NT$10,000,000 (excluded)	University Venture Co., Ltd.	University Venture Co., Ltd.	University Venture Co., Ltd./Wang,Chau-Chyun	University Venture Co., Ltd./Wang,Chau-Chyun
NT$10,000,000 (included)-NT$15,000,000 (excluded)				
NT$15,000,000 (included)-NT$30,000,000 (excluded)				
NT$30,000,000 (included)-NT$50,000,000 (excluded)				
NT$50,000,000 (included)-NT$100,000,000 (excluded)				
Above NT$100,000,000				
Total	9	9	9	9

B.Remuneration of general manager and vice president (summarization of remuneration scale and name disclosing method)

Unit: NT$1,000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance pay and pensions (B)</th><th colspan="2">Bonus and allowances (C)</th><th colspan="4">Employee reward (D)</th><th colspan="2">Total of items A, B, C and D and ratios over net income after tax (NT$1,000; %)</th><th rowspan="3">Remuneration received from reinvestment enterprises other than subsidiaries or not</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th colspan="2">The Company</th><th colspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th></tr>
<tr><th>Amount of cash dividends</th><th>Amount of stock dividends</th><th>Amount of cash dividends</th><th>Amount of stock dividends</th></tr>
<tr><td>Chairman (Note2)</td><td>Wang, Chau-Chyun</td><td rowspan="8">15,642</td><td rowspan="8">15,642</td><td rowspan="8">409</td><td rowspan="8">409</td><td rowspan="8">14,275</td><td rowspan="8">14,275</td><td rowspan="8">2,240</td><td rowspan="8">0</td><td rowspan="8">2,240</td><td rowspan="8">0</td><td rowspan="8">32,566
22.36%</td><td rowspan="8">32,566
22.41%</td><td rowspan="8">None</td></tr>
<tr><td>General Manager (Note2)</td><td>Wen, Chien-Liang</td></tr>
<tr><td>Chief Strategy Officer (Note3)</td><td>Jou, Shao-Huey</td></tr>
<tr><td>Senior Vice President</td><td>Chang, Yu-Chin</td></tr>
<tr><td>Senior Vice President</td><td>Tang, Hui-Kang</td></tr>
<tr><td>Vice President</td><td>Liao, Chen-Hsiang</td></tr>
<tr><td>Vice President</td><td>Wang, Shih-Chao</td></tr>
<tr><td>Vice President (Note4)</td><td>Wang,Yueh-Hsing</td></tr>
</table>

Vice President (Note4)	Hung,Ho-Yi													

Note1: It is a tentatively negotiated amount.

2. On December 30, 2024, in order to facilitate generational succession, the Board of Directors of the Company dismissed Chairman Wang,Chau-Chyun from the position of General Manager and appointed Co-Chief Operating Officer Mr. Wen,Chien-Liang as the new General Manager effective January 1, 2025.
3. Upon submission and approval by the Board of Directors on December 30, 2024, the position will be promoted from Chief Operating Officer to Chief Strategy Officer, effective January 1, 2025.
4. Upon submission and approval by the Board of Directors on December 30, 2024, he was promoted to Vice President, effective retroactively from January 1, 2025.

Remuneration Scale

Scale of remuneration paid to each general manager and Vice President of the Company	Names of general manager and deputy general manager	
	The Company	All companies in the financial report
Below NT$1,000,000		
NT$1,000,000 (included)-NT$2,000,000 (excluded)		
NT$2,000,000 (included)-NT$3,500,000 (excluded)	Wang,Yueh-Hsing / Hung,Ho-Yi / Wang,Shih-Chao/ Liao,Chen-Hsiang/ Tang,Hui-Kang /Chang, Yu-Chin	Wang,Yueh-Hsing / Hung,Ho-Yi / Wang,Shih-Chao/ Liao,Chen-Hsiang/ Tang,Hui-Kang / Chang, Yu-Chin
NT$3,500,000 (included)-NT$5,000,000 (excluded)	Jou,Shao-Huey/ Wen,Chien-Liang	Jou,Shao-Huey/ Wen,Chien-Liang
NT$5,000,000 (included)-NT$10,000,000 (excluded)	Wang,Chau-Chyun	Wang,Chau-Chyun
NT$10,000,000 (included)-NT$15,000,000 (excluded)		
NT$15,000,000 (included)-NT$30,000,000 (excluded)		
NT$30,000,000 (included)-NT$50,000,000 (excluded)		
NT$50,000,000 (included)-NT$100,000,000 (excluded)		
Above NT$100,000,000		
Total	9	9

C.Names of managers distributed with employee reward and distribution conditions

Unit: NT$1,000

	Title	Name	Stock amount	Cash amount (Note)	Total	Ratio of total amount over net income after tax
Managers	Chairman (Note2)	Wang,Chau-Chyun	0	3,220	3,220	2.22%
	General Manager (Note2)	Wen,Chien-Liang				
	Chief Strategy Officer (Note3)	Jou,Shao-Huey				
	Senior Vice President	Chang, Yu-Chin				
	Senior Vice President	Tang,Hui-Kang				
	Vice President	Wang,Shih-Chao				
	Vice President(Note4)	Liao,Chen-Hsiang				
	Vice President(Note5)	Wang,Yueh-Hsing				
	Vice President(Note5)	Hung,Ho-Yi				
	Assistant Vice President	Li,Hsiang-Jui				
	Assistant Vice President	Ku,Hung-Yi				
	Senior Director	Chen,Wen-Pin				
	Senior Director	Shih,Ming-Long				
	Senior Director	Kao,Yung-Jay				
	Senior Director(Note6)	Chen,Hhi-Fang				
	Director	Chiu.Wei-Buh				
	Director(Note7)	Yang,Chang-Cheng				
	Director	Chang,Jung-Mao				
	Director	Shyh,Tuoh-Yeu				
	Director	Lin,Meng-Hung				
	Director	Chang,Yung-Chieh				
	Director	Peng,Hung-Chin				
	Director(Note8)	Chang,Chia-Chi				
	Director(Note9)	Chen,Yen-Liang				

Note: 1.It is a tentatively negotiated amount.

2.On December 30, 2024, in order to facilitate generational succession, the Board of Directors of the Company dismissed Chairman Wang,Chau-Chyun from the position of General Manager and appointed Co-Chief Operating Officer Mr. Wen,Chien-Liang as the new General Manager effective January 1, 2025.

3.Upon submission and approval by the Board of Directors on December 30, 2024, the position will be promoted from Co-Chief Operating Officer to Chief Strategy Officer, effective January 1, 2025.

4.Upon submission and approval by the Board of Directors on February 5, 2024, he was promoted to Vice President, effective retroactively from January 1, 2024.
5.Upon submission and approval by the Board of Directors on December 30, 2024, he was promoted to Vice President, effective retroactively from January 1, 2025.
6.Upon submission and approval by the Board of Directors on January 21, 2025, he was promoted to Senior Director, effective January 21, 2025.
7.Retired on April 2, 2024.
8.Promoted to Director after being submitted and approved by the Board of Directors on February 5, 2024, effective February 6, 2024.
9.Promoted to Director upon submission and approval by the Board of Directors on January 21, 2025, effective January 21, 2025.

D.The ratios of total amount of remuneration paid by the Company and all companies in the consolidated statements to the directors, supervisors, general manager and deputy general manager of the Company over the net income after tax in recent two years are compared and explained respectively and then analyzed, and remuneration payment policy, standards and portfolios, remuneration stipulation procedure, and relevancy to operational performance and future risks are explained:

1. Comparison of the ratios of total amount of remuneration paid by the Company and all companies in the consolidated statements to the directors, supervisors, general manager and deputy general manager of the Company over the net income after tax in recent two years:

Unit: NT$1,000

Year	Total amount of remuneration of directors, supervisors, general manager and deputy general managers		Net income (loss) after tax		Ratio over net income after tax	
	The Company	Consolidated statements	The Company	Consolidated statements (Note1)	The Company	Consolidated statements
2024 年 (Note2)	30,617	30,617	145,623	145,338	21.02%	21.07%
2023	32,099	32,099	188,447	188,582	17.03%	17.02%

Note 1: Toyal comprehensive income attributable to owners of the company.
Note 2: The directors are the newly elected directors after the full re-election of directors at the shareholders' meeting on June 5, 2024. The general manager and deputy general managers are those who actually took office in 2024.

2. The remuneration payment policy of the Company has been formulated and reasonably remuneration is paid to the aforesaid personnel in accordance with the provisions of relevant remuneration measures of the Company, in comprehensive consideration of the payees' education, work experience, positions, responsibilities, performance, and contributions, and with reference to the remuneration level in the same trade.

(III)Operation of corporate governance

A. Operation of the Board of Directors:

7 meetings of the Board of Directors were convened in 2024 and as of the publication date of this annual report. The attendance status of the directors is shown as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remark
Chairman	University Venture Co., Ltd.: Wang,Chau-Chyun	9	0	100%	
Director	University Venture Co., Ltd.:Chien Leo Ming Tz(Note1)	6	0	100%	
Director	WYC God-loving Foundation for Charity:Wen,Chien-Liang(Note2)	6	0	100%	
Director	WYC God-loving Foundation for Charity:Chien Lambert Ming Long(Note3)	3	0	100%	
Director	WYC God-loving Foundation for Charity: Jou,Shao-Huey(Note3)	3	0	100%	
Independent director	Cheng,Sheng-In	9	0	100%	
Independent director	Liu,Thu-Hua	8	1	89%	
Independent director	Chen,Yen-Hui	9	0	100%	
Independent director	Liao,Hsiang-Ruei(Note2)	9	0	100%	

Note 1. On June 5, 2024, the shareholders' meeting will fully re-elect new directors.

2. Resigned on May 12, 2023 and newly elected as Directors at the General Meeting of Shareholders on June 5, 2024.

3. The term of office will end on June 5, 2024 when the general meeting of shareholders re-elects directors.

Other matters to be recorded:

1. For matters listed in Article 14-3 of the Securities and Exchange Act and other matters resolved by the Board of Directors with independent directors' opposing or reserved opinions and relevant record or written statement, date and session of board meeting, content of proposals, all independent directors' opinions, and the Company's handling of these opinions shall be explained:

Date	Causes
February 5, 2024 16th Meeting of the 17th Board of Directors	1. The company's employee stock option certificates were converted into new shares of the company's ordinary shares.
March 8, 2024 17th Meeting of the 17th Board of Directors	2.2023 annual business report and financial statements case. 3. Profit distribution proposal for 2023. 4. The Company's 2023 internal control system effectiveness assessment and internal control system statement are submitted for review. 6. Revise some provisions of the Company's "Rules of Procedure for Board Meetings" for review. 11. The proposal on the assessment of the competence and independence of the certified public accountant and the commission remuneration is submitted for review.
May 10, 2024 18th Meeting of the 17th Board of Directors	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.
July 31, 2024 2th Meeting of the 18th Board of Directors	4. The Company's consolidated financial report for the second quarter of 2024 is submitted for review. 5. Application for bank financing quota is submitted for review. 6. Agree to allocate the financing quota of Hua Nan Bank for use by related enterprises and submit it for review. 7. Our company intends to provide endorsement and guarantee for the financing of Shenzhen LEO System Inc. (China) and submit it for review. 8. 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.
November 4, 2024 3th Meeting of the 18th Board of Directors	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. 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.
January 21, 2025 5th Meeting of the 18th Board of Directors	2. Revise some articles of the "Organizational Regulations of the Corporate Sustainability Committee" and submit them for review. 5. The proposal to lift the non-competition restriction on managers is submitted for review.
March 5, 2025 6th Meeting of the 18th Board of Directors	2. The 2024 annual business report and financial statements are submitted for review. 3. The 2024 profit distribution proposal is submitted for review. 4. The Company's 2024 internal control system effectiveness assessment and internal control system statement are submitted for review. 7. The assessment of the competence and independence of the CPA and the commission remuneration are submitted for review.

As for the proposals submitted in the Board of Directors in current year, no independent director raised any opposing or reserved opinion.

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: Executed truly in accordance with the relevant provisions.

2.1. Cause 3 and case 5 of the 16th meeting of the 17th Board of Directors held on February 5, 2024:

Case 3. "Performance Bonus for Business Division Managers in 2023" Issuance Case.

Case 5. The company's "2023 year-end bonus" case.

Resolution:Chairman Wang,Chau-Chyun and Director Jou,Shao-Huey avoided participating in the discussion and voting, and asked independent director Liu,Thu-Hua to act as the chairman of the case, which was approved by the remaining directors present.

2.2. Cause 2 of the 1th meeting of the 18th Board of Directors held on June 5, 2024: "It is proposed to appoint members of the Company's Sixth Remuneration Committee for review" Case.

Resolution: Except stakeholders, including independent director: Liu,Thu-Hua, independent director: Chen,Yen-Hui, independent director: Cheng,Sheng-In and independent director: Liao,Hsiang-Ruei who excused themselves from voting, the remaining attending members agreed to pass the resolution according to "It is proposed to appoint members of the Company's Sixth Remuneration Committee for review" Case.

2.3. Cause 1 of the 2th meeting of the 18th Board of Directors held on July 31, 2024: "The Company's "2023 Directors' Remuneration Distribution" proposal is submitted for review".

Resolution: Except all stakeholders who excused himselves from voting, the remaining attending members agreed to pass the resolution according to "The Company's "2023 Directors' Remuneration Distribution" proposal is submitted for review".

2.4. Cause 9 of the 3th meeting of the 18th Board of Directors held on November 4, 2024: "Proposal of the Company for Donation to CGCH Foundation for Education".

Resolution: Except stakeholders, including chairman Wang,Chau-Chyun and director Chien Leo Ming Tz who excused themselves from voting, the remaining attending members agreed to pass the resolution according to "Proposal of the Company for Donation to CGCH Foundation for Education".

2.5. Cause 1 of the 4th meeting of the 18th Board of Directors held on December 3, 2024:" The personnel appointment and remuneration proposal of appointing Wen,Chien-Liang, Co-COO, as General Manager is submitted for review".

Resolution: Except stakeholders, including director Wen,Chien-Liang who excused himselves from voting, the remaining attending members agreed to pass the resolution according to "The personnel appointment and remuneration proposal of appointing Wen,Chien-Liang, Co-COO, as General Manager is submitted for review".

2.6. Cause 3 and case 4 and Cause 5 and case 6 Cause 8 of the 5th meeting of the 18th Board of Directors held on January 21, 2025:

Case 3: Personnel appointment of "Chairman Wang,Chau-Chyun concurrently as new Chief Sustainability Officer of the Company" is submitted for review.

Case 4:The proposal of the Company to establish a Company's Sustainable Development Committee is submitted for review.

Case5: The case to lift the restriction on managers' non-competition is submitted for review.

Case6:The proposal to issue the "2024 performance bonus for business division managers" is submitted for review.

Case 8:2024 Year-end Bonus", is submitted for review.

Resolution:Chairman Wang,Chau-Chyun and Director Wen,Chien-Liang avoided participating in the discussion and voting, and asked independent director Liu,Thu-Hua to act as the chairman of the cases, which were approved by the remaining directors present.

3. which was approved by the remaining directors present.A TWSE/TPEx listed company shall disclose the cycle, period, scope, method and content of self-evaluation (or evaluation for colleagues) of the Board of Directors of the Company, and fill out the execution status of evaluation of the Board of Directors in attached Table (II).

4. Objectives for the strengthening of functions of the Board of Directors (e.g., establishment of Audit Committee, improvement of information transparency, etc.) in current year and recent years as well as evaluation of execution status of these objectives:

4.1.The Company has already established and followed its "Rules of Procedure of the Board of Directors" in accordance with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".

4.2.The Company has entered the attendance of directors in the Board of Meeting in the MOPS, and disclosed the major resolutions and financial information of the Board of Directors on its website.

4.3.The Company encourages directors and supervisors to take part in corporate governance courses with the objective to strengthen the functions of the Board of Directors, and the professionalism of directors and supervisors. In 2024, the directors and supervisors engaged in continuing education for 7 person-times, involving a total training duration of 69h.

4.4.To ensure the effective execution of the Board of Directors, the Company's internal audit department audits the operation of the Board of Directors periodically, and makes and submits relevant reports to the directors for review.

4.5.The Company established a Remuneration Committee in December 2011, and this committee is responsible for executing periodic evaluation, evaluating the Company's overall remuneration policy, and regularly reviewing the performance and remuneration of directors and managers.

4.6.The Company established an Audit Committee on July 26, 2021 in replacement of the supervisors, for the purpose of supervising and guiding the fair presentation of the Company's financial statements, appointment (dismissal), independence and performance of CPAs, effective implementation of the Company's internal control, the compliance of the Company with relevant laws, regulations and rules, as well as the management and control of the existing or potential risks of the Company.

5. Others matters to be recorded:

1. Succession planning for board members:

The company currently has seven directors (including four independent directors), and the chairman is Wang,Chau-Chyun. The election of directors has adopted a candidate nomination system in accordance with the law. The selection of board members is based on the company's "Corporate Governance Code of Practice" and the composition is diversified. Its members should generally possess the necessary knowledge, skills and qualities to perform their duties in order to achieve the company's goals. The ideal goal of governance. And formulate appropriate diversification policies based on its own operations, operating models and development needs; independent directors are required to have professional knowledge and skills in accordance with the law: such as professional background (law, accounting, industry, finance, etc.), professional skills and industry experiences etc.

In order to strengthen the functions of directors, LEO SYSTEMS, INC. selects further training courses covering corporate governance-related topics such as finance, accounting, legal affairs, business, risk management or internal control systems, and arranges appropriate further training for directors to enhance their professional knowledge. Performance evaluation methods are also clearly defined to measure and confirm the operating efficiency of the board of directors, and evaluate its performance as a reference for future planning of the selection of chairman and directors. Currently, board members are fully re-elected every three years. Therefore, when it is scheduled to take over the positions of chairman and director, it is expected that the successor will be selected during the comprehensive re-election of directors in accordance with relevant regulations.

B. Execution status of evaluation of the Board of Directors

LEO SYSTEMS, INC. has adopted the "Board of Directors Performance Evaluation Methods" at the board of directors on January 28, 2021, and has 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 reported the evaluation results to the board of directors on March 5, 2025.

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)
Executed once every	January 1 - December 31, 2024	Board of Directors, individual directors, and functional committees	Internal self-evaluation of the Board of Directors, self-evaluation of directors, and internal self-evaluation of functional committees	1. Content of performance evaluation of the Board of Directors: A. Degree of participation in corporate operation B. Improvement of decision-making quality of the Board of Directors C. Composition and structure of the Board of Directors D. Election and appointment of directors and their continuing education E. Internal control 2. Content of evaluation of members of the Board of Directors: A. Mastery of the Company's objectives and tasks B. Recognition of directors' responsibilities C. Degree of participation in corporate operation D. Operation and communication of internal relations E. Directors' expertise and continuing education F. Internal control 3. Content of performance evaluation of functional committees: A. Degree of participation in corporate operation B. Recognition of responsibilities of functional committees C. Improvement of decision-making quality of functional committees D. Composition of functional committees and election and appointment of their members E. Internal control

Note 1: The execution cycle of evaluation of the Board of Directors, e.g., once every year, shall be filled out.
Note 2: The period covered by the evaluation of the Board of Directors shall be filled out. For example, the performance of the Board of Directors from January 1, 2019 to December 31, 2019 is evaluated.
Note 3: The evaluation scope includes the performance evaluation of the Board of Directors, individual directors and functional committees.
Note 4: The evaluation method includes internal self-evaluation of the Board of Directors, self-evaluation of directors, peer evaluation, and

performance evaluation through entrustment of external professional agency or experts or by other appropriate means.

Note 5: The evaluation content shall at least include the following items according to the evaluation scope:

(1) Performance evaluation of the Board of Directors: At least including degree of participation in corporate operation, decision-making quality of the Board of Directors, composition and structure of the Board of Directors, election and appointment of directors and their continuing education, and internal control.

(2) Performance evaluation of individual directors: At least including mastery of the Company's objectives and tasks, recognition of directors' responsibilities, degree of participation in corporate operation, operation and communication of internal relations, directors' expertise and continuing education and internal control.

(3) Performance evaluation of functional committees: Degree of participation in corporate operation, recognition of responsibilities of functional committees, improvement of decision-making quality of functional committees, composition of functional committees and election and appointment of their members, and internal control.

C. 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 1st 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 1st 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 2st 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	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
	converting the company's employee stock option certificates into the company's common stock is submitted for review.		
2th meeting of the 2st 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. 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.	All attending members agreed to pass the resolution.	All attending directors agreed to pass the resolution.
3th 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.	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
	2.The proposal to lift the non-competition restriction on managers is submitted for review.		
4th 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 October 2023 to December 2023 at the Audit Committee	No independent raised any opinion after the internal audit 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.

