

Stock Code: 5410



LEO SYSTEMS, INC.

2023 General Shareholders' Meeting Meeting Handbook

Convocation Manner: Physical shareholders' meeting

Date: 7 June 2023

Location: Meeting Hall, 2F., No. 12, Zhouzi St., Neihu Dist., Taipei City

Table of Contents

I. Meeting Agenda.....	2
II. Reported Matters.....	3
III. Approval Matters.....	4
IV. Discussion Matters.....	6
V. Election Matters.....	7
VI. Motion.....	7
VII. Attachments	
1. 2023 Business Report.....	8
2. 2023 Audit Commission Audit Report.....	12
3. 2023 CPA Audit Report and Financial Statements	13
4. Clauses of Articles of Incorporation before and after amendment.....	33
5. Clauses of Rules of Procedure for Shareholders Meetings before and after amendment.....	34
IX. Appendix	
1. Rules of Procedure for Shareholders Meetings (before amendment).....	50
2. Articles of Incorporation (before amendment).....	59
3. Director Election Method.....	65
4. Director Shareholding.....	67

Leo System Inc.

2023 General Shareholders' Meeting

Meeting Time: 9 a.m. (Wednesday) 7 June 2023

Meeting Location: Meeting Hall, 2F., No. 12, Zhouzi St., Neihu Dist., Taipei City

Convocation Manner: Physical shareholders' meeting

1. Commencement of meeting (number of shares represented reported)
2. Chairman's speech
3. Reported matters
 - (1) 2022 Business Report
 - (2) 2022 Audit Committee Audit Report
 - (3) 2022 Employee and Director Remuneration Distribution Status Report
4. Approval matters
 - (1) 2022 Business Report and Financial Statements
 - (2) 2022 Profit Distribution Proposal
5. Discussion matters
 - (1) Amendment to certain clauses of the Company's Articles of Incorporation
 - (2) Amendment to certain clauses of the Company's Rules of Procedure for Shareholders Meetings
6. Election Matters
 - (1) Election to fill vacancy in 17th term of one independent director.
7. Motions
8. Adjournment

Reported Matters

1. 2022 Business Report is submitted for review.
Illustration: For 2022 Business Report, please refer to Attachment 1 on pages 8-11 of this Handbook.
2. 2022 Audit Committee Audit Report is submitted for review.
Illustration: For Audit Committee Audit Report, please refer to Attachment 2 on page 12 of this Handbook
3. 2022 Employee and Director Remuneration Distribution Status Report is submitted for review.
 - (1) In accordance with Article 21 of the Company's Articles of Incorporation, depending on the profit of the Company in the current year, 5% shall be distributed as employee remuneration and no more than 2% of the current-year profit shall be distributed as director remuneration. However, if the Company still has accumulated losses, such losses shall be compensated.
 - (2) Employee remuneration of NT\$18,691,563 and director remuneration of NT\$7,476,625 are provisioned for 2022, both to be issued in cash.
 - (3) The above amounts are consistent with the expense accounted for in 2022.

Approval Matters

Agenda 1 Proposed by Board of Directors

Subject: 2022 Business Report and Financial Statements are submitted for approval

Illustration:

1. The Company's 2022 consolidated financial statements and annual parent company only financial statements have been audited by CPAs Liu,Shu-Lin and Shyu,Wen-Yea of Deloitte Taiwan and have submitted to the audit committee for review together with the Business Report. A written audit report has been issued.
2. 2022 Business Report, CPA Audit Report, consolidated financial statements and annual parent company only financial statements are included as Attachment 1 on pages 8-11 and Attachment 3 on pages 13-32 of this Handbook.
3. Approval requested.

Resolution:

Agenda 2 Proposed by Board of Directors

Subject: 2022 profit distribution proposal is submitted for approval.

Illustration:

1. The Company's 2021 after-tax profit is NT\$285,370,012. It is proposed that NT\$222,165,308 be distributed as cash dividend. Based on 88,866,123 outstanding shares as of 24 February 2023, cash dividend per share is NT\$2.5. According to the Company Act and the Articles of Incorporation of the Company, 2022 profit distribution table is proposed on page 5 of this Handbook.
2. Among the amount of this profit distribution, 2022 profit shall be distributed first.
3. If the number of outstanding shares changes due to subsequent change in the Company's share capital, buyback of the Company's shares, transfer or cancellation of treasury shares, exercise of employee stock options or other reasons, resulting in a change of shareholder dividend distribution ratio, it is proposed that the general shareholders' meeting authorize the chairman to handle the event with full discretion.
4. This cash dividend will be calculated up to a minimum of NT\$1 in accordance with the distribution ratio. Any fractional number shall be ignored. The sum of fractional numbers shall be adjusted based on the numbers following the decimal point in descending order and also in the order of registration of shareholder account number to calculate the final total amount of cash dividend to be distributed.
5. Upon approval of this proposal by the shareholders' meeting, the chairman is authorized to set relevant matters such as the dividend distribution record date and issue date, etc.
6. Approval requested.

Resolution:

LEO Systems, Inc.
Profit Distribution Statement of 2022

Unit: NT\$

Item	Amount
Beginning undistributed profit	68,609,273
Actuarial (loss) profit included to retained earnings	5,675,672
Undistributed profit after adjustment	74,284,945
Net profit after tax in 2022	285,370,012
Less: 10% of profit withdrawn as statutory surplus reserve	(29,104,568)
Less: Special surplus reserve listed according to law	(18,474,525)
Profit available for distribution	312,075,864
Distribution items	
Shareholders' dividends-NT\$2.5 per share in cash (Note)	(222,165,308)
Undistributed profit at the end of period	89,910,556

Note: The number of shares above is calculated as 88,866,123 outstanding shares as of February 24, 2023.

Chairman:
Wang,Chau-Chyun

General Manager:
Wang,Chau-Chyun

Accounting Manager:
Wu,Chien-Fang

Discussion Matters

Agenda 1 Proposed by Board of Directors

Subject: Amendment to certain clauses of the Company's Articles of Incorporation is submitted for discussion.

Illustration:

1. According to the needs of the company's operation and development, the number of directors in Article 14 of the company's articles of Incorporation was revised from original seven to seven to nine.
2. Clauses of the Articles of Incorporation before and after amendment are listed in Attachment 4 on page 33 of this Handbook.
3. Discussion requested.

Resolution:

Agenda 2 Proposed by Board of Directors

Subject: Amendment to certain clauses of the Company's Rules of Procedure for Shareholders Meetings is submitted for discussion

Illustration:

1. In response to the amendment to Article 172-2 of the Company Law, public companies can hold shareholders' meetings via videoconferencing and according to Financial-Supervisory-Securities-Corporate-No. 1110133385 announcement, it is proposed to amend some provisions of the Company's Rules of Procedure for Shareholders Meetings.
2. Clauses of the Company's Rules of Procedure for Shareholders Meetings before and after amendment are listed in Attachment 5 on pages 34-49 of this Handbook.
3. Discussion requested.

Resolution:

Election Matters

Agenda 1 Proposed by Board of Directors

Subject: Election to fill vacancy in 17th term of one independent director.

