

慧友電子股份有限公司
EverFocus Electronics Corp.
**2023 ANNUAL GENERAL
SHAREHOLDERS' MEETING**

MEETING AGENDA

Date : June 14,2023

Contents

Item	Page
One. Meeting Procedure	1
Two. Meeting Agenda	2
Three. Matters to Report	3
I. 2022 Business Report and 2023 Business Plan	3
II. Audit Committee's report on the review of the Company's 2022 final accounts	3
III. The implementation status of the sound business plan to reduce capital to offset losses in 2021	3
IV. The implementation status of the sound business plan to increase cash capital in 2021	3
V. Report of Directors' compensation for 2022	3
Four. Matters for Adoption	4
I. To adopt the Company's 2022 final accounts	4
II. To adopt the Company's 2022 loss make-up statement	4
Five. Matters for Discussion	5
I. Discussion of abolishing the ' Rules for Election of Directors ' and establishing a new ' Procedures for Election of Directors '	5
Six. Extempore Motion	5
Seven. Attachment	
I. Business Report	6
II. Audit Committee's Review Report	10
III. The implementation status of the sound business plan to reduce capital to offset losses in 2021	11
IV. The implementation status of the sound business plan to increase cash capital in 2021	13
V. Report of Directors' Compensation for 2022	15
VI. Financial statements of 2022 and Auditors' Report	17
VII. "Procedures for Election of Directors "(Full Text)	35
VIII. Articles of Incorporation	39
IX. Rules and Procedures of Shareholders' Meeting	44
X. Other matters to be disclosed	48



EVERFOCUS ELECTRONICS CORP.

2023 Annual General Shareholders' Meeting

Meeting Procedure

- I. Call Meeting to Order
- II. Chairman takes the chair
- III. Chairman's Address
- IV. Matters to Report
- V. Matters for Adoption
- VI. Matters for Discussion
- VII. Extempore Motion
- VIII. Adjournment



EVERFOCUS ELECTRONICS CORP.

2023 Annual General Shareholders' Meeting Agenda

Type of Meeting: Physical Meeting

Time: 9:00 a.m., June 14, 2023 (Wednesday).

Place: 9/F, No. 135, Ln. 235, Baoqian Rd., Xindian Dist., New Taipei City

I. Chairman called the meeting to order: Counting the number of shares in attendance (including shares by proxy)

II. Chairman takes the chair

III. Chairman's Address

IV. Matters to Report:

1. 2022 Business Report and 2023 Business Plan.
2. Audit Committee's report on the review of the Company's 2022 final accounts.
3. The implementation status of the sound business plan to reduce capital to offset losses in 2021.
4. The implementation status of the sound business plan to increase cash capital in 2021.
5. Report of Directors' Compensation for 2022.

V. Matters for Adoption:

1. To adopt the Company's 2022 final accounts.
2. To adopt the Company's 2022 loss make-up statement.

VI. Matters for Discussion

1. Discussion of abolishing the "Rules for Election of Directors" and establishing a new "Procedures for Election of Directors"

VII. Extempore Motion

VIII. Adjournment

Matters to Report

I. 2022 Business Report and 2023 Business Plan.

Explanation: Please refer to pages 6-9 of this Handbook (Attachment I) for the Business Report.

II. Audit Committee's report on the review of the Company's 2022 final accounts.

Explanation: Please refer to page 10 of this Handbook (Attachment II) for the Audit Committee's Review Report.

III. The implementation status of the sound business plan to reduce capital to offset losses in 2021.

Explanation: Please refer to pages 11-12 of this Handbook (Attachment III) for the sound business plan to reduce capital to offset losses in 2021.

IV. The implementation status of the sound business plan to increase cash capital in 2021.

Explanation: Please refer to pages 13-14 of this Handbook (Attachment IV) for the sound operating plan to increase cash capital in 2021.

V. Report of Directors' Compensation for 2022.

Explanation: Please refer to pages 15-16 of this Handbook (Attachment V) for the Report of Directors' Compensation for 2022.

Matters for Adoption

Proposal 1 (Proposed by the Board of directors)

Cause of Action: To adopt the Company's 2022 final accounts.

- Explanation:
1. The Company's 2022 financial statements (including the consolidated financial statements) were resolved by the Board of Directors, and were audited by independent auditors, Ms. Mavis Chang and Mr. Shih-Jung Weng, of PricewaterhouseCoopers Taiwan.
 2. Please refer to pages 6-9 and 17-34 (Attachments I and VI) of this Handbook for the 2022 Business Report and the above-mentioned financial schedules.
 3. Please approve.

Resolution:

Proposal 2 (Proposed by the Board of directors)

Cause of Action: To adopt the Company's 2022 loss make-up statement.

- Explanation:
1. In accordance with Article 19-1 of the Company's Articles of Incorporation.
 2. The 2022 loss make-up proposal is as followed:

Unit: NT\$

EVERFOCUS ELECTRONICS CORP.	
Loss Make-up Statement	
2022	
Item	Amount
Accumulated deficit of prior years	(32,961,495)
Add: Actuarial gains recognized in retained earnings	2,249,704
Less: 2022 net loss after tax	(79,938,545)
Accumulated deficit at the end of period	(110,650,336)

Chairman:



President:



Accounting Officer:



3. Please approve.

Resolution:

Matters for Discussion

Proposal 1 (Proposed by the Board of directors)

Cause of Action: Discussion of abolishing the ' Rules for Election of Directors ' and establishing a new ' Procedures for Election of Directors '.