D. Execution status of corporate governance, deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Assessment item	Execution status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
1. Has the Company followed "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance best practice principles?	V		The Company already established "Corporate Governance Best Practice Principles" and disclosed it in the MOPS and its website.	No significant deviation
2. Shareholding Structure & Shareholders' Rights				
(1) Has the Company established Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes, and litigation matters? If yes, have these procedures been implemented accordingly?	V		(1) The Company has already set up a spokesperson system and had dedicated personnel to handle relevant issues.	No significant deviation
(2) Has the Company possessed a list of major shareholders of actually controlled companies and beneficial owners of these major shareholders?	V		(2) The Company may possess a list of major shareholders of actually controlled companies and beneficial owners of these major shareholders and disclose it periodically according to regulations.	No significant deviation
(3) Has the Company built and executed a risk management system and firewall between the Company and its affiliates?	V		(3) The Company has handled it in accordance with its internal control system, internal audit system, management rules and regulations, and relevant laws and regulations.	No significant deviation
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) The Company has established a procedure for processing of major internal information to standardize the legitimate processing of major information of insiders.	No significant deviation

Assessment item	Execution status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board of Directors established and implemented a diversification policy for its composition?	V		(1) The Company measures and considers the practical requirements regarding the scale of business development and shareholding status of its major shareholders with reference to "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". When considering and screening candidates for directors, the Company measures the professional background, education (work experience), integrity degree or relevant professional qualifications) based on its diversification policy. The members of the Board of Directors shall generally possess the knowledge, skills, and quality needed for execution of their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors shall have the following capacity as a whole: 1. Operational judgment; 2. Accounting and financial analysis ability; 3. Operation management ability; 4. Crisis handling capacity; 5. Industrial knowledge; 6. Outlook on international market; 7. Leadership; 8. Decision-making ability. The implementation status of diversification of members of the Board of Directors is detailed in P11-P13.	No significant deviation

Assessment item	Execution status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(2) Other than the Remuneration Committee and the Audit Committee set up by the Company according to law, is the Company willing to set up other various kinds of functional committees?		V	(2) No other relevant committee has been established for the time being.	No significant deviation
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of the performance to the Board of Directors, and used the results as reference for the director reward and renewal?	V		(3) The Company has adopted the "Board of Directors Performance Evaluation Methods" at the board of directors on January 28, 2021, and has 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 reported the evaluation results to the board of directors on March 5, 2025.	No significant deviation
(4) Has the Company regularly evaluated the independence of its certified public accountants?	V		(4) The Financial Management Department of the Company periodically evaluates the CPAs' independence every year. The CPAs of the Company are subordinate to the member firms of big four international accounting firms in Taiwan. In addition to the periodic evaluation of CPAs'	No significant deviation

Assessment item	Execution status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			independence, the Company also executes a policy of replying the CPAs every seven years, and it has no business contact relationship that violates the principle of independence. Upon the request of the Company for the evaluation of the independence of our CPAs, Deloitte & Touche, Taiwan assigned to give a joint reply letter and issue a statement of compliance with the provisions of Code of Ethics for Professional Accountants No. 10 Notice. Also, after evaluation by the Financial Management Department of the Company, the members of the audit team were competent with required professional qualifications and were able to execute the auditing work and fairly present the financial status and performance of the Company in accordance with auditing standards. The proposal for evaluation of CPAs in 2025 is expected to be presented to the Board of Directors for discussion on March 5, 2025. In addition to the independence and competence of the aforesaid project in the self-evaluation, a statement of absolute independence of CPAs has been obtained. (Note 1)	

Assessment item	Execution status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
4. Has the Company appointed competent and appropriate corporate governance personnel and corporate officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to meetings of the Board of Directors and the Shareholder's Meeting according to law, and recording minutes of board)?	V		The Financial Management Department of the Company is in charge of corporate governance related affairs, and the Financial Manager serves as the corporate governance officer to take charge of affairs related to corporate governance.	No significant deviation
5. Has the Company established channels of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a special zone for stakeholders on its official website, and properly responded to the issues of important corporate social responsibilities concerned by its stakeholders?	V		The Company has appointed spokesperson and deputy spokesperson to serve as its communicating channels. Also, the Company has opened contact window for each stakeholder in the special zone for stakeholders to respond to relevant issues. The communication with each stakeholder is reported to the Board of Directors at least once every year.	No significant deviation
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has appointed the Stock Agency Department of Taishin Securities Co., Ltd. to handle the affairs of its Shareholder's Meetings.	No significant deviation
7. Information disclosure				
(1) Has the Company established a corporate website to disclose information regarding its finance, business, and corporate governance?	V		(1) The Company has disclosed information regarding its finance, business, and corporate governance in the "Special Zone for Investors" on its website (http://www.leosys.com).	No significant deviation

Assessment item	Execution status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(2) Has the Company used any other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors' conferences, etc.)?	V		(2) The Company has appointed spokesperson and deputy spokesperson to serve as its communicating channels.	No significant deviation
(3) Has the Company announced and reported the annual financial statements within two months after the end of the fiscal year, and announced and reported the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		V	(3) The Company has gradually achieved it according to the corporate governance blueprint announced by competent authority.	No significant deviation
8. Has the Company disclosed other important information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employees' rights and care, investor relations, supplier relations, rights of stakeholders, records of further education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and the Company's purchasing of liability insurance for directors and supervisors)?	V		(1) Employees' rights and interests: Most principles adopted by the Company for the planning of human resources management are superior to those specified in relevant laws and regulations including Labor Standards Act. (2) Employee care: In addition to the establishment of diversified communicating channels to facilitate the understanding of the employees' work and life, the senior managers of the Company have also actively participated in each caring activity organized by the Welfare Committee for the employees. (3) Investor relations: The Company timely announces information regarding its finance and business, and gives real-time announcements of major information in the MOPS and its website to facilitate a full understanding of the Company's operation status for investors. Investors who have further query needs may contact the Company's spokesperson for more information.	No significant deviation

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Execution status</th><th rowspan="2">Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>(4) Supplier relations: In addition to the establishment of partnership with suppliers according to relevant provisions regarding “purchasing cycle”, the Company would establish a consensus with suppliers more closely in respect to multiple aspects including specifications and prices when engaging in major business bidding projects to benefit the acquisition of bid projects.
(5) Stakeholder’s rights: To secure the stakeholders’ rights and interests, the Company has established various unimpeded communicating channels, and appropriately handle events of the stakeholders in principles of integrity and accountability.
(6) To complete and strengthen the supervision and management functions of the Board of Directors, the Company has established its “Rules of Procedure of the Board of Directors” for observation in accordance with the provisions stipulated in “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” issued by competent authority.
(7) The Company purchases liability insurance for its directors and supervisors as stipulated.</td><td></td></tr>
<tr><td colspan="5">9. Please describe the improvements based on the results of corporate governance evaluation announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation in recent years and indicate matters and measures of priority for those not improved yet: To improve the evaluation performance through the strengthening of information disclosure through carriers like website.</td></tr>
</table>

Note 1: Criteria for evaluation of CPAs' independence:

Evaluation item	Evaluation result	
	Yes	No
The CPAs have a direct or major indirect interest relationship with the assigned matters to affect their independence.	□	☑
The CPAs have a direct or major indirect financial interest relationship with the Company.	□	☑
The CPAs are engaged in financing or guarantee behaviors with the Company or its directors and supervisors.	□	☑
The CPAs have a close business relationship with the Company.	□	☑
The CPAs have a potential employment relationship with the Company.	□	☑
Contingent fees of the CPAs related to the audited case.	□	☑
Members of the audit service are serving or have served as directors, supervisors, managers or held positions that have a major influence on the audited case within two recent years.	□	☑
The non-audit services provided for the audited client will directly influence the important items of the audited case.	□	☑
Members of the audit service team publicize or serve as agents for the stock or other securities issued by the Company.	□	☑
Members of the audit service team serve as the defendants of the Company, or engage in any conflict with other third parties on behalf of the Company.	□	☑
The CPAs or members of the audit service team are relatives to directors, supervisors or managers of the Company or personnel holding positions that have a major influence on the audited case.	□	☑
The co-CPAs serve as directors, supervisors or managers of the Company, or hold positions that have a major influence on the audited case within one year after leaving office.	□	☑
The CPAs or members of the audit service team accept major bestowals or gifts of major value from the Company or its directors, supervisors and managers.	□	☑
The Company requires the CPAs to accept the improper choices of accounting policies or disclosure of financial statements by the management.	□	☑
The Company imposes a pressure on the CPAs for the purpose of reducing the CPAs' fees, and as a result, the CPAs must improperly reduce their due auditing work.	□	☑
Whether to refer to the Audit Quality Indicators (AQIs) to assess the independence and competence of certified accountants is evaluated in the following aspects. Dimension One: Professionalism, divided into firm level and case level Dimension Two: Quality control, divided into firm level and case level	☑	□

Dimension Three: Independence, Case Level Dimension Four: Supervision, divided into firm level and case level Dimension Five: Innovation Ability, Firm Level		
Whether you have the qualifications of an accountant to perform the business of an accountant.	☑	□
Whether there is no disciplinary action by the competent authority and the CPA Association; or the punishment in accordance with Article 37, Article 3, Item 3 of the Securities and Exchange Act: (1) Warning (2) Suspension of the audit under this Act within two years (3) Revocation of the approval of the audit.	☑	□
Whether to have relevant industry knowledge about the company.	☑	□
Whether to perform financial statement audit work in accordance with generally accepted auditing standards and accountant audit and certification financial statement rules, and issue financial reports in accordance with the audit planning schedule.	☑	□
Whether it is unfair competition in the industry and commerce by not taking advantage of the position of CPAs.	☑	□
Whether the latest changes in accounting, auditing and related laws and regulations are actively provided to the management, and the major differences are fully discussed and communicated.	☑	□
Evaluation results 1. The CPA firm approved by the company belongs to the four major international CPA firms and has no interest relationship with the company. 2. The company has carried out the assessment according to the items of independence and competence assessment, and the certification CPA should be independent and competent.		

E. The composition, responsibilities and operation status of Remuneration Committee shall be disclosed if any:

1. Information of members of the Remuneration Committee

March 31, 2024

Identity (Note 1)	Condition / Name	Professional qualification and experience (Note 1)	Independence status (Note 3)	Number of other public companies where the director holds a concurrent post of member of the Remuneration Committee
Independent director (convener)	Liu,Thu-Hua	Please see directors' professional qualification and experience for details.	See the following table for details.	0
Independent director	Chen,Yen-Hui	Please see directors' professional qualification and experience for details.	See the following table for details.	0
Independent director	Cheng,Sheng-In	Please see directors' professional qualification and experience for details.	See the following table for details.	3
Independent director	Liao,Hsiang-Ruei	Please see directors' professional qualification and experience for details.	See the following table for details.	0

Note 1. Please specifically explain relevant working seniority, professional qualification, experience and independence status of each member of the Remuneration Committee. If a member of the Remuneration Committee is an independent director, it can be explained in the remark column that the relevant contents of attached Table 1 "Information regarding directors and supervisors" on page 11. As for the identity, please fill out independent director or others (if a member is the convener, this matter shall also be specified).

Note 2. Professional qualification and experience: Explain professional qualifications and experience of individual members of the Remuneration Committee.

Note 3. Compliance with independence: Explain the conformity of members of the Remuneration Committee to the independence, including: Whether the members themselves, and their spouses and relatives within the second degree serve as directors, supervisors or employees of the Company or its affiliates; shares held by the members themselves, and their spouses and relatives within second degree (or through utilization of others' name) and shareholding ratios; whether they serve as directors, supervisors or employees of companies with specific relations with the Company (with reference to provisions stipulated in subparagraphs 5~8, paragraph 1, Article 6 of Regulations Governing the Setting and Authority Exercising of Remuneration Committee of TWSE/TPEx Listed Companies); amount of remuneration acquired in recent 2 years for the services provided for the Company or its affiliates involving commerce, law, finance and accounting.

Note 4. The disclosing method is shown in the reference examples of the best practices on the website of TWSE Corporate Governance Center.

Identity (Note 1)	Condition / Name	With more than five years' work experience and the following professional qualifications or not			Independence status (Note 2)										Number of other public companies where the director holds a concurrent post of independent director	Remark
		Lecturer or above in department of commerce, legal affairs, finance, accounting or corporate business of public or private university and junior college	Judge, procurator, lawyer, accountant or any other professional vocational and technical personnel passing the examination of national examinations needed for corporate business.	Work experience needed for commerce, legal affairs, finance, accounting or corporate business	1	2	3	4	5	6	7	8	9	10		
Independent director	Liu,Thu-Hua	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent director	Chen,Yen-Hui	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent director	Cheng,Sheng-In		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent director	Liao,Hsiang-Ruei	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1. Please fill out the identity as director, independent director or others respectively.

Note 2. If each member complies with the following conditions two years before being elected and appointed and during tenure, please mark "√" in the blank under each condition code.

(1) Not an employee of the Company or its affiliate.

(2) Not a director or supervisor of the Company or its affiliate (however, it does not apply to the concurrent officeholding of an independent director in the Company and its parent company or subsidiary or subsidiaries belonging to a same parent company according to this law or local laws and regulations).

(3) Not an individual shareholder holding or with his/her spouse, underage children or others holding more than 1% of total shares already issued by the Company or ranking the top 10 in terms of shareholding ratio.

(4) Not a manager listed in (1), or the spouse, a relative within second degree, or direct relative within third degree of the personnel listed in (2) and (3).

(5) Not a director, supervisor or employee of a corporate shareholder directly holding more than 5% of total shares issued by the Company, ranking the top 5 in terms of shareholding ratio, or assigning a representative to serve as the director or supervisor of the Company according to Article 27-1 or Article 27-2 of the Company Act (however, it does not apply to the concurrent officeholding of an independent director in the Company and its parent company or subsidiary or subsidiaries belonging to a same parent company according to this law or local laws and regulations).

(6) Not a director, supervisor or employee of another company with the director seats of the Company or shares with voting rights controlled by a same person (however, it does not apply to the concurrent officeholding of an independent director in the Company and its parent company or subsidiary or subsidiaries belonging to a same parent company according to this law or local laws and regulations).

(7) Not a director (council member), supervisor or employee of another company or institution who is

same as or the spouse to the chairman, general manager or person with an equivalent position of the Company (however, it does not apply to the concurrent officeholding of an independent director in the Company and its parent company or subsidiary or subsidiaries belonging to a same parent company according to this law or local laws and regulations).

(8) Not a director (council member), supervisor or manager or shareholder with shareholding ratio above 5% of a specific company or institution that has financial or business contact with the Company (however, it does not apply to the situation in which the specific company or institution holds more than 20% but less than 50% of total shares already issued by the company, and concurrently serving as an independent director in the Company and its parent company or subsidiary or subsidiaries belonging to a same parent company according to this law or local laws and regulations).

(9) Not a professional, or owner, partner, director (council member), supervisor, or manager of sole proprietorship, partnership, company or institution providing auditing service for the Company or its affiliate or relevant commercial, legal, financial and accounting services with the accumulated reward amount not exceeding NT$500,000 in recent two years, as well as their spouses. However, it does not apply to members of remuneration committee, public acquisition deliberation committee or M&A special committee that performs its duties in accordance with relevant laws and regulations including the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not having any of the circumstances stipulated in Article 30 of the Company Act.

2. Information of operation status of the Remuneration Committee

(1) The Remuneration Committee of the Company comprises 4 members. 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 2023 board performance and director member performance evaluation in January 2024, and has submitted the evaluation results to the board of directors on March 8, 2024.

(2) Tenure of members of this Remuneration Committee: July 26, 2021 to the expiration date of tenure of this Board of Directors. 4 (A) meetings of the Remuneration Committee were convened in recent year and as of the publication date of this prospectus, and the attendance of the committee members is shown as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Liu,Thu-Hua	4	0	100%	Reappointed
Member	Chen,Yen-Hui	4	0	100%	Reappointed
Member	Cheng,Sheng-In	4	0	100%	Reappointed
Member	Liao,Hsiang-Ruei	4	0	100%	Reappointed
Other matters to be recorded: 1. If the Board of Directors does not adopt or correct the suggestions made by the Remuneration Committee, it shall explain date and session of board meeting, content of proposals, resolution results of the Board of Directors as well as the Company's handling of opinions of the Remuneration Committee (if the remuneration passed by the Board of Directors is superior to that suggested by the Remuneration Committee, the deviation and reason shall					

be explained): Not involved. 2. As for the resolution matters of the Remuneration Committee, if any member raises an opposing or qualified opinion with relevant written statement, the date and session of the Remuneration Committee as well as content of proposals, all members' opinions and handling of these opinions shall be explained: Not involved.

Notes:

(1) If a member of the Remuneration Committee resigns before the ending date of the year, the date of resignation shall be specified in the remark column, and the actual attendance rate (%) shall be calculated according to the number of meetings of the Remuneration Committee convened during his/her tenure as well as meetings actually attended by this member.

(2) If a member of the Remuneration Committee is reelected before the ending date of the year, both new and former members shall be filled out and information regarding previous appointment, new appointment, or reappointment or date of reelection of this member shall be specified in the remark column. The actual attendance rate (%) shall be calculated according to the number of meetings of the Remuneration Committee convened during his/her tenure as well as meetings actually attended by member.

F. Execution status of promotion of sustainable development:

Execution Status of Promotion of Sustainable Development, Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Promotion item	Execution status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
1. Has the Company established a governance structure to promote sustainable development and set up full-time (part-time) unit to promote sustainable development which is handled by senior management authorized by the Board of Directors and supervised and guided by the Board of Directors?		V	1.The Company has established the "Procedures for the Preparation and Verification of Sustainability Reports" and the "Organizational Rules of the Corporate Sustainability Committee" approved by the Board of Directors on November 4, 2024. 2.The Company has established a Company's Sustainable Development Committee with the approval of the Board of Directors on January 21, 2025. It has three members. The Chairman of the Company also serves as the Chief Sustainability Officer, and the other two members are the General Manager(and is a representative of the board of directors) and Chief Strategy Officer of the Company's senior management. 3.The Company's Corporate Sustainability Committee meets at least once a year to conduct risk assessments on environmental, social or corporate governance issues related to the Company's operations based on the principle of materiality, formulate relevant risk management policies or strategies, and provide implementation status and report to the Board of Directors. The Board of Directors oversees the promotion of sustainable development.	No significant deviation
2. Has the Company implemented risk evaluation of issues related to corporate operation including environment, society and corporate	V		1.When executing the annual budgeting work of the Company for the next year, each business unit conducts risk evaluation with respect to operation	No significant abnormality

governance according to materiality principle and established relevant risk management policies or strategies? (Note 2)			related environment, and the development of society and technology to plan enforceable schemes. 2.The Company's Corporate Sustainability Committee meets at least once a year to conduct risk assessments on environmental, social or corporate governance issues related to the Company's operations based on the principle of materiality, formulate relevant risk management policies or strategies, and provide implementation status and report to the Board of Directors. The Board of Directors oversees the promotion of sustainable development.	
3. Environmental issues				
(1) Has the Company established an environmental management system as appropriate for its industrial features?	V		Amidst the crisis of global warming and energy shortage, the Company is committed to developing cloud computing and mobile service-related products with the objective to building cloud integration services and promoting low-carbon economy.	No significant abnormality
(2) Is the Company dedicated to improving the energy utilization efficiency and using recycled materials with a low impact on environmental burden?	V		1. Promote e-work, import standard documents to the Company's ESS system, reduce the paper usage for documents, and advance the recycling of document paper. 2. Carry out garbage sorting, and battery recycling and reduction activities. 3. Care about the earth, increase the air-conditioning temperature, and strive to realize energy conservation and carbon reduction.	No significant abnormality
(3) Has the Company evaluated the potential risks and opportunities brought by climate change at present and in the future and has it taken	V		The Company integrates sustainable development to its corporate strategies, and actively reduces CO_2 emissions in coordination with the trend of energy conservation and carbon reduction.	No significant abnormality

relevant responsive measures?				
(4) Has the Company gathered statistics of greenhouse gas emission, water consumption and total weight of wastes in the past two years and established policies for the reduction of greenhouse gas emissions and water consumption or administration of other wastes?	V		1. Water consumption (metric tons): 2,815 in 2024 and 3,327 in 2023, a decrease of 512 metric tons (15%). (The above data includes the Group's offices in Neihu, Xindian, Linkou, Zhongli, Hsinchu and Kaohsiung , and the offices of its subsidiaries LEO Image Inc., Unity SmartTech Inc. and Full Fortune Technology Co., Ltd (Cayman), but excludes Taichung, Tainan and mainland subsidiaries' offices.) 2. As our company is an information service industry, not a manufacturing industry, the main wastes are non-hazardous wastes generated by our employees in their daily services. There is no hazardous waste and the carbon emissions generated are not significant. The relevant non-material accounting formula is as follows: A. Total number of employees in the Group: 390 in 2024 and 395 in 2023 (Note 4) B. Carbon footprint emission factor (unit: per person per meal): 1.29 (Note 5) C. Annual working days: 249 in 2024 and 248 in 2023 D. Total carbon footprint emissions (D=A*B*C/1,000): 125 metric tons in 2024 and 126 metric tons in 2023 E. Total greenhouse gas emissions: 264,133,000 metric tons (Note 6)	No significant abnormality

			F. Carbon footprint emissions as a percentage of total greenhouse gas emissions (F=D/E): 0.0000473% in 2024 and 0.0000478% in 2023. 3. In order to achieve ESG sustainable management and fulfill corporate social responsibility, the company has long been concerned about environmental issues and has continuously promoted energy conservation and carbon reduction. In addition to the annual water resource consumption inventory, the company will further formulate various energy conservation and carbon reduction actions as follows: The first is to improve energy efficiency policies: 1. Promote e-operation, import standard documents into the company's ESS system, reduce the amount of paper used, and promote the reuse of paper. 2. Carry out garbage sorting, battery recycling and waste reduction activities in the office building. 3. Care for the earth, turn up the air conditioning temperature, save energy and reduce carbon emissions. The second is the policy of using recycled materials: 1. Promote e-operation, import standard documents into the company's ESS system, reduce the amount of paper used, and promote the reuse of paper. 2. Carry out garbage sorting, battery recycling and waste reduction activities in the office building.	