Illustration:

1. In accordance with Article 4 of the " Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEX Listed Companies ", it is proposed to add an independent director.
2. This director election is held under candidate nomination system. The board of directors of the Company nominates Mr. Liao,Hsiang-Ruei as candidate independent director of the Company. His academic and professional backgrounds and shareholding are as follows:

Nominee category	Account name or Name	Academic qualifications	Experience	Current position	Number of company shares held	Has served as an independent director for three consecutive terms?
Independent Director	Liao,Hsiang-Ruei	Ph.D., Institute of Pharmacology, National Taiwan University	<ul style="list-style-type: none">● Assistant Professor of Chang Gung University● Full-time associate professor of Chang Gung University● Professor of Chang Gung University	Professor of Chang Gung University	0	No

3. The term of office of the new independent directors will start from June 7, 2023 until July 25, 2024, when the original term of office is completed.
4. This election is conducted in accordance with the company's "Director Election Method".
5. Call for elections.

Election Result:

Motions

Adjournment

Attachment 1

Leo Systems, Inc. 2022 Business Report

In 2022, with the gradual popularization of vaccination, the impact of the epidemic on the global economy is gradually easing. However, due to the impact of geopolitical conflicts and global inflation, the economic outlook is still difficult to improve, and the growth momentum of the global economy is slowing down. In terms of the domestic economy, Taiwan's export growth has slowed down, and manufacturers' investment has turned conservative. Fortunately, the impact of the epidemic has gradually faded, and relevant government measures have been gradually liberalized. Domestic consumption and related industries have performed better, making the economic support shift from export sales to domestic demand. produce too much volatility. The Company is specialized in the information service industry and focuses Taiwan as its main sales market. With the efforts of the management team, we managed to face the challenges of the epidemic with our customers by providing all-around software and hardware services. Thanks to "Program for Promotion of Online Learning in Primary and Secondary Schools" launched by the Ministry of Education, in 2022, substantial growth of revenue and profits of the Company was realized.

When looking into the year of 2023, our management team will continually improve the value and efficiency of customer service, promote the Company's digital transformation, and contribute to the global environmental protection while maintaining further business growth in the hope that we can live up to the support and expectations from our shareholders.

(I) Business plan and implementation results of 2022

A. Business plan and implementation results of 2022

Due to the influence of the COVID-19 epidemic, some of the Company's business was slightly impacted in 2022. Fortunately, thanks to "Program for Promotion of Online Learning in Primary and Secondary Schools" launched by the Ministry of Education, the Company still maintained a substantial growth in its operating income and net profit. In 2022, the individual revenue and consolidated revenue of the Company reached NT\$6,202,141,000 and NT\$6,645,116,000 respectively, up by 82.54% and 85.07% compared with NT\$3,397,644,000 of individual revenue and NT\$3,590,677,000 of consolidated revenue of LEO Systems, Inc. in 2021. In 2022, the individual and consolidated net profit after tax was NT\$285,370,000 and NT\$285,353,000 respectively, up by NT\$98,877,000 and NT\$98,860,000 compared with that in 2021.

Analysis of Financial Revenue and Expenditure & Profitability-Individual

Unit: NT\$1,000

	Item	2022	2021
Financial revenue and expenditure	Operating revenue	6,202,141	3,397,644
	Gross profit	814,120	592,614
	Operating expenses	531,948	418,483
	Profit from operations	282,172	174,131
	Net profit for the year	285,370	186,493
Profitability	Return on assets (%)	8.17	7.37
	Return on equity (%)	20.77	14.84
	Net profit margin (%)	4.60	5.49
	Basic earnings per share (NT\$)	3.24	2.14

Analysis of Financial Revenue and Expenditure & Profitability-Consolidated

Unit: NT\$1,000

	Item	2022	2021
Financial revenue and expenditure	Operating revenue	6,645,116	3,590,677
	Gross profit	854,261	611,565
	Operating expenses	552,869	431,666
	Profit from operations	301,392	179,899
	Net profit for the year	285,353	186,493
Profitability	Return on assets (%)	7.90	7.24
	Return on equity (%)	20.77	14.84
	Net profit margin (%)	4.29	5.19
	Basic earnings per share (NT\$)	3.24	2.14

The business operation of the Company in 2022 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 2022: 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 2022, and therefore it is not applicable.
- C. R&D status: 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 technological integration application platform, established training

emulators, and worked on the development of AI preventive medical techniques, etc.

(II) Outline of business plan of 2023

A. Management policy:

The management policy of 2023 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, reorganized as Innovation and Development Center in 2023), Business Unit 5 (BU5), Business Unit 6 (BU6), Business Unit 7 (BU7), Mobile Intelligent Project Division, R&D Center and Customer Care Center. Each department is specialized in relevant professional fields and works together to form concerted efforts with the objective to reinforce the Company's 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 2023. 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.

Chairman:
Wang,Chau-Chyun

General Manager:
Wang,Chau-Chyun

Accounting Manager:
Wu,Chien-Fang

Attachment 2

LEO Systems, Inc. Audit Report of the Audit Committee

The Board of Directors prepared and submitted individual and consolidated financial reports for the year 2022, and these reports have already been verified by CPAs Liu, Shu-Lin and Shyu, Wen-Yea from Deloitte & Touche, Taiwan who issued an audit report. The Audit Committee has reviewed and confirmed that no inconsistency has existed in the aforesaid financial reports together with business report and proposal for profit distribution, and thus reports as above for review according to the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Regards.

Regular Shareholders' Meeting of the Company in 2023

LEO Systems, Inc.
Audit Committee
Convener: Cheng, Sheng-In

Date: March 8, 2023

Attachment 3

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Leo Systems, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Leo Systems, Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Revenue Recognition

In accordance with the accounting policy described in Note 4, revenue from the sale of goods is recognized when the customer obtains the control and satisfies the performance obligations. We performed analytical procedures to determine the gross profit margin of the revenue and selected the higher gross profit margin of the product sales, the total amount of which is material to the financial statements were deemed to be a key audit matter.

We understood and tested the effectiveness of the design and implementation of internal controls with respect to revenue recognition and accounting policy. We verified the consistency of related contracts or sales orders between the accounting treatment for sales of goods and the policy on revenue recognition. We selected samples of revenue from the aforementioned products to confirm that revenue transactions had indeed occurred and been met in accordance with the accounting standards.

Other Matters

We have also audited the parent company only financial statements of Leo Systems, Inc. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including management and the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Lin Liu and Wen-Yea, Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

LEO SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 307,135	7	\$ 221,522	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	30,832	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	7,420	-	15,140	-
Notes and accounts receivable, net (Notes 4 and 9)	2,776,453	58	952,986	37
Notes and accounts receivable - related parties (Notes 4, 9 and 34)	51,724	1	50,188	2
Inventories (Notes 4 and 11)	424,629	9	170,163	7
Other financial assets (Notes 4, 10 and 31)	143,911	3	98,598	4
Other current assets (Notes 17, 34 and 35)	<u>72,889</u>	<u>2</u>	<u>46,562</u>	<u>2</u>
Total current assets	<u>3,784,161</u>	<u>80</u>	<u>1,585,991</u>	<u>62</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	13,692	-	24,904	1
Investments accounted for using the equity method (Notes 4 and 13)	184,205	4	182,522	7
Property, plant and equipment (Notes 4, 14 and 35)	82,031	2	159,492	6
Right-of-use assets (Notes 4 and 15)	57,254	1	63,021	3
Computer software (Note 4)	243	-	461	-
Goodwill (Notes 4 and 16)	94,746	2	94,746	4
Deferred tax assets (Notes 4 and 28)	381	-	2,400	-
Refundable deposits (Notes 17 and 34)	383,783	8	289,675	12
Finance lease receivables - non-current (Notes 4 and 10)	144,498	3	131,445	5
Other assets - non-current (Notes 17 and 35)	<u>4,792</u>	<u>-</u>	<u>3,673</u>	<u>-</u>
Total non-current assets	<u>965,625</u>	<u>20</u>	<u>952,339</u>	<u>38</u>
TOTAL	<u>\$ 4,749,786</u>	<u>100</u>	<u>\$ 2,538,330</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 557,397	12	\$ 19,551	1
Notes and accounts payable (Note 19)	2,219,988	47	735,266	29
Accounts payable - related parties (Note 34)	1,365	-	1,365	-
Other payables (Note 20)	224,615	5	188,286	7
Other payables - related parties (Note 34)	501	-	556	-
Current tax liabilities (Notes 4 and 28)	49,272	1	24,841	1
Lease liabilities - current (Notes 4, 15 and 34)	14,753	-	12,628	1
Other current liabilities (Note 20)	<u>129,089</u>	<u>2</u>	<u>113,061</u>	<u>4</u>
Total current liabilities	<u>3,196,980</u>	<u>67</u>	<u>1,095,554</u>	<u>43</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 28)	18,949	1	17,886	1
Lease liabilities - non-current (Notes 4, 15 and 34)	43,398	1	50,459	2
Net defined benefit liabilities (Notes 4 and 21)	52,383	1	60,255	2
Guarantee deposits	<u>1,390</u>	<u>-</u>	<u>1,810</u>	<u>-</u>
Total non-current liabilities	<u>116,120</u>	<u>3</u>	<u>130,410</u>	<u>5</u>
Total liabilities	<u>3,313,100</u>	<u>70</u>	<u>1,225,964</u>	<u>48</u>
EQUITY				
Share capital (Note 22)	882,301	19	873,701	34
Capital collected in advance	209	-	75	-
Capital surplus (Note 22)	15,494	-	10,800	1
Retained earnings (Note 22)				
Legal reserve	155,266	3	134,481	5
Special reserve	45,196	1	76,584	3
Unappropriated earnings	359,654	8	220,667	9
Other equity (Note 22)				
Exchange differences on translation of financial statements of foreign operations	(209)	-	(666)	-
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>(22,208)</u>	<u>(1)</u>	<u>(3,276)</u>	<u>-</u>
Total equity attributable to the owners of the Company	1,435,703	30	1,312,366	52
NON-CONTROLLING INTERESTS	<u>983</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,436,686</u>	<u>30</u>	<u>1,312,366</u>	<u>52</u>
TOTAL	<u>\$ 4,749,786</u>	<u>100</u>	<u>\$ 2,538,330</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

LEO SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 34)	\$ 6,645,116	100	\$ 3,590,677	100
OPERATING COSTS (Notes 11, 24, 25, 26, and 34)	<u>5,790,855</u>	<u>87</u>	<u>2,979,112</u>	<u>83</u>
GROSS PROFIT	<u>854,261</u>	<u>13</u>	<u>611,565</u>	<u>17</u>
OPERATING EXPENSES (Notes 4, 9, 21, 25, 26, 27 and 34)				
Selling and marketing expenses	415,618	6	324,210	9
General and administrative expenses	80,310	1	68,566	2
Research and development expenses	39,353	1	36,521	1
Expected credit loss	<u>17,588</u>	<u>1</u>	<u>2,369</u>	<u>-</u>
Total operating expenses	<u>552,869</u>	<u>9</u>	<u>431,666</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>301,392</u>	<u>4</u>	<u>179,899</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	7,658	-	5,189	-
Other income (Notes 31 and 34)	33,823	1	35,061	1
Other gains and losses (Note 34)	3,234	-	(1,182)	-
Finance costs (Note 34)	(3,255)	-	(1,071)	-
Share of profit or loss of associates (Note 13)	<u>8,038</u>	<u>-</u>	<u>7,211</u>	<u>-</u>
Total non-operating income and expenses	<u>49,498</u>	<u>1</u>	<u>45,208</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	350,890	5	225,107	6
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(65,537)</u>	<u>(1)</u>	<u>(38,614)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>285,353</u>	<u>4</u>	<u>186,493</u>	<u>5</u>

(Continued)

LEO SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Notes 4 and 21)	\$ 7,094	-	\$ (2,151)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income (Note 22)	(18,932)	-	54,687	2
Income tax related to items that will not be reclassified subsequently to profit or loss (Notes 4 and 28)	(1,419)	-	430	-
	<u>(13,257)</u>	<u>-</u>	<u>52,966</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss (Note 22)				
Exchange differences on translating foreign operations	457	-	(221)	-
Other comprehensive loss for the year, net of income tax	<u>(12,800)</u>	<u>-</u>	<u>52,745</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 272,553</u>	<u>4</u>	<u>\$ 239,238</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 285,370	4	\$ 186,493	5
Non-controlling interests	(17)	-	-	-
	<u>\$ 285,353</u>	<u>4</u>	<u>\$ 186,493</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 272,570	4	\$ 239,238	7
Non-controlling interests	(17)	-	-	-
	<u>\$ 272,553</u>	<u>4</u>	<u>\$ 239,238</u>	<u>7</u>
EARNINGS PER SHARE (Note 29)				
From continuing operations				
Basic	<u>\$ 3.24</u>		<u>\$ 2.14</u>	
Diluted	<u>\$ 3.16</u>		<u>\$ 2.10</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

LEO SYSTEMS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to the Owners of the Company										
	Share Capital	Capital Collected in Advance	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	\$ 859,001	\$ -	\$ 4,975	\$ 117,516	\$ 75,480	\$ 178,693	\$ (445)	\$ (34,885)	\$ 1,200,335	\$ -	\$ 1,200,335
Appropriation of 2020 earnings											
Legal reserve	-	-	-	16,965	-	(16,965)	-	-	-	-	-
Special reserve	-	-	-	-	1,104	(1,104)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(147,807)	-	-	(147,807)	-	(147,807)
Changes in percentage of ownership interests in the subsidiary	-	-	5	-	-	-	-	-	5	-	5
Issuance of stock from exercise of employee share options	14,700	75	5,820	-	-	-	-	-	20,595	-	20,595
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	23,078	-	(23,078)	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	186,493	-	-	186,493	-	186,493
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(1,721)	(221)	54,687	52,745	-	52,745
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	184,772	(221)	54,687	239,238	-	239,238
BALANCE AT DECEMBER 31, 2021	873,701	75	10,800	134,481	76,584	220,667	(666)	(3,276)	1,312,366	-	1,312,366
Appropriation of 2021 earnings											
Legal reserve	-	-	-	20,785	-	(20,785)	-	-	-	-	-
Special reserve	-	-	-	-	(31,388)	31,388	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(162,661)	-	-	(162,661)	-	(162,661)
Changes in percentage of ownership interests in the subsidiary	-	-	65	-	-	-	-	-	65	-	65
Changes in associates accounted for using the equity method	-	-	77	-	-	-	-	-	77	-	77
Non-controlling interests	-	-	-	-	-	-	-	-	-	1,000	1,000
Issuance of stock from exercise of employee share options	8,600	134	4,552	-	-	-	-	-	13,286	-	13,286
Net profit for the year ended December 31, 2022	-	-	-	-	-	285,370	-	-	285,370	(17)	285,353
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	5,675	457	(18,932)	(12,800)	-	(12,800)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	291,045	457	(18,932)	272,570	(17)	272,553
BALANCE AT DECEMBER 31, 2022	\$ 882,301	\$ 209	\$ 15,494	\$ 155,266	\$ 45,196	\$ 359,654	\$ (209)	\$ (22,208)	\$ 1,435,703	\$ 983	\$ 1,436,686

The accompanying notes are an integral part of the consolidated financial statements.