			3. Care for the earth, turn up the air conditioning temperature, save energy and reduce carbon emissions. The company is not a manufacturing industry and the waste it generates is general non-hazardous waste for people's daily life. The company continues to do a good job in waste sorting to achieve the goal of waste reduction. We hope that in the future we can effectively reduce the average per capita water consumption and waste generation. We will continue to evaluate and respond to climate-related issues to reduce the impact on corporate operations and the social environment.	
4. Social issues				
(1) Has the Company established relevant management policies and procedures based on relevant laws, regulations, and international conventions on human rights?	V		The Company abides by relevant labor laws and regulations, secures the employees' legitimate rights and interests, holds labor-capital meetings periodically, and values the employees' heartfelt wishes and their rights and interests.	No significant abnormality
(2) Has the Company established and implemented reasonable employee welfare measures (include salary and compensation, leave and others), and appropriately linked operational performance or achievements with employee salary and compensation?	V		1. The Company attaches importance to employees' physical and mental health, and holds fellowship campaigns and employee get-together dining periodically. 2. The employees are provided with a leave system that is superior to that stipulated in the Labor Standards Act.	No significant abnormality

			3. Employee achievement bonus, yearend bonus and employee reward are paid according to the Company's operational performance, and the operational performance or achievements are appropriately linked with the employee salary and compensation.	
(3) Has the Company provided a safe and healthy environment to its employees and periodically implemented safety and health education to employees?	V		The Company pays attention to a safe and healthy work environment, handles relevant matters in accordance with provisions of the regulations governing labor safety and health organization management and automatic inspection, and conducts environmental detection and evaluation every six months in accordance with the law.	No significant abnormality
(4) Has the Company established an effective career competence training program for its employees?	V		The Company imported TTQS (Talent Training Quality-management System) in 2010 and managed to further improve the establishment of the internal training system of LEO and correctly link organizational goals with training effect using PDDRO training cycle as the basis of training course development. Also, the Company has studied out KPI for employees to follow definite objectives and maintain the thinking of innovative technologies and continual improvements at any time through continuous improvement and enhancement, for the purpose of providing the best services for customers. Furthermore, the Company won a special honor of silver medal evaluated by the Workforce Development Agency, the Ministry of Labor in 2011	No significant abnormality

			and 2016 respectively.	
(5) Has the Company followed relevant regulations and international rules and formulated relevant policies and appeal procedures to protect consumers' or customers' interests regarding issues like customer health and safety, customer privacy, marketing and labeling concerning products and services?	V		Most local and foreign suppliers of the Company are original manufacturers who have cooperated with us for a long term, and all products of the Company comply with the provisions of laws and regulations to ensure service safety. Also, a customer service center is set up in the Company to protect customers' or customers' interests.	No significant abnormality
(6) Has the Company established supplier management policy and requested the suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor rights, and what is the execution status?	V		●The company has a purchase management method, and the standard procurement operation should follow the procedures. ●The company regularly evaluates the top 20 suppliers for annual purchases. ●The purchase order terms and conditions shall state the supplier's integrity commitment and the supplier shall sign and return the orde. ●For major or necessary projects, the manufacturer must sign a confidentiality letter.	No significant abnormality
5. Has the Company prepared reports that disclose its non-financial information like sustainability report with reference to the international universal report preparation criteria or guidelines? Have the preceding reports acquired confirmation or guarantee opinion from third-party verification unit?		V	The Company hasn't prepared corporate social responsibility report yet, but will strengthen the disclosure of relevant information on its official website.	(1) It will be handled at the right moment in the future based on actual needs or statutory and regulatory provisions. (2) No significant deviation
6. If the Company has established Sustainable Development Best Practice Principles according to "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please explain its operation and difference from the principles formulated: The Company hasn't established relevant best practice principles yet.				
7. Other important information that facilities a better understanding of the Company's implementation of promotion of sustainable development: (1) The Company continually introduces environment-friendly and energy-saving products for sales, and actively steps into the field of urban energy				

conservation, to reduce the energy consumption. (2) The Company sponsors CGCH Foundation For Education for a long term and helps junior high school and elementary school students from poverty-stricken families in Taiwan continuously so that they can study without worries; the Company hopes that the effective resource integration of this Foundation can effectively feedback to the society with more specific actions, and perform its corporate social responsibility thoroughly.

Note 1. If the execution status is checked as "Yes", please specifically explain the important policies, strategies and measures taken as well as execution status; if the execution status is checked as "No", please explain the deviations and reasons thereof in the column in "Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof" and explain the plans for adoption of relevant policies, strategies and measures in the future.

Note 2. Materiality principle refers to the material influence of issues related to environment, society and corporate governance on the investors and other stakeholders of the Company.

Note 3. The disclosing method is shown in the reference examples of the best practices on the website of TWSE Corporate Governance Center.

Note 4. Includes the Company's offices in Neihu, Xindian, Linkou, Zhongli, Hsinchu, Taichung, Tainan and Kaohsiung, as well as the offices of its subsidiaries LEO Image Inc. Unity SmartTech Inc. Full Fortune Technology Co., Ltd (Cayman) and its subsidiary LEO System Inc. (China).

Note 5. Data source: Ministry of Environment: https://data.moenv.gov.tw/dataset/detail/CFP_P_02

Note 6. Data source: Greenhouse Gas Emissions Information (2024 Edition)
https://www.business-netzero.tw/Opendata/Index?id=6ec24a41c9bf4f69880b343903aa67ad
- Ministry of Environment, "Republic of China National Greenhouse Gas Emissions Inventory Report (2024 Edition)" (emission statistics updated to 2022).

G. Performance status of ethical corporate management and implementing measures:

Performance Status of Business Integration Management, Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Assessment item	Execution status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Summary	
1. Establishment of integrity policies and solutions (1) Has the Company established integrity policies approved by the Board of Directors and disclosed, in a memorandum or external correspondence, the policies and practices it has in place to maintain business integrity? Are its Board of Directors and senior management actively implementing these policies and practices? (2) Has the Company established an evaluation mechanism for the risks of dishonest conduct to periodically analyze and evaluate business activities that have a relatively high risk of dishonest conduct and established plans for prevention of such dishonest conduct accordingly that at least covers the preventive measures indicated in in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? (3) Has the Company clearly established, implemented, and executed operating procedures, guidelines for conduct and actions to punish and appeal violations in the plans for prevention of dishonest conduct, and periodically reviewed and corrected the preceding plans?	V V V		The Company established "Ethical Corporate Management Best Practice Principles" and "Code of Ethics" on April 24, 2015, and the Board of Directors and senior management actively implement the commitments of the business policy. The General Manager Office of the Company serves as the unit promoting the ethical corporate management and takes charge of auditing whether any situations in violation of ethical corporate management exist in the Company. Also, in accordance with the work responsibilities and scope of each unit in the Company, the General	No significant deviation

Assessment item	Execution status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Summary	
			Manager Office assists the Board of Directors and the management in supervising and executing the ethical corporate management policy and preventive plans. Furthermore, it reports the execution status of the ethical corporate management to the Board of Directors at least once every year.	
2. Implementation of ethical corporate management				
(1) Has the Company evaluated the integrity records of counterparties with which it has business relationship and clearly stipulated integrity clauses in the contracts signed with these counterparties?	V		(1)The employee handbook of the Company places a particular emphasis on the Company's corporate culture, and the down-to-earth working style.	No significant deviation
(2) Has the Company established a unit specializing in the promotion of ethical corporate management and subordinate to the Board of Directors, and has this unit reported its integrity policies, plans for prevention of dishonest conduct and implementation supervision conditions to the Board of Directors periodically (at least once a year)?	V		(2) to (5) The General Manager Office of the Company serves as the unit promoting ethical corporate management and takes charge of auditing whether any situations in violation of ethical corporate	

Assessment item	Execution status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Summary	
(3) Has the Company adopted any policy for the prevention of conflicts of interest, provided proper statement channels, and implemented and executed them? (4) Has the Company established effective accounting system and internal control system to implement ethical corporate management, and has the internal audit unit drafted relevant audit plan based on the evaluation results of the risk of dishonest conduct to check the abidance by the plans for prevention of dishonest conduct, or entrusted accountants to execute the audit? (5) Has the Company organized internal and external education and training on a regular basis to maintain its ethical corporate management?	V V V		management exist in the Company. Also, in accordance with the work responsibilities and scope of each unit in the Company, the General Manager Office assists the Board of Directors and the management in supervising and executing the ethical corporate management policy and preventive plans. Furthermore, it reports the execution status of the ethical corporate management to the Board of Directors at least once every year. In the future, education and training will be held in accordance with relevant laws and regulations.	
3. Operation of the Company's whistleblowing system (1) Has the Company established specific whistleblowing and rewarding systems, set up channels that facilitate whistleblowing, and assigned proper dedicated personnel for the reported objects?	V		(1)The Auditorial Department of the Company is the channel that facilitates whistleblowing.	No significant deviation

Assessment item	Execution status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reason thereof
	Yes	No	Summary	
(2) Has the Company established any standard operating procedures for the investigation of reports accepted as well as subsequent measures and relevant confidentiality mechanism after completion of investigation? (3) Has the Company taken measures to protect whistleblower from improperly disposal due to whistleblowing?	V V		(2)The Company has established “Ethical Corporate Management Best Practice Principles”, “Code of Ethics” and “Regulation on Whistleblowing” to standardize the acceptance of reported matters and protect the whistleblower’s related work. (3) Same as above.	
4. Enhancement of information disclosure Has the Company disclosed the contents and promotion effect of its Ethical Corporate Management Best Practice Principles on its website and MOPS?	V		The content of the Ethical Corporate Management Best Practice Principles of the Company has already been disclosed on the Company’s website.	No significant deviation
5. If the Company has established Ethical Corporate Management Best Practice Principles in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies), please explain its operation as well as deviations from the principles established: No significant deviation.				
6. Other important information that facilities a better understanding of the Company’s implementation of ethical corporate management: (e.g., details of the Company’s review and correction of its Ethical Corporate Management Best Practice Principles): None.				

H. Method to query the Corporate Governance Best Practice Principles and relevant rules and regulations established by the Company if any: “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, “Code of Conduct” and “Regulation on Whistleblowing” are disclosed in the special zone for investors on the Company’s website.

I. Other important information to facilitate a better understanding of the Company's corporate governance:

In order to establish a good internal major information processing and disclosure mechanism to avoid improper information leakage and guarantee the consistency and correctness of information published by the Company to the outside world, the Company already formulated "Procedure for Processing of Major Internal Information" which was passed by the Board of Directors on December 29, 2009. This procedure was recently revised on November 7, 2022. Please refer to "Important Internal Corporate Regulations" in "Corporate Governance" at "Special Zone for Investors" on the Company's website for details of this procedure.

J. Execution status of internal control system:

1. Statement of Internal Control: Please refer to P68 of this annual report.
2. CPAs' review report shall be disclosed if they are entrusted to the project review of the Company's internal control system: None.

K. Legal penalties imposed on the Company and its internal personnel, penalties imposed by the Company on its internal personnel due to their violation of the provisions of the internal control system, in recent year and as of the publication date of the annual report, as well as principal deficiencies and improvements: None.

LEO Systems, Inc.
Statement of Internal Control System

Date: March 5, 2025

Based on the findings of self-assessment, the Company states the following regarding its internal control system in 2023:

1. The Company knows clearly that its Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system, and it has already established this system. The purpose of the internal control system is to provide reasonable assurance of the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws, and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Furthermore, the effectiveness of an internal control system may be subject to change due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component covers certain items. Please refer to the "Regulations" for the preceding items.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, as of December 31, 2023, it has maintained an effective internal control system in all material aspects (including the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.
6. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of Securities and Exchange Act.
7. This Statement was passed by the Board of Directors in their meeting held on March 5, 2025. Among 7 directors attending the meeting, no one raised an objection and all of them approved the content of this statement and hereby made this statement.

LEO Systems, Inc.

Chairman: Signature and seal

General Manager: Signature and seal

L. Important resolutions of the Shareholders' Meeting and the Board of Directors in recent year and as of the publication date of the annual report:

1.Execution status of important resolutions of the regular Shareholders' Meeting in 2024:

Date	Resolution of the regular Shareholders' Meeting	Shareholder questions and company responses	Execution status
June 5, 2024	1.Proposal for Business Report and Financial Statements of 2023.	No shareholder questions and company replies	The result of the resolution was already followed.
	2.Proposal for Profit Distribution in 2023.	No shareholder questions and company replies	1.The net profit for the year of the Company in 2023 reached NT$188,446,847, and it planned to appropriate NT$187,717,158 for distributing cash dividends. Cash dividend distributed per share: NT$2.06146392. 2.Ex-dividend base date: August 7, 2024. 3.Cash dividend payment date: August 28, 2024.
	3.Proposal for Amendment to Some Provisions of "Articles of Association".	No shareholder questions and company replies	It has already been operated according to the amended "Articles of Association".
	4.Comprehensive re-election of directors and independent directors..	No shareholder questions and company replies	All directors who have been fully re-elected shall perform their duties in accordance with the law.
	5.Lifting restrictions on non-competition behavior of the company's new directors(independent directors) and their representatives.	No shareholder questions and company replies	The result of the resolution was already followed.

2. List of director attendees for the 2024 annual meeting of shareholders : Chairman Wang,Chau-Chyun, Director Shao,Huey-Jou, Independent director and convener of the audit committee Cheng,Sheng-In, Independent director Liu,Thu-Hua , etc.Four seats, accounting for 57% of all seven-seat directors.

3. The 2024 annual meeting of shareholder did not pass a temporary motion, and the resolution was not changed within 7 days before the meeting procedure.

Important resolutions of the Board of Directors in recent year (2023) and as of the publication date of the annual report:

Date	Meeting session	Content of resolution
February 5, 2024	16th meeting of the 17th Board of	1.The company's employee stock option certificates were converted into new shares of the company's ordinary shares. 2.2024 operating budget. 3. "Performance Bonus for Business Division Managers in 2023" Issuance Case. 4. "2023 Business Division Performance Bonus" Issuance Case. 5. The company's "2023 year-end bonus" case. 6. The Company's "2024 Promotion and Salary Adjustment" Case.
March 8, 2024	17th meeting of the 17th Board of	1. Remuneration distribution plan for employees and directors in 2023. 2.2023 annual business report and financial statements case. 3. Profit distribution proposal for 2023. 4. Assessment of the effectiveness of the company's internal control system in 2023 and statement of internal control system. 5. Proposal for Amendment to Some Provisions of "Articles of Association" of the Company. 6. Revision of some provisions of the company's "Standards of Procedures for Board of Directors". 7. Comprehensive re-election of directors. 8. Nomination of Directors and Independent Director Candidates. 9. Lifting restrictions on non-competition behavior of new directors and their representatives. 10. Convening matters related to the company's 2024 regular shareholders' meeting. 11. Assessment of the competency and independence of Certified Public Accountants and appointment remuneration case.
May 10, 2024	18th meeting of the 17th Board of	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.
June 5, 2024	1th meeting of the 18th Board of	1. The proposal to elect a chairman is put forward for discussion. 2. It is proposed to appoint members of the sixth Remuneration Committee of the Company for review.
July 31, 2024	2th meeting of the 18th Board of	1. The proposal on the Company's "2023 Directors' Remuneration Distribution" is submitted for review. 2. The company's "2023 Employee and Manager Remuneration Distribution" proposal is submitted for review. 3. The Company's "2023 Employee and Manager Performance Bonus" proposal is submitted for review. 4. The Company's consolidated financial report for the second quarter of 2024 is submitted for review. 5. Application for bank financing quota is submitted for review. 6. Agree to allocate the financing quota of Hua Nan Bank for use by related enterprises and submit it for review. 7. Our company intends to provide endorsement and guarantee for the financing of LEO System Inc. (China) and submit it for review. 8. The proposal to issue new shares by converting the company's employee stock

Date	Meeting session	Content of resolution
		option certificates into the company's common stock is submitted for review.
November 4, 2024	3th meeting of the 18th Board of	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. 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.
December 30, 2024	4th meeting of the 18th Board of	1. The personnel appointment and remuneration proposal to appoint Wen,Chien-Liang, Co-COO, as general manager is submitted for review. 2. The personnel appointment and remuneration proposal of Jou,Shao-Huey, who was promoted from Co-Chief Operating Officer to Chief Strategy Officer, is submitted for review. 3. The personnel appointment and remuneration case of senior director Hung,Ho-Yi being promoted to Vice President is submitted for review. 4. The personnel appointment and remuneration case of Wang,Yueh-Hsing, Assistant Vice President, being promoted to Vice President, is submitted for review.
January 21, 2025	5th meeting of the 18th Board of	1.The 2025 operating budget is submitted for review. 2.Revise some articles of the "Organizational Regulations of the Corporate Sustainability Committee" and submit them for review. 3.The personnel appointment proposal of "Chairman Wang,Chau-Chyun concurrently serving as new Chief Sustainability Officer" is submitted for review. 4.The proposal of establishing a corporate sustainable development committee of the company is submitted for review. 5.The proposal to lift the non-competition restriction on managers is submitted for review. 6.The proposal to issue the "2024 performance bonus for business division managers" is submitted for review. 7.The proposal for the payment of the "2024 Business Division Performance Bonus" is submitted for review. 8.The proposal on "2024 year-end bonus" is submitted for review. 9.The proposal for promotion and salary increase in 2025 is submitted for review. 10.Revise some of the provisions of the Company's "Division of Powers and Responsibilities" and submit for review.
March 5, 2025	6th meeting of the 18th Board of	1.Remuneration distribution plan for employees and directors in 2024. 2.The 2024 annual business report and financial statements are submitted for review. 3.The 2024 profit distribution proposal is submitted for review. 4.The Company's 2024 internal control system effectiveness assessment and internal control system statement are submitted for review. 5.Proposal for Amendment to Some Provisions of "Articles of Association" of the Company. 6. Convening matters related to the company's 2025 regular shareholders' meeting. 7.The assessment of the competence and independence of the CPA and the commission remuneration are submitted for review.

M. Major contents of record or written statement regarding different opinions of directors or supervisors on the important resolutions passed by the Board of Directors in recent year and as of the publication date of the annual report: None.

(IV)Information of CPAs' fees

A. Information of CPAs' fees

Unit of amount: NT$1,000

<table>
<tr><th>Name of accounting firm</th><th>Name of CPA</th><th>CPAs' audit period</th><th>Audit fee</th><th>Non-audit fee</th><th>Total</th><th>Remark</th></tr>
<tr><td rowspan="2">Deloitte & Touche, Taiwan</td><td>Chang, Chih-Yi</td><td>January 1-December 31, 2024</td><td rowspan="2">2,400</td><td rowspan="2">793</td><td rowspan="2">3,193</td><td rowspan="2">Note 1</td></tr>
<tr><td>Shyu,Wen-Yea</td><td>January 1-December 31, 2024</td></tr>
</table>

Note 1. The total amount of the non-audit fee was NT$793,000 which included tax certification fee of NT$390,000, Non-supervisor salary review fees, translation fees, printing fees, etc. NT$403,000.

B. If the accounting firm is replaced, and the audit fee paid in the year of replacement is decreased compared with that in the previous year, the amount of audit fees before and after replacement, as well as the reason thereof shall be disclosed: None.

C. If the audit fee is decreased by more than ten percent compared with that in the previous year, the decreased amount and ratio of the audit fee as well as the reason thereof shall be disclosed: None.

(V)Information of replacement of CPAs

A. Information regarding former CPA: None.

B. Information regarding succeeding CPA: None

C. Reply letter from the former CPA: None.

(VI)Employment of chairman, general manager, financial manager or accounting manager of the Company to the accounting firm where the CPAs work or its affiliates in recent year:

None.

(VII)Changes (transfer and pledge) of equity of directors, directors, supervisors, managers, and shareholders with shareholding ratio exceeding ten percent in recent year and as of the publication date of the annual report

A. Changes of equity of directors, supervisors, managers, and major shareholders

Unit: Share

Title	Name	2024		As of March 29, 2025	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	University Venture Co., Ltd.	0	0	0	0
Chairman's representative	Wang,Chau-Chyun	75,000	0	0	0
Chairman's representative	Chien Leo Ming Tz (Note1)	0	0	0	0
Chairman	WYC God-loving Foundation for Charity	0	0	0	0
Chairman's representative	Wen,Chien-Liang (Note2)	0	0	0	0
Chairman's representative	Chien Lambert Ming Long (Note3)	N/A	N/A	N/A	N/A
Chairman's representative	Jou,Shao-Huey (Note3)	N/A	N/A	N/A	N/A
Independent Director	Cheng,Sheng-In	0	0	0	0
Independent Director	Liu,Thu-Hua	0	0	0	0
Independent Director	Chen,Yen-Hui	0	0	0	0
Independent Director	Liao,Hsiang-Ruei	0	0	0	0
General Manager	Wang,Chau-Chyun (Note4)	75,000	0	0	0
General Manager	Wen,Chien-Liang (Note4)	0	0	0	0
Chief Strategy Officer	Jou,Shao-Huey (Note5)	(11,000)	0	(4,000)	0
Senior Vice President	Chang, Yu-Chin	0	0	0	0
Senior Vice President	Tang,Hui-Kang	30,000	0	0	0
Vice President	Wang,Shih-Chao	0	0	0	0
Vice President	Liao,Chen-Hsiang (Note6)	0	0	0	0
Vice President	Wang,Yueh-Hsing (Note7)	21,000	0	0	0
Vice President	Hung,Ho-Yi (Note7)	8,000	0	(17,000)	0
Assistant Vice President	Li,Hsiang-Jui	0	0	0	0
Assistant Vice President	Ku,Hung-Yi	15,000	0	0	0
Senior Director	Kao,Yung-Jay	14,000	0	0	0

Title	Name	2024		As of March 29, 2025	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	University Venture Co., Ltd.	0	0	0	0
Senior Director	Shih,Ming-Long	0	0	0	0
Senior Director	Chen,Wen-Pin	0	0	10,000	0
Senior Director	Chen,Hhi-Fang (Note8)	0	0	0	0
Director	Chiu.Wei-Buh	(12,000)	0	0	0
Director	Yang,Chang-Cheng (Note9)	0	0	0	0
Director	Chang,Jung-Mao	0	0	0	0
Director	Shyh,Tuoh-Yeu	0	0	0	0
Financial and accounting supervisor	Peng,Hung-Chin	0	0	0	0
Director	Lin,Meng-Hung	15,000	0	0	0
Director	Chang,Yung-Chieh	12,000	0	(6,000)	0
Director	Peng,Hung-Chin	0	0	0	0
Director	Chang,Chia-Chi (Note10)	0	0	(2,000)	0
Director	Chen,Yen-Liang (Note11)	0	0	0	0

Note：1.On June 5, 2024, the shareholders' meeting will fully re-elect new directors.