LEO SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 350,890	\$ 225,107
Adjustments for:		
Depreciation expense	98,464	97,596
Amortization expense	463	485
Expected credit loss recognized on accounts receivable	17,588	2,369
Net gain on fair value changes of financial assets at fair value through profit or loss	(2,358)	(66)
Finance costs	3,255	1,071
Interest income	(7,658)	(5,189)
Compensation costs of employee share options	2,533	723
Share of profit or loss of associates	(8,038)	(7,211)
Gain on disposal of property, plant and equipment	-	(62)
Gain on lease modification	(1)	-
Changes in operating assets and liabilities		
Notes and accounts receivable	(1,841,365)	(193,807)
Notes and accounts receivable - related parties	(1,226)	(25,715)
Inventories	(254,797)	246,755
Other current assets	(26,327)	15,994
Other financial assets	859	5,874
Finance lease receivables	(59,225)	(67,749)
Notes and accounts payable	1,484,722	(46,373)
Notes and accounts payable - related parties	-	(1,048)
Other payables	36,329	(19,054)
Other payables - related parties	(55)	38
Other current liabilities	16,028	(137,006)
Net defined benefit liabilities	(778)	(1,010)
Cash (used in) generated from operations	(190,697)	91,722
Interest received	7,658	5,189
Interest paid	(2,636)	(985)
Income tax paid	(39,443)	(36,942)
Net cash (used in) generated from operating activities	<u>(225,118)</u>	<u>58,984</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	42,754
Proceeds from disposal of financial assets at fair value through profit or loss	33,190	-
Payments for property, plant and equipment	(6,017)	(1,982)
Proceeds from disposal of property, plant and equipment	-	149
Increase in refundable deposits	(94,108)	(45,244)
Payments for intangible assets	(245)	(87)

(Continued)

LEO SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in other assets - non-current	\$ (1,119)	\$ 4,957
Dividend received from associates	<u>6,432</u>	<u>7,638</u>
Net cash (used in) generated from investing activities	<u>(61,867)</u>	<u>8,185</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	537,846	(56,633)
Refund of guarantee deposits received	(420)	(185)
Repayment of the principal portion of lease liabilities	(14,440)	(14,277)
Dividends paid	(162,661)	(147,807)
Proceeds from exercise of employee share options	10,818	19,877
Increase in non-controlling interests	<u>1,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>372,143</u>	<u>(199,025)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>455</u>	<u>(221)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	85,613	(132,077)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>221,522</u>	<u>353,599</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 307,135</u>	<u>\$ 221,522</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Leo Systems, Inc.

Opinion

We have audited the accompanying financial statements of Leo Systems, Inc. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the financial statements for the year ended December 31, 2022 is stated as follows:

Revenue Recognition

In accordance with the accounting policy described in Note 4, revenue from the sale of goods is recognized when the customer obtains the control and satisfies the performance obligations. We performed analytical procedures to determine the gross profit margin of the revenue and selected the higher gross profit margin of the product sales, the total amount of which is material to the financial statements were deemed to be a key audit matter.

We understood and tested the effectiveness of the design and implementation of internal controls with respect to revenue recognition and accounting policy. We verified the consistency of related contracts or sales orders between the accounting treatment for sales of goods and the policy on revenue recognition. We selected samples of revenue from the aforementioned products to confirm that revenue transactions had indeed occurred and been met in accordance with the accounting standards.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including management and the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Lin Liu and Wen-Yea, Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

LEO SYSTEMS, INC.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 206,624	5	\$ 152,368	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	10,050	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	7,420	-	15,140	1
Notes and accounts receivable, net (Notes 4 and 9)	2,579,717	57	910,941	36
Notes and accounts receivable - related parties (Notes 4, 9 and 34)	51,890	1	50,352	2
Inventories (Notes 4 and 11)	416,064	9	160,488	6
Other financial assets (Notes 4, 10 and 30)	141,875	3	97,319	4
Other current assets (Notes 16, 34 and 35)	<u>64,983</u>	<u>1</u>	<u>36,908</u>	<u>2</u>
Total current assets	<u>3,468,573</u>	<u>76</u>	<u>1,433,566</u>	<u>57</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	13,692	1	24,904	1
Investments accounted for using the equity method (Notes 4 and 12)	323,629	7	303,492	12
Property, plant and equipment (Notes 4, 13 and 35)	81,909	2	159,384	6
Right-of-use assets (Notes 4 and 14)	57,254	1	63,021	3
Computer software (Note 4)	243	-	461	-
Goodwill (Notes 4 and 15)	94,746	2	94,746	4
Deferred tax assets (Notes 4 and 27)	381	-	2,400	-
Refundable deposits (Notes 16 and 34)	352,472	8	284,576	12
Finance lease receivables - non-current (Notes 4 and 10)	139,947	3	131,445	5
Other assets - non-current (Notes 16 and 35)	<u>4,344</u>	<u>-</u>	<u>3,415</u>	<u>-</u>
Total non-current assets	<u>1,068,617</u>	<u>24</u>	<u>1,067,844</u>	<u>43</u>
TOTAL	<u>\$ 4,537,190</u>	<u>100</u>	<u>\$ 2,501,410</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 550,000	12	\$ -	-
Notes and accounts payable (Note 18)	2,028,513	45	721,462	29
Accounts payable - related parties (Note 34)	1,365	-	1,665	-
Other payables (Note 19)	218,952	5	186,608	8
Other payables - related parties (Note 34)	501	-	556	-
Current tax liabilities (Notes 4 and 27)	46,623	1	24,235	1
Lease liabilities - current (Notes 4, 14 and 34)	14,753	-	12,628	1
Other current liabilities (Note 19)	<u>124,660</u>	<u>3</u>	<u>111,481</u>	<u>4</u>
Total current liabilities	<u>2,985,367</u>	<u>66</u>	<u>1,058,635</u>	<u>43</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 27)	18,949	-	17,886	1
Lease liabilities - non-current (Notes 4, 14 and 34)	43,398	1	50,459	2
Net defined benefit liabilities (Notes 4 and 20)	52,383	1	60,255	2
Guarantee deposits	<u>1,390</u>	<u>-</u>	<u>1,809</u>	<u>-</u>
Total non-current liabilities	<u>116,120</u>	<u>2</u>	<u>130,409</u>	<u>5</u>
Total liabilities	<u>3,101,487</u>	<u>68</u>	<u>1,189,044</u>	<u>48</u>
EQUITY				
Share capital (Note 21)	882,301	20	873,701	35
Capital collected in advance	-	-	75	-
Capital surplus (Note 21)	15,494	-	10,800	-
Retained earnings (Note 21)				
Legal reserve	155,266	3	134,481	5
Special reserve	45,196	1	76,584	3
Unappropriated earnings	359,654	8	220,667	9
Other equity (Note 21)				
Exchange differences on translation of financial statements of foreign operations	-	-	(666)	-
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>(22,208)</u>	<u>-</u>	<u>(3,276)</u>	<u>-</u>
Total equity	<u>1,435,703</u>	<u>32</u>	<u>1,312,366</u>	<u>52</u>
TOTAL	<u>\$ 4,537,190</u>	<u>100</u>	<u>\$ 2,501,410</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

LEO SYSTEMS, INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 34)	\$ 6,202,141	100	\$ 3,397,644	100
OPERATING COSTS (Notes 11, 23, 24 and 34)	<u>5,388,021</u>	<u>87</u>	<u>2,805,030</u>	<u>83</u>
GROSS PROFIT	<u>814,120</u>	<u>13</u>	<u>592,614</u>	<u>17</u>
OPERATING EXPENSES (Notes 4, 9, 20, 24, 25, 26 and 34)				
Selling and marketing expenses	391,887	6	307,296	9
General and administrative expenses	83,836	2	72,296	2
Research and development expenses	39,353	1	36,522	1
Expected credit loss	<u>16,872</u>	<u>-</u>	<u>2,369</u>	<u>-</u>
Total operating expenses	<u>531,948</u>	<u>9</u>	<u>418,483</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>282,172</u>	<u>4</u>	<u>174,131</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	7,569	-	5,114	-
Other income (Notes 30 and 34)	33,106	1	28,040	1
Other gains and losses (Note 34)	1,196	-	(995)	-
Finance costs (Note 34)	(2,590)	-	(509)	-
Share of profit or loss of subsidiaries and associates (Note 12)	<u>26,210</u>	<u>-</u>	<u>17,253</u>	<u>-</u>
Total non-operating income and expenses	<u>65,491</u>	<u>1</u>	<u>48,903</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	347,663	5	223,034	6
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(62,293)</u>	<u>(1)</u>	<u>(36,541)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>285,370</u>	<u>4</u>	<u>186,493</u>	<u>5</u>

(Continued)

LEO SYSTEMS, INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Notes 4 and 20)	\$ 7,094	-	\$ (2,151)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(18,932)	-	54,687	2
Income tax related to items that will not be reclassified subsequently to profit or loss (Notes 4 and 27)	<u>(1,419)</u>	<u>-</u>	<u>430</u>	<u>-</u>
	<u>(13,257)</u>	<u>-</u>	<u>52,966</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss (Note 21)				
Exchange differences on translating foreign operations	<u>457</u>	<u>-</u>	<u>(221)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(12,800)</u>	<u>-</u>	<u>52,745</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 272,570</u>	<u>4</u>	<u>\$ 239,238</u>	<u>7</u>
EARNINGS PER SHARE (Note 28)				
From continuing operations				
Basic	<u>\$ 3.24</u>		<u>\$ 2.14</u>	
Diluted	<u>\$ 3.16</u>		<u>\$ 2.10</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

LEO SYSTEMS, INC.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Collected in Advance	Capital Surplus	Retained Earnings			Other Equity		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$ 859,001	\$ -	\$ 4,975	\$ 117,516	\$ 75,480	\$ 178,693	\$ (445)	\$ (34,885)	\$ 1,200,335
Appropriation of 2020 earnings									
Legal reserve	-	-	-	16,965	-	(16,965)	-	-	-
Special reserve	-	-	-	-	1,104	(1,104)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(147,807)	-	-	(147,807)
Changes in percentage of ownership interests in the subsidiary	-	-	5	-	-	-	-	-	5
Compensation cost of employee share options	14,700	75	5,820	-	-	-	-	-	20,595
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	23,078	-	(23,078)	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	186,493	-	-	186,493
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(1,721)	(221)	54,687	52,745
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	184,772	(221)	54,687	239,238
BALANCE AT DECEMBER 31, 2021	873,701	75	10,800	134,481	76,584	220,667	(666)	(3,276)	1,312,366
Appropriation of 2021 earnings									
Legal reserve	-	-	-	20,785	-	(20,785)	-	-	-
Special reserve	-	-	-	-	(31,388)	31,388	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(162,661)	-	-	(162,661)
Changes in percentage of ownership interests in the subsidiary	-	-	65	-	-	-	-	-	65
Changes in associates accounted for using the equity method	-	-	77	-	-	-	-	-	77
Compensation cost of employee share options	8,600	134	4,552	-	-	-	-	-	13,286
Net profit for the year ended December 31, 2022	-	-	-	-	-	285,370	-	-	285,370
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	5,675	457	(18,932)	(12,800)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	291,045	457	(18,932)	272,570
BALANCE AT DECEMBER 31, 2022	\$ 882,301	\$ 209	\$ 15,494	\$ 155,266	\$ 45,196	\$ 359,654	\$ (209)	\$ (22,208)	\$ 1,435,703

The accompanying notes are an integral part of the financial statements.

LEO SYSTEMS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 347,663	\$ 223,034
Adjustments for:		
Depreciation expense	98,456	97,589
Amortization expense	463	485
Expected credit loss recognized on accounts receivable	16,872	2,369
Net gain on fair value changes of financial assets at fair value through profit or loss	(2,283)	(24)
Finance costs	2,590	509
Interest income	(7,569)	(5,114)
Compensation costs of employee share options	2,468	718
Share of profit or loss of subsidiaries and associates	(26,210)	(17,253)
Gain on disposal of property, plant and equipment	-	(62)
Gain on lease modification	(1)	-
Changes in operating assets and liabilities		
Notes and accounts receivable	(1,685,958)	(236,503)
Notes and accounts receivable - related parties	(1,228)	(25,858)
Inventories	(255,907)	244,410
Other current assets	(28,075)	10,489
Other financial assets	882	5,861
Finance lease receivables	(53,940)	(68,786)
Notes and accounts payable	1,307,051	(28,304)
Notes and accounts payable - related parties	(300)	(748)
Other payables	32,344	(13,696)
Other payables - related parties	(55)	38
Other current liabilities	13,179	(136,315)
Net defined benefit liabilities	(778)	(1,010)
Cash (used in) generated from operations	(240,336)	51,829
Interest received	7,569	5,114
Interest paid	(1,971)	(423)
Income tax paid	(38,242)	(35,228)
Net cash (used in) generated from operating activities	<u>(272,980)</u>	<u>21,292</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for using the equity method	(9,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	42,754
Proceeds from disposal of financial assets at fair value through profit or loss	12,333	-
Payments for property, plant and equipment	(5,997)	(1,982)
Proceeds from disposal of property, plant and equipment	-	149
Increase in refundable deposits	(67,896)	(45,884)
Payments for intangible assets	(245)	(87)

(Continued)

LEO SYSTEMS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in other assets - non-current	\$ (929)	\$ 5,075
Dividend received from associates	<u>15,672</u>	<u>12,589</u>
Net cash (used in) generated from investing activities	<u>(56,062)</u>	<u>12,614</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	550,000	(50,000)
Refund of guarantee deposits received	(419)	(186)
Repayment of the principal portion of lease liabilities	(14,440)	(14,277)
Dividends paid	(162,661)	(147,807)
Proceeds from exercise of employee share options	<u>10,818</u>	<u>19,877</u>
Net cash generated from (used in) financing activities	<u>383,298</u>	<u>(192,393)</u>
NET INCREASE (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	54,256	(158,487)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>152,368</u>	<u>310,855</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 206,624</u>	<u>\$ 152,368</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

Leo Systems, Inc.