2.Resigned on May 12, 2023 and re-elected at the General Meeting of Shareholders on June 5, 2024.

3.The term of office will end on June 5, 2024 when the general meeting of shareholders re-elects directors.

4.On December 30, 2024, in order to facilitate generational succession, the Board of Directors of the Company dismissed Chairman Wang,Chau-Chyun from the position of General Manager and appointed Co-Chief Operating Officer Mr. Wen,Chien-Liang as the new General Manager effective January 1, 2025.

5.Upon submission and approval by the Board of Directors on December 30, 2024, the position will be promoted from Co-Chief Operating Officer to Chief Strategy Officer, effective January 1, 2025.

6. Upon submission and approval by the Board of Directors on February 5, 2024, he was promoted to Vice President, effective retroactively from January 1, 2024.

7. Upon submission and approval by the Board of Directors on December 30, 2024, he was promoted to Vice President, effective retroactively from January 1, 2025.

8. Upon submission and approval by the Board of Directors on January 21, 2025, he was promoted to Senior Director, effective January 21, 2025.

9. Already retire in the company on April 2, 2024.

10. Promoted to Director upon approval by the Board of Directors on February 5, 2024, effective February 6, 2024.

11. Promoted to Director upon submission and approval by the Board of Directors on January 21, 2025, effective January 21, 2025.

B. Information of equity transfer and pledge

1. Information of equity transfer: There was no such situation that any counterparty of equity transfer was a related party.
2. Information of equity pledge: There was no such situation that any counterparty of equity pledge was a related party.

(VIII)Information of relations among top-10 shareholders in terms of shareholding ratio including related parties stipulated in Financial Accounting Standards Communique No. 6 or spouse and kinship within second degree

March 29, 2025

Name	Shares held		Shares held by spouse and underage children		Total shares held in the name of others		Name or designation or relation of top-10 shareholders as related party, or spouse, or kinship within second degree, and relation		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name or designation	Relation	
WYC God-loving Foundation for Charity: Chien Wong,Hsueh-Ling	7,218,436	7.90%	0	0	0	0	Cher Wang	Relative of representative within second degree	None
							FICG	Relative of representative within first degree	
FICTA Technology Inc. Representative: Lin, Tung-Hsing	3,366,966	3.69%	0	0	0	0	None	None	None

Cher Wang	2,979,283	3.26%	0	0	0	0	WYC God-loving Foundation for Charity	Relative of representative within second degree	None
Xu, Wei-Lun	2,506,000	2.93%	0	0	0	0	None	None	None
Huiju Investment Co., Ltd. Representative: Xie, Cai-Luan	2,383,000	2.73%	0	0	0	0	None	None	None
Li, Yue-Lin	2,341,000	2.64%	0	0	0	0	None	None	None
Chen,Fu-xing	2,206,000	2.42%							
Chi Hsin Investment Inc. Representative: Lin, Qiu-Qin	2,024,761	2.22%	0	0	0	0	None	None	None
FIC Global,Inc. Representative: Chien Leo Ming Tz	1,787,360	1.96%	0	0	0	0	WYC God-loving Foundation for Charity	Relative of representative within first degree	None
University Venture Co., Ltd. Representative: Li, Peng-Hsuan	981,399	1.07%	0	0	0	0	None	None	None

Note 1. All the top-10 shareholders shall be presented. As for corporate shareholders, their names and names of their representatives shall be presented separately.

Note 2. Calculation of shareholding ratios refers to the calculation of shareholding ratios in the name of shareholders themselves, spouses, underage children or others.

Note 3. Shareholders presented above include legal persons and natural persons, and their mutual relations shall be disclosed.

(IX)Shares held by the Company and its directors, supervisors, and managers as well as enterprise(s) directly or indirectly controlled by the Company and consolidated calculation of comprehensive shareholding ratios:

Date: March 31, 2025; unit: Share/%

Invested enterprise	Investment of the Company		Investments of directors, supervisors, managers, and enterprises(s) directly or indirectly controlled		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Lotrich Information Co., Ltd.	15,030,000	30.00%	-	-	15,030,000	30.00%
LEO Image Inc.	11,000,000	100.00%	-	-	11,000,000	100.00%
GeoIntelligence Systems, Inc.	760,917	17.27%	1,966,610	44.62%	2,727,527	61.89%
Full Fortune Technology Co., Ltd (Cayman)	-	-	1,570,000	100%	1,570,000	100%
Unity SmartTech Inc.	900,000	90%	-	-	900,000	90%
LEO System Inc. (China)	37,367	100.00%	-	-	-	100%

Note: Refer to long-term investments of the Company using equity method.

3.Fundraising Status

(I) Capital and shares:

A. Sources of share capital

April 7, 2024

Month/year	Issue price (NT$)	Authorized share capital		Paid-in share capital		Remark		
		Number of shares (share)	Amount (NT$)	Number of shares (share)	Amount (NT$)	Source of share capital	Stock capital paid with properties other than cash	Other
Sep. 1985	10	1,000,000	10,000,000	1,000,000	10,000,000	Incorporation	None	None
Dec. 1988	10	3,000,000	30,000,000	3,000,000	30,000,000	Capital increase of NT$20,000,000 in cash	None	None
Mar. 1990	10	8,000,000	80,000,000	8,000,000	80,000,000	Capital increase of NT$50,000,000 in cash	None	None
Aug. 1994	10	18,000,000	180,000,000	18,000,000	180,000,000	Capital increase of NT$100,000,000 in cash	None	(83) S. No. 116045
Dec. 1994	10	19,350,000	193,500,000	19,350,000	193,500,000	Combined issuance of new shares worth NT$13,500,000	None	(84) S. No. 103194
Jul. 1995	10	49,350,000	493,500,000	49,350,000	493,500,000	Capital increase of NT$300,000,000 in cash	None	(84) T.C.Z. (I) No. 53712
Dec. 1995	10	68,850,000	688,500,000	68,850,000	688,500,000	Combined issuance of new shares worth NT$19,500,00	None	(86) T.C.Z. (I) No. 63086
Dec. 1997	15	90,000,000	900,000,000	90,000,000	900,000,000	Capital increase of NT$215,000,000 in cash	None	(86) T.C.Z. (I) No. 77833
Jul. 1998	20	250,000,000	2,500,000,000	139,000,000	1,390,000,000	Capital increase of NT$400,000,000 in cash Capital reserve of	None	(87) T.C.Z. (I) No. 46187

Month/year	Issue price (NT$)	Authorized share capital		Paid-in share capital		Remark		
		Number of shares (share)	Amount (NT$)	Number of shares (share)	Amount (NT$)	Source of share capital	Stock capital paid with properties other than cash	Other
						NT$90,000,000		
Jul. 2000	10	250,000,000	2,500,000,000	160,597,312	1,605,973,120	Capital increase of NT$146,473,120 by conversion of earnings Capital reserve of NT$69,500,000	None	(89) T.C.Z. (I) No. 52741
Jan. 2002	6.05	250,000,000	2,500,000,000	156,448,312	1,564,483,120	Decrease of capital of NT$41,490,000 by treasury shares	None	(90) T.C.Z. (III) No. 177148
Oct. 2003	10.24	250,000,000	2,500,000,000	152,961,312	1,529,613,120	Decrease of capital of NT$34,870,000 by treasury shares	None	(89) T.C.Z. (III) No. 103103
Aug. 2004	10	250,000,000	2,500,000,000	82,000,000	820,000,000	Capital decrease of NT$709,613,120	None	J.G.Z.Y. No.0930127550
May 2006	10	250,000,000	2,500,000,000	81,308,573	813,085,730	Cancelation of NT$6,914,270 for merger with Daji	None	None
Sep. 2006	10	250,000,000	2,500,000,000	47,780,000	477,800,000	Capital decrease of NT$335,285,730	None	J.G.Z.Y. No.0950133073
Jan. 2008	10	250,000,000	2,500,000,000	83,631,250	836,312,500	Merger with Zongdian, Daisen and Super Network and issuance of new shares worth NT$358,512,500	None	J.G.Z.Y. No.0960059239 J.S.S.Zi No. 09701022190
Dec. 2008	4.54	250,000,000	2,500,000,000	82,180,250	821,802,500	Decrease of capital of NT$14,510,000	None	J.G.Z.S.Zi No.0970065359 J.S.S.Zi No.

Month/year	Issue price (NT$)	Authorized share capital: Number of shares (share)	Authorized share capital: Amount (NT$)	Paid-in share capital: Number of shares (share)	Paid-in share capital: Amount (NT$)	Remark: Source of share capital	Remark: Stock capital paid with properties other than cash	Remark: Other
						by treasury shares		09701320290
Oct. 2010	10	250,000,000	2,500,000,000	84,707,680	847,076,800	Capital increase of NT$24,654,080 by conversion of earnings, and NT$620,220 by employee dividends	None	J.G.Z.F.Zi No.0990047812 J.S.S.Zi No. 09901237770
Sep. 2011	10	250,000,000	2,500,000,000	89,705,433	897,054,330	Capital increase of NT$49,977,530 by conversion of earnings	None	J.G.Z.F.Zi No.1000034244 J.S.S.Zi No. 10001209860
Mar. 2013	10	250,000,000	2,500,000,000	86,705,433	867,054,330	Decrease of capital of NT$30,000,000 by treasury shares	None	J.G.Z.F.Zi No.1020003963 J.S.S.Zi No. 10201054070
Sep. 2013	10	250,000,000	2,500,000,000	89,740,123	897,401,230	Capital increase of NT$30,346,900 by conversion of earnings	None	J.G.Z.F.Zi No.1020026834 J.S.S.Zi No. 10201180340
Feb. 2016	10	250,000,000	2,500,000,000	85,900,123	859,001,230	Decrease of capital of NT$38,400,000 by treasury shares	None	J.G.Z.F.Zi No.1040045564 J.S.S.Zi No. 10501034390
May 2021	10	250,000,000	2,500,000,000	87,306,123	873,061,230	Conversion of employee stock option certificates by NT$14,060,000	None	J.G.Z.F.Zi No.1070341239 J.S.S.Zi No. 11001092950
Dec. 2021	10	250,000,000	2,500,000,000	87,370,123	873,701,230	Conversion of employee stock option certificates by NT$640,000	None	J.G.Z.F.Zi No.1070341239 J.S.S.Zi No. 11001219770
May 2022	10	250,000,000	2,500,000,000	88,100,623	881,006,230	Conversion of	None	J.G.Z.F.Zi

Month/year	Issue price (NT$)	Authorized share capital: Number of shares (share)	Authorized share capital: Amount (NT$)	Paid-in share capital: Number of shares (share)	Paid-in share capital: Amount (NT$)	Remark: Source of share capital	Remark: Stock capital paid with properties other than cash	Remark: Other
						employee stock option certificates by NT$7,305,000		No.1070341239 J.S.S.Zi No. 11101089130
Sep. 2022	10	250,000,000	2,500,000,000	88,140,123	881,401,230	Conversion of employee stock option certificates by NT$395,000	None	J.G.Z.F.Zi No.1070341239 J.S.S.Zi No. 11101167930
Nov. 2022	10	250,000,000	2,500,000,000	88,230,123	882,301,230	Conversion of employee stock option certificates by NT$900,000	None	J.G.Z.F.Zi No.1070341239 J.S.S.Zi No. 11101220660
May. 2023	10	250,000,000	2,500,000,000	89,085,123	890,851,230	Conversion of employee stock option certificates by NT$8,550,000	None	J.G.Z.F.Zi No.1070341239 J.S.S.Zi No. 11230086230
Dec. 2023	10	250,000,000	2,500,000,000	89,148,123	891,481,230	Conversion of employee stock option certificates by NT$630,000	None	J.G.Z.F.Zi No.1070341239 J.S.S.Zi No. 11230223820
Mar. 2024	10	250,000,000	2,500,000,000	89,389,123	893,891,230	Conversion of employee stock option certificates by NT$2,410,000	None	J.G.Z.F.Zi No.1070341239 J.S.S.Zi No. 11330027170
Sep. 2024	10	250,000,000	2,500,000,000	91,060,123	910,601,230	Conversion of employee stock option certificates by NT$16,710,000	None	J.G.Z.F.Zi No. 1110337204 J.S.S.Zi No. 11330150060
Nov. 2024	10	250,000,000	2,500,000,000	91,271,123	912,711,230	Conversion of employee stock option certificates by NT$2,110,000	None	J.G.Z.F.Zi No. 1110337204 J.S.S.Zi No. 11330204230

April 7, 2024

Type of share	Authorized share capital			Remark
	Outstanding shares (TPEx listed)	Unissued shares	Total	
Ordinary share	91,271,123	158,728,877	250,000,000	-

Information related to summarized application system: N/A

B. List of major shareholders

List of Top-10 Major Shareholders

March 29, 2025

Name of major shareholder	Number of shares held (share)	Shareholding ratio (%)
WYC God-loving Foundation for Charity	7,218,436	7.90%
FICTA Technology, Inc.	3,366,966	3.69%
Cher Wang	2,979,283	3.26%
Xu, Wei-Lun	2,672,000	2.93%
Huiju Investment Co., Ltd.	2,495,000	2.73%
Li, Yue-Lin	2,415,000	2.64%
Chen,Fu-xing	2,206,000	2.42%
Chi Hsin Investment Inc.	2,024,761	2.22%
FICTA Technology Inc	1,787,360	1.96%
University Venture Co., Ltd.	981,399	1.07%

C. Dividend policy of the Company and execution status:

1. Dividend policy established in the Articles of Association:

In consideration of the Company's operating needs and maximization of shareholder interest, the Company's dividend policy shall be determined in accordance with the long-term and short-term funding requirements in the future.

The Company is in the information service industry and is in the phase of industrial growth. In the future, continuous injection of funds will be required to engage in research and development and business expansion activities to ensure market competitive advantage.

Dividend distribution policy shall take into consideration future capital budget plans and reinforcement of financial structure and shall duly satisfy shareholders' cash flow requirements, etc. And allocate 10% to 90% of accumulated unallocated surplus. The board of directors will prepare a distribution proposal and submit it to the shareholders' meeting in accordance with the law. Dividend distribution may be made in cash or in stock, provided that cash dividend distributed shall be not less than 30% of the total shareholder dividend distributed in the current year.

2. Status of distribution of dividends proposed in this Shareholders' Meeting:

The after-tax earnings of the Company in 2024 was NT$145,622,749.

With the approval of relevant resolution made by the Board of Directors on March 5, 2025, the Company planned to appropriate NT$136,948,685 for cash dividends. The profit distribution statement of 2024 is shown as follows:

LEO Systems, Inc.

Profit Distribution Statement of 2024

Unit: NT$

Item	Amount
Beginning undistributed profit	$90,072,735
Actuarial (loss) profit included to retained earnings	3,711,140
Undistributed profit after adjustment	93,783,875
Net profit after tax in 2024	145,622,749
Less: 10% of profit withdrawn as statutory surplus reserve	(14,933,389)
Add: Reversal of special surplus reserve in accordance with law	0
Profit available for distribution	224,473,235
Distribution items	
Shareholders' dividends-NT$1.5 per share in cash (Note)	(136,948,685)
Undistributed profit at the end of period	$87,524,550

Note: The number of shares above is calculated as 91,299,123 outstanding shares(Including capital collected in advance) as of February 25, 2025.

D. Influence of stock grants proposed in this Shareholders' Meeting on the Company's operational performance and earnings per share: Not applicable since stock grants were not involved in the proposal for profit distribution proposed in this Shareholders' Meeting.

E. Employee reward, director reward and supervisor reward

1. Percentage or scope of employee reward, director reward and supervisor reward specified in the Articles of Association:

   It is stipulated as follows in the Articles of Association of the Company:

   The Company shall appropriate 5% of profits obtained in current year to distribute employee reward, as well as no more than 2% of profits to distribute director reward. However, accumulated losses of the Company shall be compensated for if any.

   The profits obtained in current year as mentioned in the preceding paragraph refer to the interests obtained by the Company after deduction of employee reward and director reward distributed from the before-tax interests in current year.

2. Estimation basis of employee reward, director reward, and supervisor reward, basis for calculation of shares distributed for employee reward as well as accounting treatment in case of deviation of amount actually distributed from the estimated amount in 2023:

   When the payment amount indicated in the resolution of the Board of Directors is significantly changed after end of the year, this change shall be used to adjust to the originally recognized annual expenses. If the amount is still changed upon the resolution date of the Shareholders' Meeting, it shall be changed as accounting estimate change, and then adjusted and entered to the accounts in the year of resolution made by the Shareholders' Meeting. If the Shareholders' Meeting makes a resolution to distribute employee reward in form of stock, the number of stocks distributed will be determined by dividing the fair value of stock from the amount of dividends resolved. The fair value of stock refers to the closing price of the stock on the day before the resolution date of the Shareholders' Meeting under a calculation basis determined in consideration of the influence of ex-rights and ex-dividends.

3. Distribution of rewards approved by the Board of Directors:

   Distribution of employee reward, director reward, and supervisor reward in 2024 as passed by the Board of Directors on March 5, 2025:

   (1) In 2024, the Company made a resolution to distribute employee reward of NT$9,232,912 and director reward and supervisor reward of NT$3,693,165 in cash respectively according to the provisions of the Articles of Association. The amount is consistent the estimated amount in the accounts.

   (2) Amount of employee reward distributed in form of stock, as well as the ratio of this amount over the net income after tax and total amount of employee reward indicated in the individual or independent financial report in current period: Not involved.

4. Actual distribution of employee reward, director reward, and supervisor reward in previous year:

   In 2024, the Company actually distributed NT$12,272,167 of employee reward and NT$4,908,867 of director reward and supervisor reward for the year of 2023 respectively, which was not different from the estimated amount.

F. Repurchase of corporate shares by the Company: None.

(II) Handling status of corporate bond

The Company had no such situation and it is thus not applicable.

(III) Handling status of special share

The Company had no such situation and it is thus not applicable.

(IV) Handling status of overseas depository receipts

The Company had no such situation and it is thus not applicable.

(V) Handling status of employee stock option certificate

A. The handling status of employee stock option certificate of the Company not yet expired and the influence on the shareholders' rights and interests as of the publication date of the annual report shall be disclosed.

March 31, 2025

Type of employee stock option certificate	1st (period) employee stock option certificate in 2018	1st (period) employee stock option certificate in 2022
Effective date of application and total number of units	November 16, 2018 4,200,000 units (shares)	April 6, 2022 5,800,000 units (shares)
Date of issue (handling)	January 9, 2019	May 20, 2022
Number of units already issued	4,200,000 units (shares)	5,800,000 units (shares)
Number of units still available for issuance	-	-
Ratio of number of subscribed shares already issued over the total number of shares already issued	4.70%(Note 2)	6.35% (Note 1)
Existence period of stock subscription	January 9, 2019-January 8, 2024	May 20, 2022-May 19, 2027
Contract performance method	Delivery by issuing new shares	Delivery by issuing new shares
Period and ratio (%) of stock subscription restriction period	Accumulated exercisable stock subscription ratio of 50% after expiry of 2 years Accumulated exercisable stock subscription ratio of 75% after expiry of 3 years Accumulated exercisable stock subscription ratio of 100% after expiry of 4 years	Accumulated exercisable stock subscription ratio of 50% after expiry of 2 years Accumulated exercisable stock subscription ratio of 75% after expiry of 3 years Accumulated exercisable stock subscription ratio of 100% after expiry of 4 years

Number of shares already executed	3,489,000shares	-
Stock subscription amount already executed	NT$43,677,170	-
Number of shares not executed	711,000 shares	5,800,000 shares
Subscription price per share of shares not executed	Note 2	NT$20.2
Ratio of number of shares not executed over the total number of shares already issued (%)	Note 2	6.35% (Note 1)
Influence on shareholders' rights and interests	Executed by years after expiry of 2 years, with an insignificant influence on shareholders' rights and interests.	Executed by years after expiry for 2 years, with an insignificant influence on shareholders' rights and interests.

Note 1: The number of shares already issued reached 91,271,123 as of March 31, 2025.

2: The subscription period has expired on January 8, 2024 and the subscription deadline.

B. Names, and acquisition and subscription status of managers and top-10 employees obtaining employee stock option certificates:

1. First employee stock option certificate in 2018(Note 7)

March 31, 2024

Unit: Share/NT$

	Title	Name	Number of shares acquired	Ratio of number of shares acquired over the total number of shares already issued	Executed				Not yet executed			
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued	Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued
Managers	General Manager	Wang,Chau-Chyun	686,000	0.77% (Note 6)	662,000	13.49 12.52 11.6 10.7	8,160,150	0.74% (Note 6)	(Note 7)			
	Co-COO	Wen,Chien-Liang										
	Co-COO	Jou,Shao-Huey										
	Senior Vice President	Tang,Hui-Kang										
	Senior Vice President	Chang, Yu-Chin										
	Vice President	Wang,Shih-Chao										
	Vice President	Liao,Chen-Hsiang (Note 1)										
	Assistant Vice President	Ku,Hung-Yi										
	Assistant Vice President	Wang,Yueh-Hsing (Note 2)										
	Assistant Vice	Li,Hsiang-Jui										

	Title	Name	Number of shares acquired	Ratio of number of shares acquired over the total number of shares already issued	Executed				Not yet executed			
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued	Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued
	President											
	Senior Director	Shih,Ming-Long										
	Senior Director	Kao,Yung-Jay										
	Senior Director	Hung,Ho-Yi										
	Senior Director	Chen,Wen-Pin										
	Director	Chiu.Wei-Buh										
	Director	Yang,Chang-Cheng										
	Director	Cheng, Yu-Ping (Note 3)										
	Director	Cheng, Shuang-Feng (Note 3)										
	Director	Chang,Jung-Mao										
	Director	Chen,Hhi-Fang										
Top-10 employees	Senior Manager	Wang, Yen-Hsin	250,000	0.28% (Note 6)	226,000	13.49 12.52 11.6	2,881,630	0.25% (Note 6)	(Note 7)			
	Director	Chang, Chia-Chi(Note 4)										
	Director	Lin, Meng-Hung (Note 5)										

	Title	Name	Number of shares acquired	Ratio of number of shares acquired over the total number of shares already issued	Executed				Not yet executed			
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued	Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued
	Manager	Chan, Tang-Fu										
	Senior Manager	Huang, Chih-I										
	Manager	Chang, Kai-Hsiang										
	PM	Chiang, Chien-Hsiang										
	Manager	Hsu, Wei-Chih										
	Manager	Su, Chien-Chang										
	Manager	Chiu, Yu-Huang										

Note 1: The former senior director was already promoted to assistant vice president on January 1, 2021. As reported on February 5, 2024, the board of directors approved the promotion to vice president effective retroactively on January 1, 2024.