Clauses of Articles of Incorporation before and after amendment

After Amendment	Before Amendment	Reason for Amendment
<p>Article 14: The Company has <u>7-9</u> directors, serving terms of 3 years and elected under the candidate nomination system by shareholders' meeting from a list of director candidates. The same person may be re-elected after expiry of the term. (The following is abbreviated.)</p>	<p>Article 14: The Company has 7 directors, serving terms of 3 years and elected under the candidate nomination system by shareholders' meeting from a list of director candidates. The same person may be re-elected after expiry of the term. (The following is abbreviated.)</p>	<p>To cooperate with the company's operation and development needs</p>
<p>Article 24 These Articles of Incorporation were established on 2 September 1985. ... (omissions) The 24th amendment was made on 8 June 2017. The 25th amendment was made on 10 June 2020. The 26th amendment was made on 26 July 2021. The 27th amendment was made on 2 June 2022. <u>The 28th amendment was made on 7 June 2023</u></p>	<p>Article 24 These Articles of Incorporation were established on 2 September 1985. ... (omissions) The 24th amendment was made on 8 June 2017. The 25th amendment was made on 10 June 2020. The 26th amendment was made on 26 July 2021. The 27th amendment was made on 2 June 2022.</p>	<p>Addition of amendment and date.</p>

Leo Systems, Inc.

Clauses of The Company' Rules of Procedure for Shareholders Meetings
before and after amendment

After Amendment	Before Amendment	Reason for Amendment
<p>Article 3: Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.</p> <p><u>Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.</p> <p><u>This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:</u> <u>1. For physical shareholders meetings, to be distributed on-site at the meeting.</u></p>	<p>Article 3: Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.</p> <p>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form</p>	<p>Cooperate with the law revision to add</p>

After Amendment	Before Amendment	Reason for Amendment
<p><u>2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.</u></p> <p><u>3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.</u></p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder</p>	<p>of new shares, the dissolution, merger, or demerger of the company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be</p>	

After Amendment	Before Amendment	Reason for Amendment
<p>may propose a recommendation for urging the company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	
<p>Article 4: For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p>	<p>Article 4: For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p>	Cooperate with the law revision to add

After Amendment	Before Amendment	Reason for Amendment
<p>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p> <p><u>If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>	<p>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>	
<p>Article 5 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p> <p><u>The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.</u></p>	<p>Article 5 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p>	Cooperate with the law revision to add
<p>Article 6: <u>This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.</u></p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. <u>For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform</u></p>	<p>Article 6: The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>Shareholders or proxy holders (hereinafter "shareholders") shall attend shareholders meetings based on attendance cards, sign-</p>	Cooperate with the law revision to add

After Amendment	Before Amendment	Reason for Amendment
<p><u>30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u></p> <p>Shareholders or proxy holders (hereinafter “shareholders”) shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>	<p>in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	
<p><u>Article 6-1: To convene a virtual shareholders meeting, this Corporation shall include</u></p>		<p>Cooperate with the law revision to add</p>

After Amendment	Before Amendment	Reason for Amendment
<p>the follow particulars in the shareholders meeting notice:</p> <p>1. <u>How shareholders attend the virtual meeting and exercise their rights.</u></p> <p>2. <u>Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p>A. <u>To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u></p> <p>B. <u>Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u></p> <p>C. <u>In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p>D. <u>Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p>3. <u>To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</u></p>		
<p>Article 8: The Company, beginning from the time it accepts shareholder attendance</p>	<p>Article 8: The Company, beginning from the time it accepts shareholder attendance</p>	<p>Cooperate with the law revision to add</p>

After Amendment	Before Amendment	Reason for Amendment
<p>registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p>	<p>registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>	
<p>Article 9: <u>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that</p>	<p>Article 9: Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after</p>	<p>Cooperate with the law revision to add</p>

After Amendment	Before Amendment	Reason for Amendment
<p>no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
<p>Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or</p>	<p>Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or</p>	<p>Cooperate with the law revision to add</p>

After Amendment	Before Amendment	Reason for Amendment
<p>exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.</u></p>	<p>exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	
<p>Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary</p>	<p>Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary</p>	<p>Cooperate with the law revision to add</p>

After Amendment	Before Amendment	Reason for Amendment
<p data-bbox="156 264 582 324">motions and amendments to original proposals.</p> <p data-bbox="156 353 651 667">A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p data-bbox="156 696 651 1406"><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting.</u> If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p data-bbox="156 1435 651 1966">Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</p>	<p data-bbox="678 264 1104 324">motions and amendments to original proposals.</p> <p data-bbox="678 353 1173 667">A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p data-bbox="678 696 1173 1350">After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p data-bbox="678 1379 1173 1910">Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</p> <p data-bbox="678 1939 1133 2033">When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative</p>	

After Amendment	Before Amendment	Reason for Amendment
<p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p> <p><u>When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p>	<p>proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p>	

After Amendment	Before Amendment	Reason for Amendment
<p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		
<p>Article 15: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.</p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting</u></p>	<p>Article 15: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.</p>	<p>Cooperate with the law revision to add</p>

After Amendment	Before Amendment	Reason for Amendment
<u>minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online</u>		
<p>Article 16 <u>On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u> <u>During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.</p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	Cooperate with the law revision to add
<p>Article 19 <u>In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u></p>		Cooperate with the law revision to add
<p>Article 20 <u>When this Corporation convenes a virtual-only shareholders meeting, both</u></p>		Cooperate with the law revision to add

After Amendment	Before Amendment	Reason for Amendment
<p><u>the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u></p>		
<p><u>Article 21</u> <u>In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u></p> <p><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the</u></p>		<p>Cooperate with the law revision to add</p>

After Amendment	Before Amendment	Reason for Amendment
<p><u>total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.</u></p> <p><u>When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p>		
<p><u>Article 22</u> <u>When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</u></p>		Cooperate with the law revision to add
<p><u>Article 23</u> These rules will come into force after being approved by the shareholders' meeting, and the same will apply when they are amended.</p>	<p>Article 19 These rules will come into force after being approved by the shareholders' meeting, and the same will apply when they are amended.</p>	In line with this additional article, adjust the article
<p>Article 24</p>	<p>Article 20</p>	In line with this additional article,

After Amendment	Before Amendment	Reason for Amendment
<p>This standard of procedure was established on June 26, 2002.</p> <p>The first revision was on June 18, 2012</p> <p>The second revision was on July 26, 2021</p> <p><u>The third revision was on June 7, 2023</u></p>	<p>This standard of procedure was established on June 26, 2002.</p> <p>The first revision was on June 18, 2012</p> <p>The second revision was on July 26, 2021</p>	<p>adjust the number of articles and add the number of revisions and dates</p>

Appendix 1

Leo Systems, Inc. Procedure for Shareholders Meetings (Before Amendment)

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, this Procedure are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration

shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders or proxy holders (hereinafter "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic

means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 This Procedure shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 20 This meeting procedure was established on 27 June 2002.
The first amendment was made on 18 June 2012.
The second amendment was made on 26 July 2021.

Leo Systems Inc. Articles of Incorporation (before amendment)

Chapter 1 General

Article 1: The Company is organized in accordance with the Company Act and is named Leo Systems, Inc.

Article 2: The Company operates the following businesses:

1. F113050 Wholesale of Computers and Clerical Machinery Equipment
2. F113020 Wholesale of Electrical Appliances
3. F113070 Wholesale of Telecommunication Apparatus
4. F118010 Wholesale of Computer Software
5. F119010 Wholesale of Electronic Materials
6. F213010 Retail Sale of Electrical Appliances
7. F213030 Retail Sale of Computers and Clerical Machinery Equipment
8. F213060 Retail Sale of Telecommunication Apparatus
9. F218010 Retail Sale of Computer Software
10. F219010 Retail Sale of Electronic Materials
11. F213110 Retail Sale of Batteries
12. F401021 Importation of Telecommunications Controlled Emission Equipment
13. CC01110 Computer and Peripheral Equipment Manufacturing
14. E605010 Computer Equipment Installation
15. F401010 International Trade
16. I301030 Electronic Information Supply Services
17. E601010 Electric Appliance Construction
18. E603010 Cable Installation Engineering
19. E603050 Automatic Control Equipment Engineering
20. E701010 Telecommunications Engineering
21. EZ05010 Instrument and Meters Installation Engineering
22. EZ99990 Other Engineering
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
30. I401010 General Advertisement Service
31. I599990 Other Designing
32. JB01010 Conference and Exhibition Services
33. F108031 Wholesale of Medical Devices
34. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company may serve as a limited-liability shareholder of another company through board resolution. Unless otherwise provided by law, the total investment amount may be exempt from the limit of 40% of the Company's paid-in capital, provide that it shall not exceed the Company's paid-in capital. The board resolution under the previous paragraph shall be approved by the majority of directors attending a meeting that is attended by 2/3 or more directors.

Article 3: The Company may provide guarantees as required for business.

Article 4: The Company has its headquarters in Taipei City and may set up domestic or overseas branches or representative offices as required through board resolutions.

Article 5: The Company makes public announcements in accordance with Article 28 of the Company Act.

Chapter 2 Shares

Article 6: The Company's total capital is NT\$2,500,000,000 (including NT\$130,000,000 for employee stock options), divided into 250,000,000 shares with a face value of NT\$10 per share. The board of directors is authorized to issue the non-issued portion of the above shares.

Article 6-1: The Company is not obliged to print share certificates for the shares it issues, provided that the shares issued in accordance with this paragraph shall be registered with a securities depository institution and shares issued shall be handled in accordance with the rules of such institution.

Article 6-2: When the Company buys treasury shares in accordance with the Company Act, the targets of transfer may include employees of controlled companies or subsidiaries meeting certain conditions. The board of directors is authorized to determine such certain conditions by resolution.

The targets for distribution of employee stock options by the Company may include employees of controlled companies or subsidiaries meeting certain conditions. The board of directors is authorized to determine such certain conditions by resolution.

When the Company issues new shares, employees subscribing to the shares may include employees of controlled companies or subsidiaries meeting certain conditions. The board of directors is authorized to determine such certain conditions by resolution.

When the Company issues new shares with restricted employee rights, the targets may include employees of controlled companies or subsidiaries meeting certain conditions. The board of directors is authorized to determined such certain conditions by resolution.

Article 7: All of the Company shares are registered shares, issued after affixation of signatures or seals by directors representing the Company and after certification by a bank that

may serve as the certifying agent for the issuance of shares in accordance with the law.

Article 8: Public listing of the Company's shares shall not be cancelled unless there is a resolution of the shareholders' meeting.

Article 9: Change to shareholders register pursuant to share transfer shall be suspended during a period of 60 days before any general shareholders' meeting, 30 days before any extraordinary shareholders' meeting and 5 days before the record date for the distribution of dividend, bonus or other benefit determined by the Company.

Chapter 3 Shareholders' Meeting

Article 10: Shareholders' meetings are divided into general meetings and extraordinary meetings. General meetings are held once a year and convened by the board of directors in accordance with the law within 6 months from the end of each accounting year. Extraordinary meetings are convened in accordance with the law as required.

Article 11: For each shareholders' meeting, shareholders may issue proxies printed by the Company, specifying the scope of authorization, for a representative to attend the meeting on the shareholders' behalf.

Article 12: Shareholders are entitled to one voting right per share, except restrictions or no voting right in accordance with applicable laws.

Article 13: When the Company convenes a shareholders' meeting and electronic manner is one of the channels to exercise voting right, shareholders exercising voting rights in electronic manner shall be deemed to have attended the shareholders' meeting in person. Matters related to such exercise shall be in accordance with existing legislations.

Unless otherwise provided by applicable laws, shareholder resolutions shall be approved by shareholders representing the majority of voting rights represented in a meeting that is attended by shareholders representing the majority of all outstanding shares. Shareholders resolutions shall be recorded in minutes and shall be governed by Article 183 of the Company Act.

Article 13-1: When the company's shareholders' meeting is held, it may be held by video conference or other means announced by the central competent authority.

Chapter 4 Directors

Article 14: The Company has 7 directors, serving terms of 3 years and elected under the candidate nomination system by shareholders' meeting from a list of director candidates. The same person may be re-elected after expiry of the term.

Among the number of directors under the previous paragraph, at least 3 persons and at least 1/5 of the board seats shall be independent directors. The nomination of candidates shall be in accordance with Article 192-1 of the Company Act.

The minimum total number of registered shares held by all directors of the Company shall be in accordance with applicable laws.

The Company has an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of all independent directors. The audit committee and its members are responsible for performing the duties of supervisors in accordance with the Company Act, the Securities and Exchange Act and other legislations.

Article 15 The board of directors is composed of directors and one person shall be elected as chairman by the directors from among themselves through approval by the majority of directors attending a meeting that is attended by 2/3 or more directors. Directors shall attend board meetings in person. Any director who cannot attend a meeting in person may designate another director as his/her representative. When a director attends a board meeting through representation by another director, a proxy shall be issued for each instance, listing the scope of authorization for the agenda. Board meetings may be held through video conference. Directors attending a meeting through video conference shall be deemed to have attended the meeting in person.

Article 15-1: Deleted

Article 15-2: Board meetings shall be held at least once every quarter. A notice with agenda shall be given to each director 7 days in advance. However, a meeting may be convened at any time in case of emergency.

Notice to convene board meetings may be given in writing, by email or by fax.

Article 16: When the chairman is on leave or cannot perform his/her duties due to any reason, the representation shall be in accordance with Article 208 of the Company Act.

Article 17: Deleted

Article 18: The Company may purchase liability insurance for all directors to protect the interest of all shareholders and to lower the operating risk. The board of directors is authorized to determine director remuneration based on the level of participation in the Company's operation and the value of contribution, as well as in reference to the common standard of the same industry.

Chapter 5 Officers

Article 19: The Company may have several officers and may have technical, legal, accounting and financial experts as advisors as required for business, the hiring, dismissal and remuneration of which shall be in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 20: The Company's accounting year is from 1 January to 31 December of each year. At the end of each accounting year, the board of directors shall prepare business report, financial statement and profit distribution or loss compensation proposal and submit them to the general shareholders' meeting for approval.