Note 2: The former senior director was already promoted to assistant vice president on January 1, 2021.

Note 3: Already resigned.

Note 4: Promoted to Director on February 6, 2024.

Note 5: Promoted to Director on January 1, 2022.

Note 6: The number of issued shares as of April 30,2024 is 89,389,123 shares.

Note 7: The subscription period has expired on January 8, 2024 and the subscription deadline.

2. First employee stock option certificate in 2022

March 31, 2025

Unit: Share/NT$

	Title	Name	Number of shares acquired	Ratio of number of shares acquired over the total number of shares already issued	Executed				Not yet executed			
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued	Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued
Managers	General Manager (Note 2)	Wang,Chau-Chyun	878,000	0.96% (Note1)	200,000	21.3-20.2	4,095,000	0.22% (Note 1)	678,000	20.2	13,695,600	0.74% (Note 1)
	General Manager (Note 2)	Wen,Chien-Liang										
	Chief Strategy Officer (Note 3)	Jou,Shao-Huey										
	Senior Vice President	Tang,Hui-Kang										
	Senior Vice President	Chang, Yu-Chin										
	Vice President	Wang,Shih-Chao										
	Vice President (Note 4)	Liao,Chen-Hsiang										

	Title	Name	Number of shares acquired	Ratio of number of shares acquired over the total number of shares already issued	Executed				Not yet executed			
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued	Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued
Manag ers	Vice President (Note 5)	Wang,Yueh-Hsing										
	Vice President (Note 5)	Hung,Ho-Yi										
	Assistant Vice President	Li,Hsiang-Jui										
	Assistant Vice President	Ku,Hung-Yi										
	Senior Director	Shih,Ming-Long										
	Senior Director	Kao,Yung-Jay										
	Senior Director	Chen,Wen-Pin										
	Senior Director(Note 6)	Chen,Hhi-Fang										
	Director	Chiu.Wei-Buh										
	Director(Note 7)	Yang,Chang-Cheng										
	Director	Chang,Jung-Mao										

	Title	Name	Number of shares acquired	Ratio of number of shares acquired over the total number of shares already issued	Executed				Not yet executed			
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued	Number of shares subscribed	Subscription price	Subscription amount	Ratio of number of shares acquired over the total number of shares already issued
Manag ers	Director	Lin,Meng-Hung										
	Director(Note 8)	Chang, Chia-Chi										
	Director(Note 9)	Chen,Yen-Liang										
Top-10 employees	Senior Manager	Wang, Yen-Hsin	276,000	0.30% (Note 1)	110,000	21.3~20.2	2,334,200	0.12%	166,000	20.2	3,353,200	0.18% (Note1)
	Senior Manager	Huang, Chih-I										
	Manager	Chang, Kai-Hsiang										
	Manager	Chiu, Yu-Huang										
	PM	Tsai, Tsung-Yu										
	Senior Manager	Peng, Mei-Hui										
	Manager	Chan, Tang-Fu										
	Manager	Chen, Wen-Chuan										
	PM	Jiang, Qian-xiang										
	Senior Manager	Huang, Zhon-gjie										

Note: 1.The number of issued shares as of March 31,2025 is 91,271,123 shares.

2.On December 30, 2024, in order to facilitate generational succession, the Board of Directors of the Company dismissed Chairman Wang,Chau-Chyun from the position of General Manager and appointed Co-Chief Operating Officer Mr. Wen,Chien-Liang as the new General Manager effective January 1, 2025.

3.Upon submission and approval by the Board of Directors on December 30, 2024, the position will be promoted from Co-Chief Operating Officer to Chief Strategy Officer, effective January 1, 2025.

4.Upon submission and approval by the Board of Directors on February 5, 2024, he was promoted to Vice President, effective retroactively from January 1, 2024.

5.Upon submission and approval by the Board of Directors on December 30, 2024, he was promoted to Vice President, effective retroactively from January 1, 2025.

6.Upon submission and approval by the Board of Directors on January 21, 2025, he was promoted to Senior Director, effective January 21, 2025.

7.Retired on April 2, 2024.

8.Promoted to Director after being submitted and approved by the Board of Directors on February 5, 2024, effective February 6, 2024.

9.Promoted to Director upon submission and approval by the Board of Directors on January 21, 2025, effective January 21, 2025.

(VI) Handling status of new share that restricts employees' rights

Not involved

(VII) Handling status of new share that restricts employees' rights:

A. New shares issued through completion of merger, acquisition or acceptance of other companies' shares in recent year and as of the publication date of the annual report:

1. Evaluation opinion issued by sponsoring securities underwriter of new shares merged, acquired or accepted from other companies in the recent quarter: The Company had no such situation and it is thus not applicable.
2. Execution status in the recent quarter. For example, if the progress or benefit of execution does not reach the expected objective, the influence on shareholders' rights and interests as well as improvement plan shall be specifically explained: The Company had no such situation and it is thus not applicable.

B. If new shares are issued with the shares merged, acquired or accepted from other companies as approved by the resolution of the Board of Directors in recent year and as of the publication date of the annual report, the execution status as well as the basic information of the merged or acquired company or accepted company shall be disclosed: The Company had no such situation and it is thus not applicable.

(VIII) Execution status of capital application plans

Each previously issued or privately placed valuable securities not yet completed as of the quarter prior to the publication date of the annual report, or plans already completed within three years but with planned benefits not shown yet: The Company had no such situation and it is thus not applicable.

4.Overview of Operation

(I) Business content

A. Business scope

1. Main business content:

LEO is dedicated to the customer information planning and establishment services in each field, and its customer bases cover all major industries, and military, public, political and educational units. LEO provides high-quality products and technical support, and expands its service scope all over Taiwan. The Company owns system integration solutions for information, communication, finance, medical, education, manufacturing, network, and e-commerce services. By offering professional services including business development, marketing activities, product integrated development, product agency and distribution, strategic alliance, consulting, project management, information system, education and training, and overall system establishment, LEO can better satisfy customers’ information requirements, and create or add industrial value to them.

The Company merged three professional service companies, i.e., Daisen, Zongdian and Super Network, in 2008, and make organizational adjustments in early 2024 to divide its business operation to BU1, BU2, BU3, BU4, BU5, BU7, and Research & Development Center. As a result, the labor division of each business unit becomes clear and relevant synergies can be produced. The benefits of this arrangement lie in the improvement of efficiency, avoidance of duplication, reduction of cost, enriching of product lines, and strengthening of core expertise and industry competitiveness of LEO.

To strengthen the core expertise and competitiveness, and realize the vision of providing technical services for leading manufacturers, the Company applied to the Ministry of Economic Affairs for a subsidy for establishment of a R&D center in Taiwan in 2010, continuously studied the application of advanced information technology, and developed unique solutions to the Company, to profoundly cultivate core ability and competitive advantages.

2. Main business items (per the Articles of Association):

(1) F113050 Wholesale of Computing and Business Machinery Equipment
(2) F113020 Wholesale of Household Appliance
(3) F113070 Wholesale of Telecom Instruments
(4) F118010 Wholesale of Computer Software
(5) F119010 Wholesale of Electronic Materials
(6) F213010 Retail Sale of Household Appliances
(7) F213030 Retail sale of Computing and Business Machinery Equipment
(8) F213060 Retail Sale of Telecom Instruments

(9) F218010 Retail Sale of Computer Software
(10) F219010 Retail Sale of Electronic Materials
(11) F213110 Retail Sale of Batteries
(12) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
(13) CC01110 Computers and Computing Peripheral Equipments Manufacturing
(14) E605010 Computing Equipments Installation Construction
(15) F401010 International Trade
(16) I301030 Digital Information Supply Services
(17) E601010 Electric Appliance Construction
(18) E603010 Cable Installation Engineering
(19) E603050 Automatic Control Equipment Engineering
(20) E701010 Telecommunications Construction
(21) EZ05010 Instrument and Meters Installation Engineering
(22) EZ99990 Other Construction
(23) E603080 Traffic Signs Installation Engineering
(24) F113030 Wholesale of Precision Instruments
(25) F213040 Retail Sale of Precision Instruments
(26) I301010 Information Software Services
(27) I301020 Data Processing Services
(28) JE01010 Rental and Leasing
(29) I103060 Management Consulting Services
(30) I401010 General Advertising Services
(31) I599990 Other Designing
(32) JB01010 Conference and Exhibition Services
(33) F108031 Wholesale of Medical Equipment
(34) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject

3. Business ratios

Unit: NT$1,000

Year / Product item	2023		2024	
	Amount	Ratio (%)	Amount	Ratio (%)
PC	1,583,553	45.80	2,356,000	60.47
System integration product	189,431	5.48	127,146	3.26
Automatic (business) equipment	297,680	8.61	140,599	3.61
Other	1,387,053	40.11	1,272,440	32.66
Total	3,457,717	100.00	3,896,185	100.00

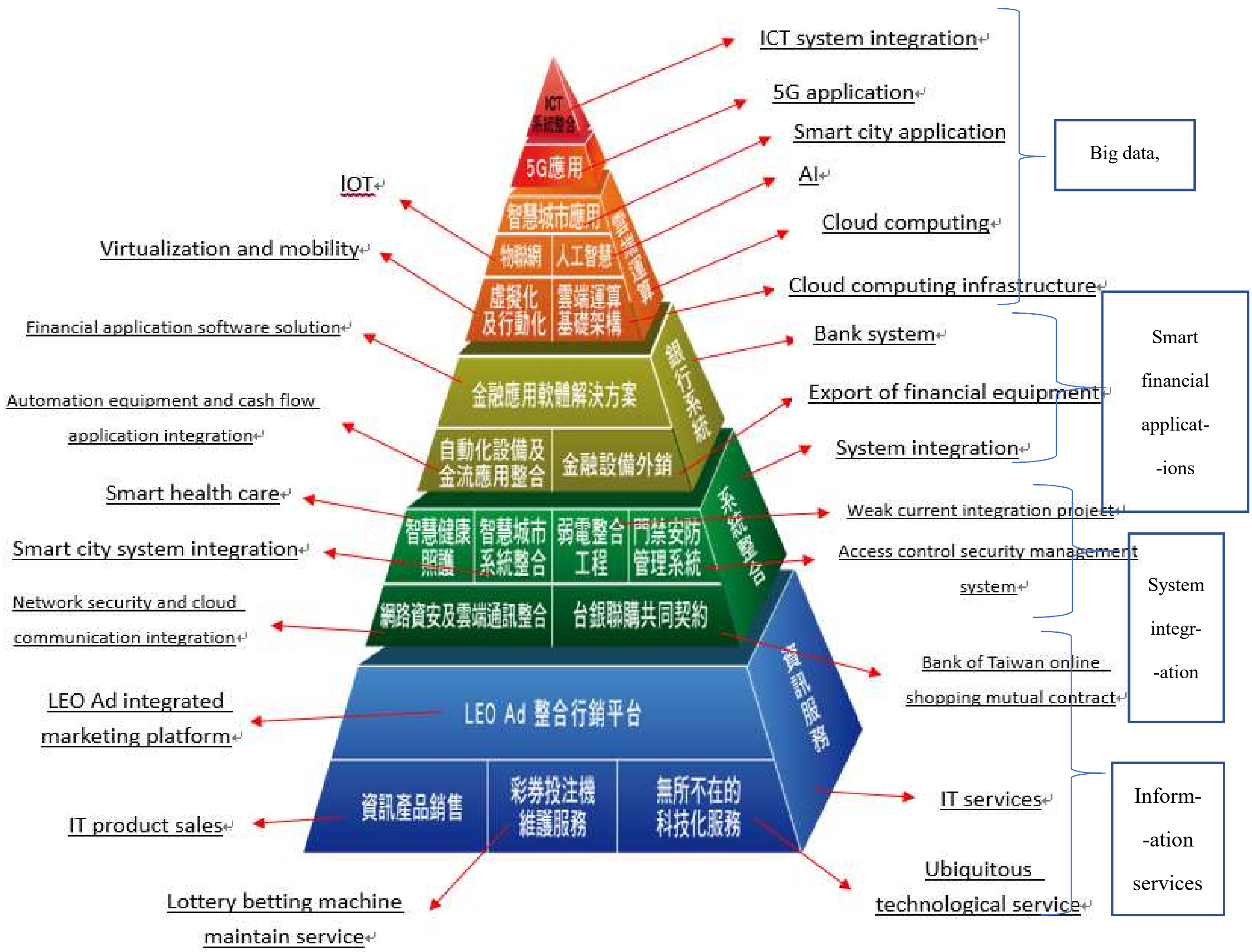
4. Current commodities and services provided by the Company:

Item	Type	Main sales instructions to commodities (services)
1	PC, laptop and peripherals	Provision of personal information products for each famous brand, e.g., PC, laptop, tablet computer, printing equipment, projection equipment, scanning equipment, storage equipment and other relevant products
2	Automation, security and weak current integration	Provision of various planning, design and establishment services of monitoring, security, access control, and weak current integration for customers
3	Network system equipment	Provision of wired and wireless products used in computer network system to link various types of networks or network domains and integrate communication, network and information systems
4	Server and host system products	Provision of major original server host hardware products and relevant system software for leading brands in the market
5	Automatic service equipment integration in financial industry	Provision of various kinds of financial automatic equipment, different industry capital flow integration products, and relevant application software system development for leading brands in the market
6	Information security products and services	Provision of software and hardware products and services intended to reinforce information security management based on customer requirements and budgets.
7	Sales of smart classroom products	Mainly implement the follow-up plan of the forward-looking plan 2.0 of the education department, the digital learning improvement program plan for primary and secondary schools, and the implementation of project plans for each school.
8	Cloud computing system integration and services	Provision of rules for the cloud computing architecture of public and private institutions, and establishment, repair and provision of integration between cloud innovative services and mobile application
9	5G enterprise dedicated network and AIoT platform integration technology	Provision of real-time integration technology for the real-time data-system integration of 5G enterprise dedicated network and AIoT system big data, intelligent patrolling technical platform, 4K interactive collaborative technology, etc. Integration with diversified communication systems used in large manufacturing industry and petrochemical associated industries, including optimization of information system and work security monitoring system, diversified communication and positioning technologies, and large information system, as well as the import and system integration application of international IoT networking system.
10	AI technology R&D	The R&D team of the Company has already possessed data information integration capability. In recent years, the R&D team has engaged in the development of AI and machine learning, researched and developed AI

Item	Type	Main sales instructions to commodities (services)
		technological integration application platform, established training emulators, and worked on the development of AI preventive medical techniques, etc. Development of technical application services including predictive maintenance of AI equipment, healthcare and diagnosis calculation of machine condition, and AI monitoring and analysis of equipment AI of large factories Development of relevant R&D projects through cooperation with the academic circles and legal persons, including AI preventive medical technology, AI retina image analysis, AI intelligent long-term care added technical research, and AI medical image analysis and application.
11	Bonus point integration platform	The bonus point integration platform that can be shared in the whole channel integrates various marketing activities, bonus points and exchange channels in the group or organization. The bonuses will not be accumulated and exchanged separately. Also, the launch time of each wave of marketing activities can be shortened, and different customer bases can be attracted through the conversion and utilization rate of different types of points so that the transaction volume and loyalty can be increased.
12	Information equipment contract repair services	Provision of different grades of professional stationed or on-demand maintenance services according to customer requirements that involve the joint procurement bid project of Bank of Taiwan and private enterprises' contract information equipment services.
13	Lottery betting machine device and repair services	Execution of national arrival services for public welfare lottery and sports lottery betting equipment (more 7,500 sets), including installation and establishment, troubleshooting, periodic maintenance, and standard routine installation, withdrawal, resumption and relocation work.
14	Network integration marketing services	Provision of assistance for customers in network integration marketing and diversified online advertising, and provision of overall integration marketing, advertising account management, advertising marketing strategy suggestion, advertising investment benefit, and analysis of return on investment by centering on Google digital advertising
15	Government projects related to digital marketing	Provision of assistance in the integration marketing services for governments and public associations

5. Main business and core expertise of the Company

The main business of the Company is to provide information planning and establishment services for customers in each field. In addition to the physical information communication integration schemes, we also provide innovative media marketing services, AIoT cloud application system and industrial application development and establishment, and other relevant services. The core expertise of the Company includes AIoT value-added technical platforms that address AIoT intelligent networking and IIoT intelligent manufacturing. The Company aims to become a professional AIoT system integration technical team in the field of SI and serve relevant fields including smart factory, smart medical, and smart government based on cloud computing, ESG, network communication, IoT and AI.



6. Independently developed new commodities and services:

   (1) Modular audit management system and multi-channel bonus point exchange system of the banking industry

   (2) Services of self-service payment machines in banks or medical facilities as well as equipment management notification system

   (3) Online customer service system of integration network repair application and ERP internal control, real-time control and management of smart phone APP,

and extension of integrated smart services

(4) Cloud services of digital integrated marketing applications per industry with the benefits of promoting the marketing business of keyword advertising

(5) Nurse calling system and bedside care system needed in medical facilities

(6) Technical development plan of 5G AI intelligent patrolling sharing platform

(7) Small and medium-sized enterprises mobile smart application plan.

(8) Research and development plan for mobile intelligent analysis system of manufacturing equipment status and pipeline hotspots.

(9) An integrated platform for ophthalmoscope vision detection and preventive. medical treatment based on artificial intelligence (AI).

(10) LEO SYSTEMS, INC.'s AIoT product-data decision assistant (Leo d.d.a.) helps enterprises provide competitiveness and innovation.

B. Industry overview: Clarification of status quo and development of the industry, relevancy of upstream, midstream and downstream of the industry, and various development trends and competition of products

1. Status quo and development of the industry

(1) The Company is specialized in a large system integration industry which is highly competitive despite its stable growth for many years. The Company has developed in this industry for a long time, and acquired recognition and support there. Wang,Chau-Chyun, chairman of the Company, received the 71st Merchant Award from the General Chamber of Commerce of the Republic of China in 2017.

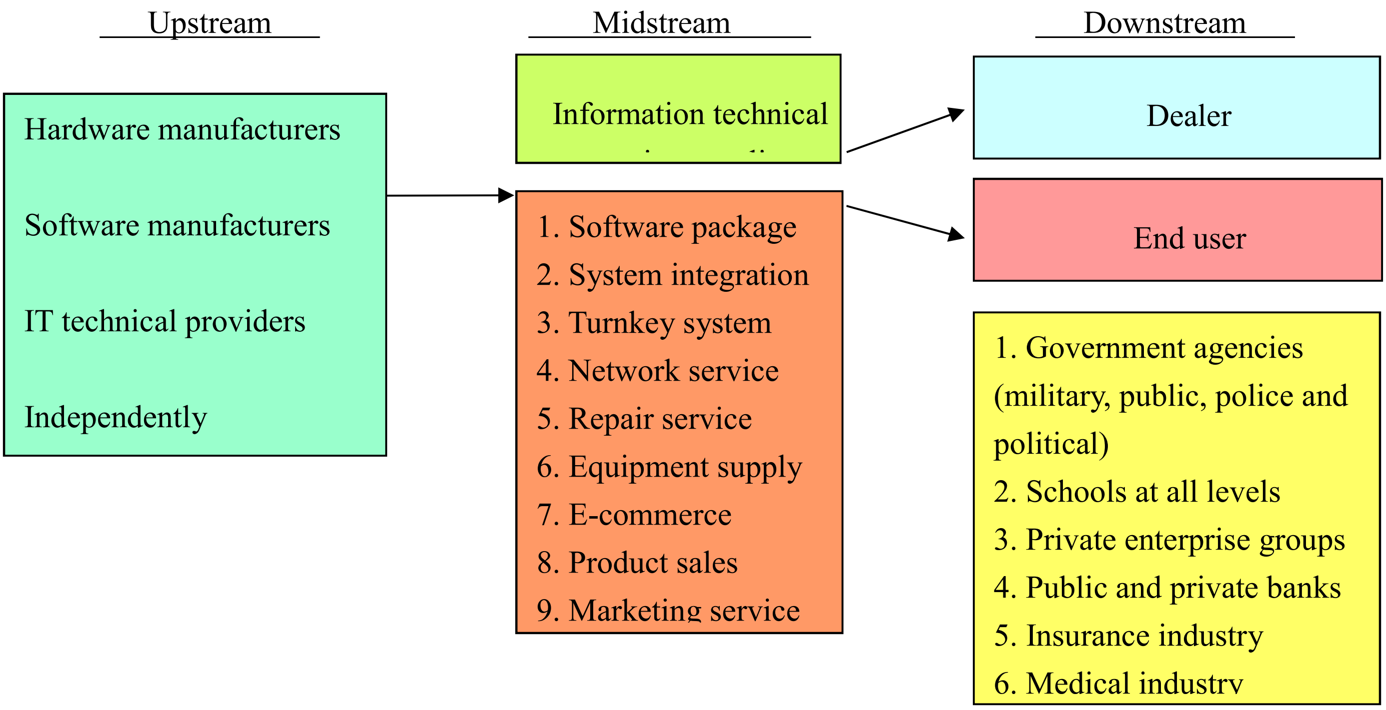
(2) The tasks of system industry are to provide software/hardware and solutions regarding information and communication, integrate them according to customer requirements, and satisfy customers' various computerized, networking and electronic applications and create value for them.

(3) The factors influencing the success of this industry include profound maintenance of long-term customers, possession of professional core expertise, or price advantages for product supply. Therefore, to satisfy the customers, we must have sufficient working capital, good customer relations, and technical energy in the specialty of information communication.

(4) Cloud computing, cloud service and mobile application are the mainstreams of the future information technology with tremendous development potential. The Company also actively makes relevant arrangements to master the business opportunities of cloud. Taipei Computer Association established "Cloud Application Service Alliance" in 2012, and chairman Wang,Chau-Chyun of the Company was elected the president of this alliance.

2. Relevancy of upstream, midstream and downstream of the industry

The Company is a product agent combining diversified and famous brand information, and a technical service manufacturer for professional information. The upstream entities of the Company include hardware and software manufacturers/IT technical service providers/or self-owned products of the Company, while the downstream entities are mainly dealers of sales information products. The public and private institutions/public and private enterprises/public and private financial units are the end users. The association of these entities is shown in the following diagram. As far as the upstream manufacturers are concerned, software and hardware manufacturers mainly focus on various local and foreign famous large, medium and small servers, software tool platforms, storage equipment, and network equipment; IT technical service providers are mainly various local and foreign famous information technology solution suppliers; the independently researched and developed products are products independently researched, developed and innovated by the Company.



3. Various development trends and competition of products

Product	Development trend	Competition status
Banking automation equipment (ATM, RATM, banknote fitness sorter, passbook reissue machine, cash deposit machine, self-service payment machine, teller cash processing equipment, foreign currency cash exchange teller machine, coin recycler, Palm Vein device integration application, etc.)	·The automatic equipment market of the banks in Taiwan is already saturated, and there are requirements for upgrading in each subsequent year. ·Considerable growth of recycler ATM ·Requirement of other industries for integration of cash processing equipment	·Currently, the competitive manufacturers in Taiwan include Diebold Nixdorf, NCR, and Mercuries Data Systems Ltd. (HITACHI). ·The Company serves as the exclusive agent of OKI RTAM and integrated coin recycling module of teller cash processing machine. ·The Company introduced Hyosung automatic equipment from South Korea to increase its product lines in 2021.
Banking application software ·Document submission/credit investigation flow control and management ·Bank audit management system ·Bonus point sharing platform ·Development per bank requirements	·Space for growth with the gradual increase of depth and breadth of application ·Coordination with banks to develop exclusive functions in order to satisfy customer requirements for business development	·Most competitive manufacturers are small-sized software companies. ·Competitive technical advantage of the Company
R&D of digital marketing science and technology	·Development of LEO Ads Platform + Advertising AI application ·Development of LEO B2B DMP accurate marketing system for external sales	·Continuously taking the lead in the R&D of marketing and technology integration application services ·Serving as an agent for Google Ads to provide high-quality marketing services for external sales
Various information communication IT products and professional services needed for cloud computing architecture	·Technologies including server, network, database, virtualization, nonlocal backup and cloud resource management have become gradually mature, and the markets are also growing year by year.	·The competition at the terminals (PC/NB, etc.) is quite fierce, and the Company will conduct value-added sales at the could. ·The Company distributes famous-brand products including HP, Dell, VMware, Cisco and EMC, and has maintained good relationships with ASUS, ACER and other local original manufacturers.

Product	Development trend	Competition status
Smart medical and mobile medical solutions	·Medical institutions in Taiwan are actively promoting investments in mobile medical, e-nursing, automation and paperless operations	·The Company has exerted efforts to the network system of Chang Gung medical system for many years. ·The Company is a quality distributor of Cisco and will reinforce cooperation of technology and marketing in the field of medical nursing. ·The Company actively popularizes smart medical related solutions.
Smart classroom related products	The budget related to the government's development of the policy of "everyone has a tablet, every class has an Internet".	·Mainly implement the follow-up plan of the forward-looking plan 2.0 of the education department, the digital learning improvement program plan for primary and secondary schools, and the implementation of special project plans for each school. ·Increase sales of vehicle management system technical maintenance services and sales of Apple computer classroom solution services in order to increase gross profit ·Strengthen the relationship with Apple, AVer, BenQ and other original manufacturers

C. Overview of technology and R&D: R&D expenses spent, and technologies or products developed in recent year and as of the publication date of the annual report

1. R&D expenses invested

Unit: NT$1,000

Year	2024	As of February 28, 2025 in current year
Amount	40,842	9,248

2. Technologies or products independently and successfully developed by the Company

(1) Audit management system for financial industry

(2) Multi-channel bonus point exchange platform system for financial industry
(3) Integrated recycler ATM, and cash deposit machine of coin module
(4) Bank or hospital smart self-service payment machine
(5) Foreign currency cash exchange teller machine
(6) Bank document and image management system, document submission and credit investigation system for unguaranteed consumer finance business, and personal credit loan automatic loan granting system
(7) Hospital intelligent ward and mobile medical system (e.g., nursing information display integration system)
(8) Indoor and outdoor wireless network system
(9) Information equipment virtualization technology (VM ware)
(10) Computer center nonlocal backup
(11) Planning, establishment, application and services of private cloud
(12) SMEs cloud application services (e.g., customer relation management)
(13) Integration of weak current works including access control, security, machine room, etc.
(14) Remote services, online repair application customer service system, and mobile maintenance management system
(15) Technical development plan of 5G AI smart patterning sharing platform
(16) Small and medium-sized enterprises mobile smart application plan
(17) Research and development plan for mobile intelligent analysis system of manufacturing equipment status and pipeline hotspots
(18) An integrated platform for ophthalmoscope vision detection and preventive medical treatment based on artificial intelligence (AI)

D. Long-term and short-term business development plans

1. Short-term business development direction
   (1) Integrate and improve the professional technical and sales ability of various products, and focus on the establishment of a service brand. The Company honorably received key potential guidance of hard-core enterprises by the Ministry of Economic Affairs in 2015.
   (2) Expand the participation in each system integration project of government and enterprises and increase the ratio of system integration.
   (3) Expand the sales of automatic bank products, including teller cash processing machine, recycler ATM, banknote fitness sorter, financial different-business integration equipment, as well as develop the derivative requirements of original customer system integration projects.
   (4) Strengthen the sales of Cisco network and data center series products.
   (5) Strengthen the sales of servers and storage equipment.
   (6) Strengthen the sales and services of products related to information security management. Establish a dedicated information security team to actively seek

relevant business opportunities.

(7) Deeply cultivate large long-term customers.

(8) Reinforce the technical strength of cloud related technical teams.

(9) Strengthen the relations with strategical original manufacturers, and improve the sales ratio of strategic products.

(10) Strengthen the market expansion of private enterprises and improve information communication high-end infrastructure and cloud computing solutions.

(11) Actively strive to obtain orders from the Ministry of Education regarding "Program for Promotion of Online Learning in Primary and Secondary Schools".

2. Long-term business development direction

(1) Establish sustainable core expertise (e.g., IT infrastructure, cloud computing architecture, system management, smart medical, network integration marketing, mobile application, and regional IT all-around repair service, etc.) to improve enterprise competitiveness.

(2) Have a foothold in Taiwan, provide the mainland market, and provide Taiwanese merchant groups with enterprise information and communication one-stop services across the Taiwan Straits.

(3) Become one of the top-5 system integration providers in Taiwan, position as an IT infrastructure system integration provider, and transform to a provider that offers value-added services and solutions.

(4) Deeply cultivate large main customers and become the first choice of information communication service partners and customers that have a long-term partnership with us.

(5) Make LEO a famous brand in the Greater China Region, specializing in IT infrastructure system integration.

(6) Invest in cloud system technologies and develop cloud services.

(7) Become the first brand for the regional, all-around, and all-product line information product repair services in Taiwan.

(8) Integrate Google AdWords advertisements, gradually develop intelligent digital marketing applications based on AI technology, and establish overall digital marketing capacity to improve customer satisfaction and advertising effect.

(II) Overview of market and production & sales

A. Market analysis

The regions of sales (provision) of main commodities (services) of the Company and their market shares as well as the future supply/demand and growth of the market, competitive niches, and favorable and unfavorable factors of the development prospect, and responsive measures are analyzed.

1. Regions of sales of main commodities (services):

Unit: NT$1,000

Year / Region of sales	2023		2024	
	Amount	Ratio (%)	Amount	Ratio (%)
Local sales	3,321,283	96.05	3,785,537	97.16
Foreign sales	136,434	3.95	110,648	2.84
Total	3,457,717	100.00	3,896,185	100.00

2. Market share of main products

It is planned to express the market share with the ratio of the operating income of the Company to the total operating income of the industry

Unit: NT$1,000

Name of company	Operating income of 2024	Ratio (%)
SYSTEX(6214)	38,950,642	50.46%
Stark Technology(2480)	7,536,746	9.76%
SYSCOM(2453)	6,932,729	8.98%
Genesis(6221)	5,215,556	6.76%
JETWELL Computer(3147)	4,972,744	6.44%
Mercuries Data Systems(2427)	4,873,350	6.31%
Tatung System Technologies(8099)	3,930,226	5.09%
LEO(5410)	3,896,185	5.05%
Ares(2471)	877,673	1.15%
Total	77,185,851	100.00%

Data source: MOPS

3. Future supply and demand as well as growth of market
   (1) System integration is an important process in the information service industry, and it has maintained stable growth for many years. The Company has already taken a place in this sector.
   (2) The rise of the cloud computing architecture has imposed a huge impact on the information infrastructure and application software. Reconstruction requirements for virtualization, integration and enlargement of computer centers have been raised for both public or private enterprises, all of which is the business opportunity for system integration.
   (3) The Company has accumulated 30 years' system integration experience as well as massive customer bases involving military, public, governmental, educational, medical, finance, manufacturing and service sectors. Customers

from all walks of life have the requirements for establishment or replacement of information communication infrastructure, including host, server, storage equipment, network equipment, virtualization software, database management system, terminal equipment, computer room monitoring, information security software and hardware, etc. This market will continuously grow.

(4) Relying on years' experience accumulated in the market and industry, the Company researches and develops "marketing + technology" integration application and combines digital marketing technologies of Google Ads and Facebook Ads to develop intelligent marketing technical application platform and continually develop business opportunities in the digital marketing.

(5) Given considerable potential for the growth of smart medical and mobile medical, the Company has actively seized the opportunity.

4. Competitive niches

(1) Complete and rich product portfolios

The products sold and distributed by the Company under agency from terminal information products to advanced cloud servers, network devices at each level and terminal equipment can meet enterprises' requirements. Furthermore, with the experience in software and hardware integration technology, the Company is capable of completely establishing enterprise information system solutions, and providing enterprises with products from personal devices, network systems, application hosts, and information tools to software and hardware equipment needed for commercial applications.

(2) Complete technical service team

LEO has concentrated on the market expansion of the information industry as well as the improvement of professional technologies since its incorporation, and the provision of professional services that fulfill customers' expectations and the strengthening of each product and solution have been the business principles valued by LEO for a long term.

(3) Good corporate image and familiarity

LEO has deeply cultivated the information industry for a long term. Thanks to professional technical capacity and abundant experience, LEO has won recognition and appraisal from customers; also, since the Company places emphasis on the provision of professional diversified services and quality techniques, LEO has become a priority choice for customers.

(4) Excellent R&D team

The Company has established a "Technical Service" R&D Center with the financial subsidy granted by the Department of Industrial Technology, the Ministry of Economic Affairs, with the purpose of researching forward-looking information technology and innovative service products. The Company has obtained achievements in three fields and realized commercialization after three years' efforts.

(5) Human resources management and talent training system: The Company has continually obtained TTQS (Talent Training Quality-management System) from the Workforce Development Agency, the Ministry of Labor.

(6) In 2012, the Company won the praise of "Outstanding Enterprise" of the National Brand Yushan Award which was an approval of the achievements obtained by the Company in terms of actual operational performance, R&D capacity, quality policy, marketing services, competitive niches, and enterprise vision.

(7) In 2015, the Company was selected by Industrial Development Bureau, the Ministry of Economic Affairs as "Potential Hardcore Enterprise" and therefore it can enjoy preferential policy tools and intensive coaching.

5. Favorable and unfavorable factors of development prospect and responsive measures

(1) Favorable factors

a. Local marketing and technical services

After years' operation and development, the Company has currently set up business bases in Neihu and Xindian in Taipei, branch companies in Taichung and Kaohsiung, and representative offices in Taoyuan, Hsinchu, and Tainan respectively. Furthermore, the Company has arranged a repair service system all over the province for the purpose of timely satisfying requirements and providing services for customers in Taiwan.

b. All-around system integration

- The customer bases of the Company are spread all over military, public institutions, governmental departments, police stations and other government agencies as well as industries including finance, securities, telecommunications, medical treatment, education, etc.
- The Company has hired certified engineers with various kinds of experience and techniques to provide customers with pre-sales and after-sales consulting, planning, repair, and other technical services. The employees of the Company hold more than three hundred professional licenses in total.

c. Superior service quality

- The Company attaches importance to product quality and services, and always completes its missions. Therefore, it has established a good reputation in the industry.
- The Company ranked the first place in the customer satisfaction survey organized by the Electronic Data Processing Center of Directorate-General of Budget, Accounting and Statistics of the Executive Yuan for three consecutive years, thus revealing superior

service quality.

d. Abundant human resources
   - The employees of the Company have abundant practical experience and professional knowledge, and they perform their own duties and functions so that the Company's operation constitution and management system become increasingly complete.
   - The Company owns software and hardware talents in the field of system integration and they can adequately support various kinds of system integration projects.

e. Acquisition of preemptive opportunities and competitive advantages in the fields of cloud computing and mobile application
   - Develop AI plans in the fields of preventive medicine and smart education.
   - Gradually expand and develop cloud popularization plans of the public industry associations.

f. Niches in the fields of smart medical and mobile medical
   - Years' profound service experience in the medical system
   - Core expertise in the medical network as a partner of Cisco for many years
   - Possession of integration solutions including smart hospital and medical comprehensive IOT

g. Layout of system development in 5G enterprise dedicated network and IoT
   - Layout and construction of 5G enterprise dedicated network and technical development of integration of diversified communication system
   - R&D of large IoT system platform through technical cooperation with major international manufacturers
   - Popularization of integration technologies of 5G enterprise dedicated network, AI and IoT to the professional application markets of large enterprises that are specialized in smart manufacturing and smart medical.

(2) Unfavorable factors and responsive measures

(A) Unfavorable factors

a. Fierce competition in the system integration business

b. Since the gross profit on sales of traditional hardware is relatively low, many system manufacturers have gradually adjusted their business emphasis to the high-end server, storage equipment and network. The competitors are numerous.

c. The difficulties in the execution of information communication bid projects of governments and public institutions are increased.

(B) Responsive measures

a. Exert more efforts in the expansion of the sales of high-end information equipment with the objective to increase gross profit:
   - Recruit talents specialized in server, storage and network equipment.
   - Establish system laboratory and virtualized testing environment.
   - Train relevant business and technical talents.
   - Strengthen strategic alliance with original manufacturers and professional suppliers.

b. Apply the scientific and technological service R&D center to research forward-looking information technology and develop innovative service models, e.g.,
   - Cloud computing and virtual resource management technology
   - Application of mobile communication, remote repair and tablet PC
   - Application of the integration of document images and data in the document submission, registration, and credit investigation process management of financial projects.
   - Cloud services of network integration marketing per industry

c. Improve software quality and become a provider of value-added software through transformation.
   - The Company passed Capability Maturity Model Integration 3 (CMMI3) international certification in 2011 and its software development quality complies with the industry standards.
   - Improve application software, develop efficiency, and become a value-added software and solution integrator through transformation.

d. Deeply cultivate major customers, and provide integrated value-added services, e.g.,
   - Contracting of information business of the government agencies
   - Equipment virtualization and data center nonlocal backup
   - Construction and operation of wireless network
   - Cloud computing architecture and mobile broadband application
   - BYOD (Bring Your Own Device) products and technical development
   - Sales and technical services of information security protection products

e. Establish professional technical and sales teams in the market of private enterprises, expand enterprise market, and reduce the reliance on public sectors.

B. Important usage of major products and production process

1. Important usage of main products sold by the Company:

Product line	Commodity and service item	Important usage or function
Network servers	Types of commodities: ◎ Tableside host ◎ Rack-type host	Satisfaction with the automation requirements of each type of enterprise office and factory
System products	Types of commodities: ◎ Desktop, laptop and palm computer ◎ Wired and wireless network products ◎ Workstations, servers and storage equipment ◎ Information work management tools and system software ◎ Commercial application software per industry ◎ Bank operation risk management system ◎ Asset management and information security management software product ◎ Workflow management software product ◎ System software including large project management software ◎ Information solution planning and management ◎ Agency of marketing tools of Google AdWords keyword advertising ◎ Advertising services including Yahoo and Facebook	Provision of integration solutions for enterprises and government agencies
Financial automatic products	Types of commodities: ◎ OKI tell cash recycler and teller cash processing machine of Japan ◎ Hyosung recycler ATM and cash machine of South Korea ◎ GLORY banknote fitness sorter of Japan ◎ GLORY and JCM coin recyclers of Japan ◎ JCM paper money deposit machine of Japan ◎ Self-service payment machine ◎ Automatic passbook reissue machine ◎ Foreign currency cash exchange teller machine, cash deposit machine and self-service payment machine	Satisfaction with the demands of automation of financial market

Product line	Commodity and service item	Important usage or function
	◎ MICR magnetic banknote reading and key printing equipment ◎ Special account banknote printing system ◎ Document image processing system ◎ Credit card application and credit investigation automatic flow control system ◎ All-bank sharing document submission platform system ◎ Loan application and credit investigation automatic flow control system	
Peripherals	Types of commodities: ◎ Computer modules ◎ Printer ◎ Monitor ◎ Scanning machine ◎ Disc drive and floppy drive ◎ Multimedia related products ◎ Network equipment ◎ Other consumables	Computer data input, display and storage Multimedia sound, image and data processing equipment and software Network connected equipment and relevant software
Application software	◎ Audit management system for financial industry ◎ All-bank document submission management system for financial industry ◎ Bonus management system for financial industry ◎ Self-service payment service and backstage management notification system for medical facilities	Application of management information and mobile computing per industry

2. Production process: Not applicable since the Company is not engaged in manufacturing industry.

C. Supply status of main raw material

The Company provides computer related products and system integration systems in the information service industry. The main products purchased by the Company include PC, peripherals, multimedia products, system products, relevant software, etc. In 2023, the Company mainly purchased products from Unitech computer co., ltd. and Synnex Technology International Corp., etc., featuring stable sources of goods.

D. Specify names of customers taking up more than ten percent of total purchasing (selling) amount of the Company in either of the recent two years and their purchasing (selling) amount and ratios, and explain the reasons for change (increase/decrease).

Information of Main Suppliers in Recent Two Years

Unit: NT$1,000

	2023				2024			
Item	Name	Amount	Ratio in net purchasing amount in the whole year (%)	Relation with the issuer	Name	Amount	Ratio in net purchasing amount in the whole year (%)	Relation with the issuer
1	Unitech	484,331	18.16	None	GIGA COMPUTING	764,014	20.73	None
2	Synnex	347,391	13.02	None	Unitech	725,021	19.67	None
	Others	1,835,962	68.82	None	Others	2,196,867	59.60	None
	Net purchasing amount	2,667,684	100.00		Net purchasing amount	3,685,902	100.00	

Reason for change (increase/decrease): To meet the business requirements.

Information of Main Sales Customers in Recent Two years

Unit: NT$1,000

	2023				2024			
Item	Name	Amount	Ratio in net selling amount in the whole year (%)	Relation with the issuer	Item	Name	Amount	Ratio in net selling amount in the whole year (%)
PC	Note				A company	536,035	13.76	
					Others	3,360,150	86.24	
	Net selling amount	3,457,717	100.00		Net selling amount	3,896,185	100.00	

Note: The Company didn't have any customer with total selling amount reaching more than ten percent of the total selling amount in 2023.

(III) Information of employees

Number of employees, average years of service, average age and educational background of the Group in the most recent two years and up to the date of publication of the annual report.

March 31, 2025

Year		2023	2024	As of March 31, 2025 in current year
Number of employees	Management	84	80	86
	Business	32	27	26
	Technology	224	234	232
	Administration	55	49	50
	Total	395	390	394
Average age		43.55	44.26	44.15
Average service seniority		11.15	11.68	11.70
Education distribution ratio	Doctorate	0	0	0
	Master	31	33	33
	Junior college	343	334	338
	High school	21	23	23
	Below	0	0	0

(IV) Information of environmental protection expenditure

Disclose the total amount of losses suffered (including compensations) and penalties disposed due to environmental pollution in recent year and as of the publication date of the annual report, and explain future responsive measures (including improving measures) and possible expenditure (including estimated amount of losses, penalties and compensations possibly incurred due to failure to take relevant responsive measures. If such amount cannot be reasonably estimated, the fact why it cannot be reasonably estimated shall be clarified): None.