Article 21: The Company shall distribute 5% of the current-year profit as employee remuneration and no more than 2% as director remuneration, provided that, if the Company still has accumulated losses, the losses shall be compensated.

Current-year profit referred to in this previous paragraph means after-tax profit of the current year before deduction for distribution of employee remuneration and director remuneration.

The distribution of employee remuneration and director remuneration is subject to resolution approved by the majority of directors attending a meeting that is attended by 2/3 or more director and reporting to the shareholders' meeting.

Employee remuneration may be paid in stock or in cash. The target of distribution may include employees of subsidiaries meeting certain conditions.

Article 21-1: If the Company has profit at annual closing, taxes shall be first paid and accumulated losses from prior years shall first be compensated. Then 10% shall be provisioned as legal reserve and special reserve shall be provisioned or recycled in accordance with the law or the requirement of the competent authority. The remaining amount, if any, together with accumulated non-distributed profit from previous years, shall be subject to a distribution proposal to be prepared by the board of directors for submission to the shareholders' meeting for resolution before distribution.

Article 21-2: Dividend Policy

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. Current-year distributable profit may be distributed in full. 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.

Chapter 7 Miscellaneous

Article 22: The organizational charter and bylaws of the Company and the board of directors shall be further established by the board of directors.

Article 23: Anything that is not stipulated in these Articles of Incorporation shall be governed by the Company Act and applicable legislations.

Article 24: These Articles of Incorporation was made on 2 September 1985.

The first amendment was on November 25, 1988.

The second amendment was on January 8, 1990.

The third amendment was on March 8, 1990.

The fourth amendment was on March 27, 1990.

The fifth amendment was on June 30, 1993.

The sixth amendment was on August 17, 1994.

The seventh amendment was on January 10, 1995

The eighth amendment was on July 31, 1995.

The ninth amendment was on November 27, 1995.

The tenth amendment was on July 31, 1995.

The eleventh amendment was on April 30, 1998.

The twelfth amendment was on May 23, 2000.

The thirteenth amendment was on June 12, 2001.

The fourteenth amendment was on June 26, 2002.

The fifteenth amendment was on June 17, 2003.

The sixteenth amendment was on June 1, 2004.

The seventeenth amendment was on June 13, 2007.

The eighteenth amendment was on June 19, 2009.

The nineteenth amendment was on June 15, 2010.

The twentieth amendment was on June 10, 2011.

The twenty-first amendment was on June 18, 2012.

The twenty-second amendment was on June 24, 2014.

The twenty-third amendment was on June 7, 2016.

The twenty-fourth amendment was on June 8, 2017.

The twenty-fifth amendment was on June 10, 2020.

The twenty-sixth amendment was on July 26, 2021.

The twenty-seventh amendment was on June 2, 2022

Leo Systems Inc.

Director election method

Last Established/Revised on: 26 July 2021

Article 1: The election of directors of the company shall be handled in accordance with these Regulations.

Article 2: The election of directors of the company shall be held at the meeting of shareholders.

Article 3: The election of directors of the company shall be in accordance with the procedures for the nomination of candidates stipulated in Article 192-1 of the Company Act.

The professional qualifications, shareholding, part-time job restrictions, nomination and election methods, and other compliance matters of independent directors are handled in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Law.

Article 4: The election of the directors of the company adopts the cumulative voting system, Each share has the same voting rights as the number of directors to be elected, and one person may be elected collectively or several persons may be elected separately.

Article 5: The company shall calculate the voting rights of independent directors and non-independent directors separately according to the quota stipulated in the company's articles of association.

Article 6: Delete

Article 7: The ballots shall be issued by the person who has the right to convene, and shall be numbered according to the number of the attendance card and the number of voting rights shall be filled in.

Article 8: At the beginning of the election, the chairman shall designate a number of scrutineers and counters to perform various related duties. The scrutineers shall have the status of shareholders.

Article 9: The ballot box shall be prepared by the person with the right to convene, and shall be inspected by the scrutineers in public before voting.

Article 10: If the elected person is a shareholder, the elector must fill in the elected person's account name and shareholder account number in the elected person column of the ballot; if he is not a shareholder, the elector's name and identity certificate should be filled in serial number. However, when the government or juristic person shareholder is the elected person, the name of the elector should be filled in the name of the government or juristic person in the voter's account column, and the name of the government or juristic person and the name of its representative may also be filled in; if there are several representatives, The name of the representative should be added separately.

Article 11: Ballots are invalid if one of the following conditions occurs:

1. Those who do not use ballot papers prepared by persons with the right to convene.
2. Those who put blank ballot papers into the ballot box.
3. The handwriting is illegible or altered.
4. The list of elected candidates and director candidates has been verified to be inconsistent.
5. In addition to filling in the number of allocated voting rights, other words are inserted.

Article 12: After the voting is over, votes will be counted and recorded on the spot, under the supervision of the scrutineers, and the results of the counting will be announced by the chairman on the spot.

Article 13: The elected directors shall be notified separately by the company after the shareholders' meeting.

Article 14: Matters not stipulated in these measures shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 15: These measures shall come into force after the resolution of the shareholders' meeting is passed, and the same shall apply when amended.

Article 16: This regulation was enacted on June 26, 2002.
The first revision was on June 10, 2011.
The second revision was on June 24, 2014.
The third revision was on July 24, 2021.

Leo Systems Inc. Director Shareholding

1. The Company's paid-in capital is NT\$890,851,230 and has 89,085,123 outstanding shares.
2. The Company has 3 independent directors. According to the ratio stipulated in Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the Securities and Futures Commission, Financial Supervisory Commission, when there are two or more independent directors, the statutory minimum shareholding held by all directors other than independent directors and supervisors may be lowered to 80%. Therefore, the statutory shares to be held by all directors of the Company are 7,126,809 shares (8%).
3. The shares held by all directors have satisfied the statutory requirement.
4. The Company has an audit committee. Therefore, shareholding requirement by supervisors does not apply.
5. As of the share-transfer cutoff date for this ordinary shareholders meeting, individual and all director shareholdings registered in the shareholders register are as follows:

Share-Transfer Cutoff Date: 9 April 2023

Title	Name	Shareholding at the time of election		Shareholding recorded in shareholders register on the share-transfer cutoff date	
		No. of shares	%	No. of shares	%
Chairman	University Venture Co., Ltd. Chairman: Wang, Chau-Chyun	981,399	1.12%	981,399	1.10%
Director	University Venture Co., Ltd. Chairman: Wen, Chien-Liang	981,399	1.12%	981,399	1.10%
Director	WYC God-loving Foundation for Charity Chairman: Chien, Lambert Ming Long	7,218,436	8.26%	7,218,436	8.10%
Director	WYC God-loving Foundation for Charity Chairman: Jou, Shao-Huey	7,218,436	8.26%	7,218,436	8.10%
Independent Director	Liu, Thu-Hua	0	0%	0	0%
Independent Director	Chen, Yen-Hui	0	0%	0	0%
Independent Director	Cheng, Sheng-In	0	0%	0	0%
Total shareholding by directors		8,199,835	9.38%	8,199,835	9.20%