(V) Labor-capital relationship

A. Employees' welfare measures, continuing education, training and retirement system and their implementation status as well as status of labor-capital agreement and measures for safeguarding of employees' rights and benefits:

1. Employee welfare measures and implementation status:

(1) Labor insurance (in accordance with the provisions of labor insurance

regulations)

(2) National health insurance (in accordance with the provisions of National Health Insurance Act)

(3) Group insurance (including employees and their family members)

(4) Coupons for Dragon Boat Festival/Mid-Autumn Festival/birthday, year-end get-together dinner, and lot drawing for prize

(5) Paid birthday bonus

(6) Annual employee profit sharing system

(7) Periodic health checkups for employees

(8) Wedding cash gift and birthday coupon for employees

(9) Funeral grant (including employees and their spouse, children and parents)

(10) Travel/cultural and recreational subsidies

(11) Food allowance

(12) Application for emergency relief

2. Employees' code of conduct and code of ethics

For the purposes of clearly stipulating the rights and obligations of the labor and capital, improving the modern business management system, and urging the two parties to exert concerted effort to pursue joint development, the Company has specifically developed work rules and other relevant systems which are extracted as follows:

(1) Take care of the Company's honors, give play to the teamwork spirit, and faithfully and diligently perform work tasks.

(2) Obey the supervision and guidance from the executive staff and pay attention to work safety

(3) Workers are obliged to keep the Company's secrets absolutely.

(4) Do not appear excessively greedy and lazy or take other behaviors that damage the reputation of themselves and the Company.

(5) Do not accept others' gifts and invitations by taking advantage of the position.

(6) Do not bring relatives and friends to the Company for a tour without permission.

(7) Do not use the Company's name arbitrarily except the handling of the relevant business of the Company.

3. Retirement system and implementation status

(1) Implementation of the old system:

The Company legally established "Employee Retirement Reserve Supervisory Commission of LEO Systems, Inc." in accordance with 85.F.L.E.Zi No. 8501239 Brief Official Document issued by the government of Taipei City on February 15, 1996, and appropriated 2% of total salary amount as reserve for retirement to a special account opened at Central Trust of China on a monthly. Also, the Company established retirement measures for the handling of employees' retirement.

(2) Implementation of new system: Withdrawal of employee pension

Since July 1, 2005, the Company began to withdraw employee pension and deposit it in the individual special pension accounts of local employees in Taiwan on a monthly basis from the joining date of employees to the date of exit in accordance with the Labor Standards Act. The employees may voluntarily withdraw pension within a scope of 6% of monthly salary. The part voluntarily withdrawn by the employees may be deducted in full from the total personal comprehensive income in current year.

4. Status of labor-capital agreement

The Company has always valued the labor-capital relationship since its establishment, and its labor-capital relationship has always been harmonious. Also, labor-capital meetings are convened periodically; relevant employee welfare and major measures are advocated in the internal network in a real-time manner, and employees are also able to fully express their voice through various communicating channels.

5. Employees' further education and training

(1) Purposes of education and training:

To improve the quality of human resources, and urge personnel in all levels to give full play to their functions and enhance their personal knowledge and skills, so as to cultivate operation management talents needed and realize the operational goals and vision of the Company.

(2) Education and training system:

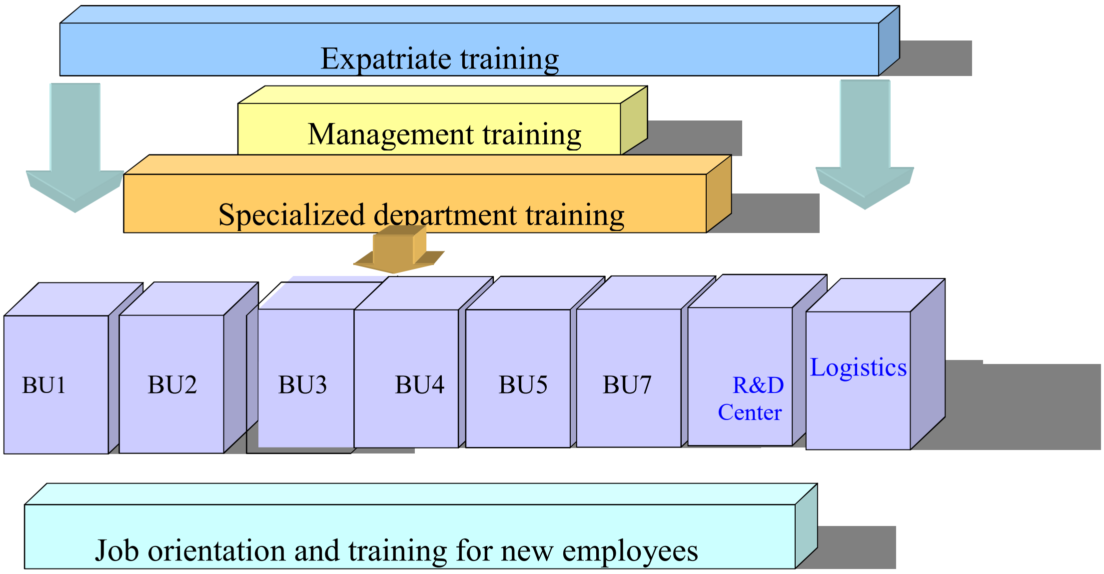
The education and training development system of the Company is classified as follows:

(A) Job orientation and training for new employees

(B) Specialized department training

(C) Management training

(D) Expatriate training



(3) Evaluation of requirements for education and training:

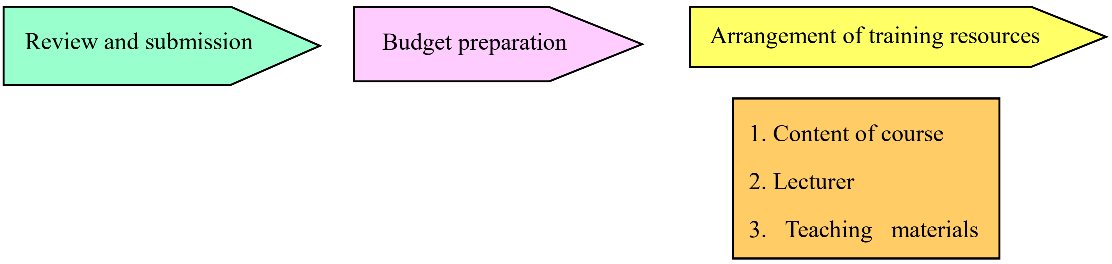
HR Department investigates training requirements periodically every year, and the head of each department shall fill out relevant training requirement questionnaire for the purpose of improving the quality of human resources in the department according to the Company's annual business plan, and then provide education and training requirement planning based on requirement analysis.

(A) Personal analysis: Make plans for course requirements according to personal ability needed as well as employees' attitude and beliefs, e.g., new employees.

(B) Work analysis: Make plans for course requirements according to the professional knowledge and ability needed by each department.

(C) Organizational analysis: Make plans for course requirements regarding strategic planning with the objective to achieve the Company's vision and goals.

(4) Planning of education and training:



(A) Review and submission for approval:

a. Each department shall, based on their business development needs, submit project training plans itself, but shall initiatively notify the HR Department for verification and filing.

b. Either internal or external training shall be applied in advance, and countersigned by the HR Department. Relevant training may be handled only after relevant approval is obtained from the competent and responsible supervisor.

(B) Content of course:

a. Management courses: Intended to cultivate the management ability required of managers at each level in different positions.

b. Specialized courses: Intended to cultivate each professional skill needed by colleagues in their work.

c. Basic courses: Intended to train the general skills or improve work efficiency as needed by all colleagues, e.g., training of language, briefing, communication, etc.

(5) The actual performance of training of core values in 2024 is shown as follows:

Unit: NT$

Item	Number of classes	Number of hours	Person-times	Expense
Management course	2	20	79	228,463
Specialized course	46	483	125	461,214
Basic course	1	4	36	0
Subtotal	49	507	240	689,677

(6) Relevant licenses obtained by relevant financial personnel from competent authorities:

(A) The financial manager of the Company participated in "Continuing Education Class for Accounting Supervisors" held by Accounting Research and Development Foundation, and passed the assessment.

(B) The auditors of the Company participated in "On-the-job Further Education Class for Internal Audit" held by The Institute of Internal Auditors-Chinese Taiwan, and passed the assessment.

(C) The company arranges professional training for corporate governance executives according to law every year.

6. Protective measures for work environment and employees' personal safety:

Allocation of work safety and health management personnel: One class-A work safety and health business supervisor, one class-B work safety and health management technician, and one first-aid officer. In addition to testing the labor working environment, an environmental monitoring contract has been signed with a third-party inspection company. The commission period is from January 1, 2025 to December 31, 2026. The monitoring time is once every 6 months in March and

September 2025 and March and September 2026, a total of four times in 2 years, which can timely maintain the safety of the working environment.

The Company detects the operation and CO_2 concentration of firefighting equipment in the office building every six months. Also, all employees participate in group accident insurance to provide them with comprehensive, necessary assistance.
In addition, the company also implements the following measures to ensure employee workplace safety:

1. Implement smoke-free measures in the workplace.
2. Carry out labor working environment monitoring and CO2 concentration monitoring every six months in accordance with the law.
3. Check air conditioner quality every quarter and fire safety once a year to provide employees with a safe working environment
Place.
4. The building implements access control for security and has a central monitoring system with security personnel on duty around the clock.
24-hour monitoring
5. Replace the filter of employee water dispensers every two months, perform water tower and air conditioning filter environmental maintenance every six months to provide employees with a healthy working environment.

The above application frequencies are as follows:

■Office interior construction:
1. Carbon dioxide (CO2) concentration monitoring is carried out twice a year in March and September.
2. Employee water dispensers are regularly maintained in January, March, May, July, September and November every year.

■Building construction:
1. Fire safety is inspected once a year on a certain day between March and May.
2. Two water towers once every six months.
3. Clean the air conditioning filter once every six months. The company regularly tests the operation of firefighting equipment and CO2 concentration in office buildings.

Finally, we also purchase group accident insurance for all employees to provide them with comprehensive and necessary assistance.

7. Specific measures to prevent and treat employee obesity and the three highs (i.e. high blood sugar, high blood lipids, and high blood pressure) Effects of implementation:

   A.Country Hospital’s occupational nursing staff designs health promotion briefs for each on-site service and places them on the ESS intranet/occupational safety and health/others for colleagues to read and browse.

   B.Health lectures are arranged every year: On March 3, 2025, a nutritionist was invited to talk about healthy diet "Eat for an ageless physique and a youthful body shape" and a Chinese medicine practitioner taught "Chinese medicine acupoint massage", which received unanimous praise from colleagues.

   C.Special on-site physician services are provided twice a year, and regular health check-up activities are provided once every three years.

   D.Arrange interviews with occupational health professionals and provide targeted treatment for colleagues with abnormal health examination results and pregnant colleagues.Continue to track improvements.

   E.The company participated in the "2025 China Software Association Digital Walk" hosted by the Information Software Association of the Republic of China, and encouraged colleagues to form teams to sign up for the walking event. A total of 20 teams with 80 people signed up, which will last from March 12, 2025 to April 10, 2025. They will compete with peers, walk 5,000 steps a day, and walk for the earth with every step. The number of walking steps is recorded every day and rewards are provided to motivate colleagues to walk.

B. Losses suffered from labor-capital dispute(s) in recent year and as of the publication date of the annual report, as well as possible amount incurred at present and in the future as estimated shall be disclosed. If such amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be clarified: None.

(VI) Information security management

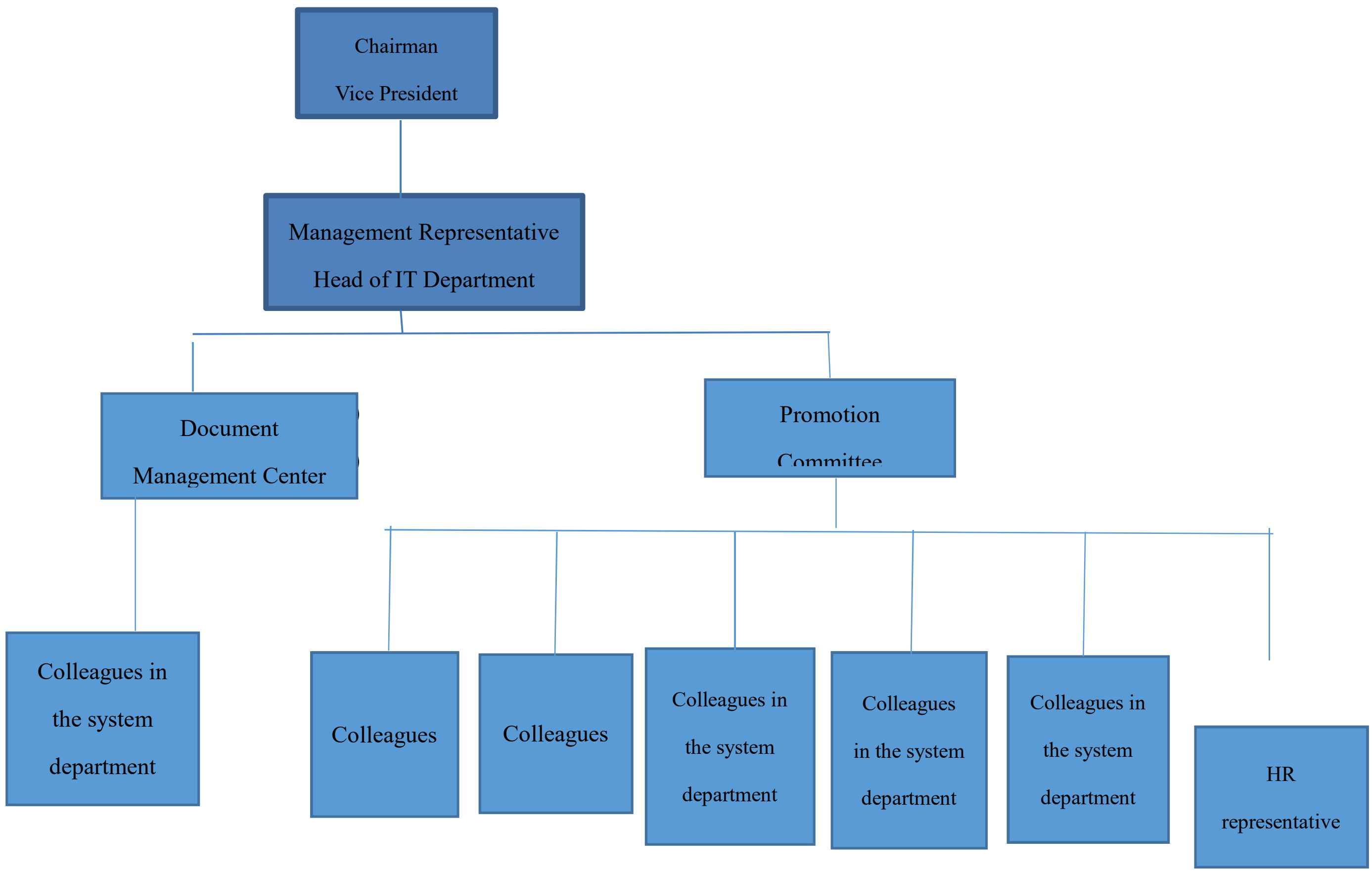
A. Explain information security risk management structure, information security policies, specific management schemes and resources allocated for information security management.

1. Information security risk management structure

(1) Enterprise information security governance organization

For the purpose of ensuring its internal compliance with information security criteria, procedures and regulations, LEO Systems, Inc. established “Information Security Management Committee” in 2020, and the general manager assigned the senior management to serve as the chairperson of this committee. The chairperson of this committee is responsible for verifying and approving the Company’s policies and objectives regarding information security management system, and acquiring, distributing, coordinating, supervising and guiding the resources of relevant business. The chairperson of the committee assigned an appropriate person to serve as management representative who is responsible for establishing, implementing and sustaining each standard system regarding information security, and coordinating, studying and discussing relevant matters including resource allocation. The management representative bears all supervising powers and duties related to the operation of the information security management system. When any abnormality occurs to the operation of the information security management system, the management representative has the power to directly report to the senior management. Also, the management representative shall assist the convening of relevant management review meetings and information security meetings. Furthermore, the management representative is also responsible for the following tasks: Require the establishment, execution and maintenance of documented procedures that comply with information security management activities according to the provisions of the customer requirements; supervise and urge the distribution and coordination of information security affairs, including contact window of information security management certification unit; assist the senior management in enhancing all staff members’ awareness of customers’ information security requirements and relevant laws and regulations; report the implementation effect of information security management to the management as a basis for system improvement based on the achievements of internal audit activities.

(2) Enterprise information security organization structure of LEO Systems, Inc. Information Security Management Committee



2. Information security policy

(1) Enterprise information security management strategies and structure

An information security policy is hereby formulated in order to strengthen the information security management, guarantee the confidentiality, integrity and availability of information assets, provide a continuous business operation environment for the Company, and meet the requirements of relevant laws and regulations to protect the Company from internal and external threats, intentionally or accidentally. The Company established a complete information security management system (ISMS) in 2020 and continually passed international information security management system certification (ISO/IEC27001), covering 14 management matters, for the purposes of avoiding the occurrence of situations including improper use, leakage, tampering or damage of information due to factors such as human negligence and natural disasters to cause various possible risks and hazards to the Company. The management matters are shown as follows:

(A) Information security policy

(B) Information security organization

(C) Human resources security

(D) Asset management
(E) Access control
(F) Cryptology
(G) Physical and environmental security
(H) Operational security
(I) Communication security
(J) System acquisition, development and maintenance
(K) Supplier relations
(L) Information security accident management
(M) Information security level of continual operational management
(N) Compliance
(O) Definitions

Information security refers to the application of management procedures and safety protection techniques in each information task, including software and hardware equipment of each information system used in execution of work, archives media used to store various kinds of information and data, and a variety of statements printed by printers, with the objective to ensure the security of information searching, processing, transmission, storage and circulation.

The Company adopts "Everyone is responsible for information security" as its information security policy to strengthen its information security management, cultivate the concept of information security, ensure the confidentiality, integrity and availability of data processing of customers and colleagues, provide security for the data processing of the Company all the way, and offer safe, stable, high-efficiency information services.

(2) Rsk management and continual improvement structure of enterprise information security

The Company has established an information security panoramic authentication and risk assessment procedure for the purposes of learning about the current environment of the Company, responding to the risks and opportunities possibly produced due to the change of the situation, taking countermeasures or control measures in advance based on risk evaluation results, and ensuring the effective operation of the management system through the analysis of current internal and external environments of the Company as well as the issues concerned by stakeholders. The scope of this procedure covers issues regarding internal and external environments related to the information security activities and services, needs and expectations of stakeholders, and each information asset. The results of information evaluation are adopted as the main reference and promotion for the adoption of responsive measures.

The Company has established a continuous operation management procedure for the purposes of executing necessary alternative schemes and given safe replies when the key business of the information maintenance system cannot be continuously operated, and ensuring the safety of employees and the continuous operation of the key business, so as to lower the losses caused by accidents. The Company evaluates the risks and threats existing in the information system services and information business operations, studies out business continuity strategies, and establishes business continuity plans. Additionally, the Company tests and reviews the existing business continuity plans periodically every year, and revises the contents of these plans based on test results with the objective to maintain the effectiveness of such plans. Moreover, the Company reviews the appropriateness of the contents of the business continuity plans and the test results.

The Company provides information security education and training for all the colleagues annually for the purpose of improving their awareness of information security.

3. Specific management schemes

Type	Description	Content executed
Authority management	Management measures for personnel account management, and system operations	●Management and review of personnel's account authority ●Periodic execution of system authority setting inspection and verification
Access control	Control measures for personnel's access to internal and external systems and data transmission channels	●Internal/external access control measures ●Control measures for data leakage channels ●Recording and analysis of tracks of operating behaviors
External threats	Potential weak points of internal system, poisoning channels, and protective measures	●Periodic execution of system authority setting inspection and verification ●Installation of anti-virus software in server and computer host ●Host/computer vulnerability detection and periodic system updating ●Virus protection, malware detection, and automatic updating of virus characteristics
Daily operation maintenance	Data backup and relevant check	●Data backup based on nature of data ●Nonlocal backup storage ●Periodic execution of data restoration test ●Check if the server logs are abnormal on a

Type	Description	Content executed
		daily basis. ●Periodic check of computers
Handling of information security events	Disaster recovery plan	●Establishment of “Management Procedure for Information Security Accidents” and “Management Procedure for Operation Continuity” ●Periodic simulation and drills of occurrence of disasters ●Compilation, review and improvement of disaster restoration drill planning and execution
System availability	Available system status and disposal measures upon service interruption	●System/network available status monitoring and notification mechanism ●Responsive measures for service interruption ●Data backup measures and local/nonlocal backup mechanism ●Periodic disaster restoration drill

The Company provides all its employees with information security education and training periodically, plans information security courses of different natures for different roles and functional personnel, and aims to improve the colleagues' awareness of information security and internalize it in each work through continuous training, to implement the safest and strict information security guarantee.

4. Resources engaged in information security management

The Company continuously engages resources in its information security affairs every year, including the strengthening of information security defense equipment like firewall and mail virus prevention and continual improvement of information security management system, education and training, etc. These measures are implemented entirely from managerial dimension to technical dimension to enhance information security capacity. As for prevention of events, in addition to the execution of continual operation drill of the enterprise at the information level every year, the Company executes weekly periodical backup and nonlocal storage of backup media, and conducts vulnerability scanning on a regular basis.

As for the improvement of colleagues' information security awareness, the Company provides all colleagues with social engineering attack drills every quarter, and implements information security education and training for all colleagues. Courses provided include: Knowing Social Engineering Attacks and Advocating

Information Security Highlights, ISO 27001 Information Security Management and Implementation, Learning Skills to Identify Phishing Email, Contracted Safety Management of Information Work, Network Security and Management, etc. In addition, the Company posts relevant announcements regarding information security issues through the enterprise's internal website for the purpose of advocating and guiding all colleagues to prevent ransomware and know the application safety of emails, etc.

Finally, the quantitative data of the resources invested by our company in information and communication security management are as follows:

■ Amount of cyber security insurance: The total investment in cyber security in 2024 is NT$231,940.

■ Total number of staff: 2.

■ Number of relevant meetings: 8 times in 2024.

■ Other promotion methods or frequency: In 2024, the company will conduct 8 ESS website security promotions and 4 social engineering drills.

B. Specify losses suffered from major information security events, possible influence and responsive measures in recent year and as of the publication date of the annual report. If they could not be reasonably estimated, the facts related to the failure for reasonable estimation should be explained.

Not involved.

(VII) Important contracts

Nature of contract	Party concerned	Starting and ending time of contract	Main content	Restrictive clause
Except for general commercial activities, the company currently has no important contracts.				

5.Review and Analysis of Financial Status and Operating Results and Evaluation of Risk Issues

(I) Financial status

Unit: NT$1,000

Item \ Year	2024	2023	Deviation	
			Amount	%
Current assets	2,924,665	1,946,686	977,979	50.24
Property, plant and equipment	63,909	67,250	(3,341)	-4.97
Intangible assets	95,728	96,292	(564)	-0.59
Other assets	692,095	825,159	(133,064)	-16.13
Total assets	3,776,397	2,935,387	841,010	28.65
Current liabilities	2,237,968	1,387,524	850,444	61.29
Long-term liabilities	-	-	-	-
Other liabilities	88,287	108,080	(19,793)	-18.31
Total liabilities	2,326,255	1,495,604	830,651	55.54
Share capital	912,711	891,481	21,230	2.38
Capital collected in advance	465	2,408	(1,943)	-80.69
Capital surplus	43,472	20,259	23,213	114.58
Retained earnings	483,416	521,799	(38,383)	-7.36
Other equity	9,343	2,717	6,626	243.87
Treasury stock	-	-	-	-
Non-controlling interests	735	1,119	(384)	-34.32
Total shareholders' equity	1,450,142	1,439,783	10,359	0.72

1. Main reasons for major changes in recent two years and their influence:
   (1) Increase in current assets: This is due to the substantial increase in performance at the end of this period, which resulted in a substantial increase in notes receivable, accounts receivable and inventory at the end of this period.
   (2) Increase in total assets: Due to the substantial increase in performance at the end of this period, notes receivable, accounts receivable and inventory increased substantially at the end of this period.
   (3) Increase in current liabilities: This is due to the substantial increase in performance at the end of this period, which resulted in a substantial increase in notes payable and accounts receivable at the end of this period.
   (4) Increase in total liabilities: This is due to the substantial increase in performance at the end of this period, which resulted in a substantial increase in notes payable and accounts receivable at the end of this period.
   (5) Increase in capital collected in advance and capital surplus: due to the company's issuance of employee stock option certificates.
   (6) Increase in other equity: This is due to the increase in unrealized valuation gains on financial assets at fair value through other comprehensive income - current.

2. Explanation of future responsive plans for those with significant influence: None.

(II) Financial performance

Analysis of Operating Results

Unit: NT$1,000

Item/year	2024	2023	Increased (decreased) amount	Ratio of change%
Operating revenue	3,896,185	3,457,717	438,468	17.84
Operating costs	3,271,301	2,808,237	463,064	16.,49
Gross profit	624,884	649,480	(24,596)	-3.79
Operating expenses	488,183	464,554	23,629	5.09
Profit from operations	136,701	184,926	(48,225)	-26.08
Non-operating income and expenses	35,003	43,882	(8,879)	-20.23
Profit before income tax	171,704	228,808	(57,104)	-24.96
Income tax expense	26,366	40,226	(13,860)	-34.46
Net profit for the year	145,338	188,582	(43,244)	-22.93
Other comprehensive income (loss)	10,337	20,535	(10,198)	-49.66
Total comprehensive income (loss) for the year	155,675	209,117	(53,442)	-25.56

1. Main reasons for major changes in recent two years:
   (1) Decrease in profit from operations: This is due to the fact that although the operating revenue increased in this period, the gross profit margin decreased compared with the same period last year.
   (2) Decrease in non-operating income and expenses: This is due to a decrease in interest income in this period compared with the same period last year.
   (3) Decrease in profit before income tax, income tax expense and net profit for the year: mainly due to the decrease in gross profit as compared with the same period last year despite the increase in revenue for the current period.
   (4) Decrease in other comprehensive income (or loss): Mainly due to the decrease in unrealized valuation recovery of financial assets at fair value through other comprehensive income - current.
   (5) The total comprehensive income (loss) for the year decreased: mainly because although the operating revenue for the period increased, the gross profit margin decreased compared with the same period last year, resulting in a decrease in overall profit.

2. Estimated sales volume and its basis as well as possible influence on the Company’s future financial business and responsive plan: The business policy of the Company for 2025 was to continually improve the value and efficiency of customer service, develop all-around information communication infrastructure cloud services, and smart integration services for the application of AI fields, and continuously march towards the strategic direction of application planning of 5G, IoT, AIoT, smart medical and system integration.

(III) Cash flows:

Analysis of Cash Use

Unit: NT$1,000

Beginning cash balance	Net cash flows from operating activities in the whole year	Cash inflows (outflows) in the whole year	Remaining (insufficient) cash amount	Remedial measure for cash insufficiency	
				Investment plan	Financing plan
533,868	471,459	282,672	816,540	None	None

1. Analysis of changes of cash flows in current year:
   (1) Operating activities: Net cash inflow was 471,459, this is mainly due to the substantial increase in performance at the end of this period, which led to a substantial increase in notes receivable, accounts receivable and inventory at the end of this period.
   (2) Investing activities: Net cash outflow of 18,715 was mainly caused by the increase in financial assets measured at fair value through profit and loss during the period, resulting in cash outflow.
   (3) Financing activities: Net cash outflow of 171,520 was mainly caused by cash dividends paid to the company's owners in this period.
   (4) The cash and equivalent cash were increased by NT$1,448 due to the influence of change in exchange rate.
2. Remedial measure for cash insufficiency and liquidity analysis:
   (1) Remedial measure for cash insufficiency: The net cash outflow from operating activities in the current period is mainly due to the fact that a large proportion of income is generated at the end of the year, resulting in a large balance of accounts receivable. After the accounts receivable are recovered, net cash inflows can be generated, and the company's bank line is sufficient , there is no shortage of cash.
   (2) Liquidity analysis:

Item \ Year	2024	2023	Increased or decreased ratio%
Cash flow ratio (%)	21.85	85.20	-74.35
Cash flow adequacy ratio (%)	110.77	197.78	-43.99
Cash reinvestment ratio (%)	30.45	111.84	-72.77

1.Decrease of cash flow ratio:This is due to the substantial increase in current liabilities at the end of this period.
2.Decrease of cash flow adequacy ratio:This is due to the significant increase in inventory at the end of this period.
3.Decrease of cash reinvestment ratio:This is due to the substantial increase in working capital at the end of this period.

3. Analysis of cash liquidity in the next year:

Beginning cash balance	Estimated net cash flows from operating activities in the whole year	Estimated cash inflows (outflows) in the whole year	Estimated remaining (insufficient) cash amount	Remedial measure for cash insufficiency	
				Investment plan	Financing plan
816,540	59,196	(29,899)	786,641	None	None

The estimated cash flow from operating activities in 2025 is based on the operating conditions in 2024 and the estimated changes in profit, depreciation, amortization, inventory, receivables and payables in 2025. The estimated inflow from operating activities is 59,196,000, and another the net cash outflow of investment and financing is 89,095,000, and the expected cash outflow for the whole year is 29,899,000.

(IV) Influence of major capital expenditure on financial business in recent year

There was no major capital expenditure plan in recent year.

(V) Reinvestment policies in recent year, main reasons for profit or loss, improvement plan, and investment plan for the next year

December 31, 2024 Unit: NT$1,000

Name of investee	Original investment amount	Policy	Investment income or loss recognized in current period	Main reason for profit or loss	Improvement plan
LEO Image Inc.	122,638	Operating demand	(898)	In order to actively expand the business, the expenses increased, resulting in a small loss.	N/A
Lotrich Information	150,300	Operating demand	4,439	Stable corporate operation and stable profits.	N/A
Full Fortune Technology (Cayman)	54,464	Reinvestment in the China	0	General investment.	N/A
LEO Systems, Inc. (China)	25,447	Market expansion	1,415	Effective business expansion and stable profits.	N/A
GeoIntelligence Systems, Inc.	13,589	Market expansion	2,019	Effective business expansion and stable profits.	N/A
Unity SmartTech Inc.	9,000	Innovative technology &application services	(2,564)	Insufficient operating revenue, resulting in losses.	N/A

Investment plan in the next year: None.

(VI) Analysis and evaluation of risk issues in recent year and as of the publication date of the annual report

(Including information security risks)

The executing and responsible units of the risk management organization structure of the Company are as follows:

Responsible unit	Executed content
General Manager Office	It is mainly responsible for evaluating operation decision-making risks and operating risks, and executing responsive measures, and supervising, guiding and coordinating the relevant matters of each department.
Internal Audit	It is mainly responsible for linking corporate goals, risk tolerance and strategies, and actively assisting the managers of the Company in handling all correlated risks of the entire enterprise.
Business Group	The Marketing Business Department includes six major business units which are mainly intended to master market trends and direction at any time to lower the Company’s risks in order receipt processes in consideration of evaluation of market risks and execution of responsive measures.

Financial Management Department	As the unit responsible for the evaluation of relevant financial risk management of the Company and the execution of responsive measure, this department mainly focuses on the evaluation and control of financial risks, liquidity risks and credit risks.
Information Management Department	It is mainly responsible for the evaluation of the Company's network information security and the execution of responsive measures.
Administration Department	It is mainly responsible for the evaluation and control of the Company's legal risks and crisis risk management.

A. Influence of interest rate, change in exchange rate, and inflation on the Company's profit or loss as well as future responsive measures:

1.

Unit: NT$1,000

Item	2024	2023
Net interest income (expense)	12,157	14,631
Net exchange profit (loss)	2,010	698
Ratio of net interest income (expense) to the net operating revenue	0.31%	0.42%
Ratio of net interest income (expense) to the profit before income tax	7.08%	6.39%
Ratio of net exchange profit (loss) to the net operating revenue	0.05%	0.02%
Ratio of net exchange profit (loss) to the profit before income tax	1.17%	0.31%

2. The company's 2024 annual interest expense is NT$451,000, and the net interest income after deducting interest expenses from interest income is NT$12,157,000, which has little impact on profit. However, the company is actively cooperating with various banks to strive for the best preferential interest rate.
3. Since the Company mainly focused on local sale and the trading amount of its foreign sale was not high, the influence of change in exchange rate on the Company's operation was extremely low.
4. According to the Executive Yuan's estimated consumer price index target, the average annual growth rate of Taiwan's consumer price index in 2024 is 2.18%. Since the company is a system-integrated information service industry, the increase in purchase cost due to inflation can also increase the selling price of goods, so inflation has little impact on the company's profit and loss.
5. Future responsive measures:
   (1) Change in interest rate: In 2024, due to the expansion of the operating scale, the amount of short-term loans will increase. However, in the long run, the company has sufficient funds. Under risk control, appropriate funds will be used.
   (2) Change in exchange rate: Master information regarding change in exchange rate, buy or sell foreign currency needed for the business at the right moments, and ask the business department to consider the influence of fluctuation of exchange rate on the selling prices upon quotations, to ensure the Company's reasonable profits.
   (3) Change in inflation: The Company actively maintains benign interaction with suppliers/original manufacturers, and flexibly applies capital to lower purchasing cost.

B. Policies for high-risk and high-leverage investments, lending of funds to others, endorsement guarantee and derivatives trading, main reasons for profit or loss, and future responsive measures:

1. The Company hasn't engaged in any high-risk and high-leverage investment since 2024.
2. The Company hasn't been involved in the lending of funds to others since 2024.
3. The endorsement guarantee of the Company since 2024 is as follows:

   The endorsement guarantee provided by the Company for its subsidiary LEO System Inc. (China) reached NT$30,000,000 respectively as of March 31, 2025.

   The aforesaid endorsement guarantee was the guarantee among companies 100% held by the Group and the ratio of the amount of such endorsement guarantee to the net worth of the Company was insignificant.
4. The Company hasn't engaged in derivatives trading since 2024. If the Company conducts derivatives trading in the future, it will focus on hedging operations, and handle it accordance with "Procedure for Acquisition or Disposal of Assets" of the Company.
5. Future responsive measures: The Company didn't engage in high-risk and high-leverage investments and derivative trading in the past three years, and will still avoid such trading in the future. Lending of funds and endorsement guarantee will be handled in accordance with relevant measures and laws in the future, and relevant risks will be strictly controlled and managed.

C. Future R&D plan and estimated R&D expenses:

The business policy of the Company for 2025 was to continually improve the value and efficiency of customer service, develop all-around information communication infrastructure cloud services, and smart integration services for the application of AI fields, and continuously march towards the strategic direction of application planning of 5G, IoT, AIoT, smart medical and system integration. The R&D expenses to be spent in the next two years are expected to reach approximately NT$80,000,000.

D. Influence of changes of important local and foreign policies and laws in recent year on the Company's finance and business as well as responsive measures:

The Company and its subsidiaries were not subject to the influence of changes of important local and foreign policies and laws on the Company's finance and business in recent year and as of the publication date of the annual report. The Company and its subsidiaries pay attention to the local and foreign political and economic developments at any time, and come up with impact evaluation and responsive plans. The Company also invites external legal consultants to provide problem inquiries and handle relevant legal issues as necessary.

E. Influence of changes of science and technology (including information security risks) as well as industries on the Company's finance and business as well as responsive measures:

The information security risks in innovative fields such as big data analysis, IoT, mobile application service and smart medical, as well as each industry are drawing increasing attention, which benefits the expansion of information services and system integration markets as well as future explosive potential. This trend has a positive influence on the Company.

F. Influence of change of corporate image on the enterprise's crisis management as well as responsive measures:

The Company has actively strengthened its internal management and improved service quality since the incorporation with the objective to establish an excellent corporate image and further enhance customers' trust in the Company. No predictable crisis has been found in recent year and as of the publication date of the annual report.

G. Expected benefits and possible risks of merger and acquisition as well as responsive measures:

The Company integrated Public Power Systems Corporation, Dai-Sheng Technology Corporation and SuperNet Technology Corporation on January 1, 2008 to combine four to one and give play to synergies. The Company has continuously profited in recent year, and currently it has no other merger and acquisition plans.

H. Expected benefits and possible risks of plant enlargement as well as responsive measures: The Company focuses on information service industry and therefore does not have such plan.

I. Risks faced in centralized purchasing or selling of goods as well as responsive measures:

1. The Company has maintained normal contacts with suppliers who are original manufacturers or main distributors in the industry, featuring abundant but decentralized purchasing sources. Therefore, the Company does not have the risk of centralization of purchasing.
2. In 2024, only one customer accounted for more than 10% of total sales. This was mainly due to a significant increase in project revenue. In the future, we will continue to expand our business in multiple directions to prevent the risk of sales concentration. In 2023, there was no customer that accounted for more than 10% of total sales.

J. Influence and risks of abundant transfer or replacement of equity held by directors, supervisors, or major shareholders holding more than ten percent of shares of the Company on the Company as well as responsive measures: None.

K. Influence and risks of change of managerial right on the Company as well as responsive measures: The Company had no such situation and it is thus not applicable.

L. For litigation or non-litigation events, the major litigation, non-litigation, or administrative dispute events already judged or currently being investigated that involve the Company and its directors, supervisors, general manager, substantial principal, shareholders with shareholding ratio above ten percent and subordinate companies shall be specified. If the results of such events may have a major influence on the shareholders' equity or securities prices, the facts of the disputes, target amount, starting date of litigation, main parties involved in the litigation, and the handling status of such events as of the publication date of the annual report shall be disclosed: The Company had no such situation and it is thus not applicable.

M. Other important risks and responsive measures: The Company had no such situation and it is thus not applicable.

(VII) Other important matters

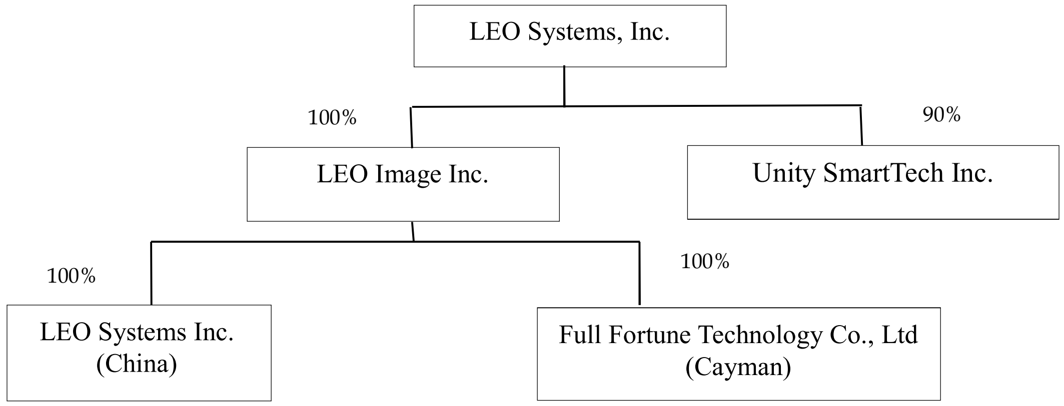
None.

6.Special Notes

(I) Related information of affiliates

A. Joint venture report

1. Affiliates' organization:



2. Basic information of affiliates:

March 31, 2025

Name of enterprise	Date of incorporation	Address	Paid-in capital (Unit: NT$)	Main business or production item
LEO Image Inc.	July 22, 1997	3F, No. 133, Minquan Road, Xindian District, New Taipei City	NTD110,000,000	PC sales
LEO System Inc. (China)	July 2, 2007	Rm1320, Qinghai Mansion, No.7043, Beihuan Road, Futian District, Shenzhen, China	USD809,000	System integration
Full Fortune Technology Co., Ltd (Cayman)	May 6, 2002	4th Floor, P.O. BOX 2804, George Town, Grand Cayman, Cayman Islands	USD1,570,000	Investment
Unity SmartTech Inc.	April 15, 2022	No. 1-1, Nantai Road, Taishan District, New Taipei City	NTD10,000,000	Innovative development and operating services of smart medical, preventive medicine, and scientific long-term care

(1) Control and subordinate relations assumed according to Article 369-3 of the Company Act: None.

(2) Business operated by all affiliates: PC sales, software planning and design, computer hardware maintenance, agency of large computer systems, and investment business.

3. Information of directors and supervisors of affiliates:

March 31, 2025; unit: Share; %

Name of enterprise	Title	Name or representative	Shares held	
			Number of shares	Shareholding ratio
LEO Image Inc.	Chairman	Representative of LEO Systems, Inc.: Wen,Chien-Liang	11,000,000	100
LEO System Inc. (China)	Chairman	Representative of LEO Image Inc.: Wang,Shih-Chao	Note	100
Full Fortune Technology Co., Ltd (Cayman)	Chairman	Representative of LEO Image Inc.: Liu, Jui-Hsing	1,570,000	100
Unity SmartTech Inc.	Chairman	Representative of LEO Systems, Inc.: Jou,Shao-Huey	900,000	90
	Director	Representative of LEO Systems, Inc.: Wang,Shih-Chao		
	Director	Representative of LEO Systems, Inc.: Tang,Hui-Kang		
	Supervisor	Hung. Kuo-Yung	100,000	10

Note: As limited companies, the companies above haven't issued any share.

4. Operation overview of affiliates:

December 31, 2024 Unit: NT$1,000

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Profit(loss) from operations	Net profit for the year	Earnings per share (NT$) after tax
LEO Image Inc.	110,000	137,359	21,893	115,466	108,653	(10,662)	(898)	(0.00)
LEO System Inc. (China)	25,447	53,268	9,031	44,237	110,648	1,676	1,415	-
Full Fortune Technology Co., Ltd (Cayman)	54,464	2	0	2	0	0	0	-
Unity SmartTech Inc.	10,000	13,433	6,084	7,349	0	(2,894)	(2,849)	(0.00)

B. (II) Consolidated financial statements of affiliates: Please refer to the consolidated financial statements of parent company and subsidiaries in Financial Status.

C. (III) Relation report: None.

(II) Handling status of private placement of valuable securities in recent year and as of the publication date of the annual report

Not involved

(III) Other necessary supplementary clarifications

Not involved

7.Item 8, Paragraph 1, Section 3, Item 8 of Article 10 of the Guidelines on Matters to be Recorded in Annual Reports of Public Companies,execution status of internal control system, the first paragraph of Section 7, changes (transfer and pledge) of equity of insider equity, and Article 17, execution status of capital application plans and matters that should be recorded in the provisions of Article 21, Subparagraph 1, related information of affiliates, Subparagraph 2,handling status of private placement of valuable securities, etc. may be disclosed in the form of information index in the annual report.

1. Implementation status of the internal control system of Article 10, paragraph 1, item 3, item 8: details on page 66.
2. Article 10, Paragraph 1, Item 7, first paragraph, insider equity transfer and equity pledge changes: details on page 72.
3. Implementation of Article 17 Fund Utilization Plan: Details on page 93.
4. Information on related enterprises under Article 21, Paragraph 1: see page 133.
5. Article 21, Paragraph 2, regarding the handling of private placement of securities: see page 134 for details.

The matters required to be recorded as specified above may be disclosed in the form of information index in this annual report.

8.Event having a major influence on shareholders' equity or securities prices as stipulated in Article 36-2-2 of the Securities and Exchange Act in recent year and as of the publication date of the annual report.

Not involved.

LEO Systems, Inc.

Chairman Wang,Chau-Chyun

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