Explanation: 1. Pursuant to Article 24 of our company's "Practical Guidelines for Corporate Governance," and with reference to the Taiwan Stock Exchange's "Example Reference for Director and Supervisor Appointment Procedures," we have revised our company's "Director Appointment Procedures" and repealed the original "Director Election Rules.

 2. Considering the significant scope of this revision and the difficulty of comparing the provisions, we have revised our company's "Director Appointment Procedures." Please refer to pages 35-38 (Attachments VII) of this manual for details.

 3. Please discuss.

Resolution:

Extempore Motion

Adjournment

Business Report

The results of the Company's 2022 business performance, 2023 business plan and future development strategy are reported as follows:

I. 2022 Business Report

(I) Comparison of Operating Results

Unit in parent company only financial statements:			NT\$ thousands	
Item	2022	2021	Amount increased (decreased)	Percentage increased (decreased)
Net operating income	291,081	416,893	(122,812)	(29.46)
Net operating margin	65.43%	53.54%	9.88%	17.80
Net loss for the period	(79,939)	(33,577)	(46,362)	(138.08)

Unit in consolidated financial statements:			NT\$ thousands	
Item	2022	2021	Amount increased (decreased)	Percentage increased (decreased)
Net operating income	332,309	450,145	(117,836)	(26.18)
Operating gross profit	91,728	96,904	(5,176)	(2.25)
Net loss for this period	(79,939)	(33,577)	(46,362)	(138.08)

(II) Financial income and expenditures and profitability analysis (parent company only)

Item		2022	2021	Discrepancy value
Financial structure	Debt to assets ratio (%)	76.85	70.44	(4.50)
	Ratio of long-term capital to property, plant and equipment (%)	558.75	415.84	132.91
Solvency	Current ratio (%)	403.41	275.29	128.02
	Quick ratio (%)	279.69	212.92	66.77
Profitability	Return on assets (%)	(9.75)	(4.25)	(5.50)
	Return on equity (%)	(13.71)	(6.19)	(7.52)
	Profit margin (%)	(27.18)	(8.05)	(19.13)
	Earnings per share (NT\$)	(1.26)	(0.63)	(0.63)

(III) Financial income and expenditures and profitability analysis (consolidated)

Item		2022	2021	Discrepancy value
Financial structure	Debt to assets ratio (%)	27.96	32.18	(4.22)
	Ratio of long-term capital to property, plant and equipment (%)	486.35	373.25	113.10
Solvency	Current ratio (%)	207.35	163.98	43.37
	Quick ratio (%)	139.15	125.94	13.21
Profitability	Return on assets (%)	(9.27)	(4.15)	(5.12)
	Return on equity (%)	(13.71)	(6.19)	(7.52)
	Profit margin (%)	(24.06)	(7.46)	(16.60)
	Earnings per share (NT\$)	(1.26)	(0.63)	(0.63)

(III) B

Budget implementation: None. The Company has only set internal budget targets for 2022 and does not disclose financial projections to the public.

(IV) R&D Status:

We have excellent software and hardware R&D capabilities, and will continue to develop in-vehicle surveillance products in addition to our industrial PC products to differentiate ourselves from our competitors.

New product lines from INTEL and NVIDIA will bring new business opportunities to the industrial computer market and the surveillance industry with the development of deep learning machines that incorporate AI intelligent image recognition.

The implementation results of the product strategy:

1. Diverse Hardware Development Platform :

Our company not only focuses on developing Intel and Nvidia edge computing devices, but also starts to introduce NXP and TI Cortex-A/M low-power processors, which are suitable for applications with multiple IO serial ports and industrial transmission protocols. This enables us to have a more comprehensive product planning and layout, and through firmware integration, we can enter application fields such as smart healthcare, smart factory, and smart transportation.

2. Vehicle Industrial Computers:

Building on our professional vehicle monitoring MDVR/NVR product series, our company continues to develop features that are suitable for in-vehicle applications. In terms of hardware, we have strengthened our design to meet the wide temperature and voltage range required for vehicles, as well as incorporating a delay module for power-up. We have obtained certifications to meet vehicle standards. In terms of software, we provide a comprehensive in-vehicle software and hardware solution, including basic monitoring of passenger safety, vehicle driving record, and extended monitoring of driver behavior. Our solution is used for data collection, processing, analysis, and control, to achieve vehicle automation, intelligence, and connectivity.

3. Image-based software and hardware integration solution:

Our company has been focusing on image technology for over 25 years, familiar with efficient image processing hardware and application software, and cloud service integration, forming a three-layer architecture image solution. It is divided into the image source acquisition layer, image processing layer, and service platform interface layer. The source acquisition layer integrates signal and data from cameras, sensors, and other sources. The image processing layer performs image data processing and storage, including image compression, restoration, recognition, etc., to ensure the integrity and reliability of image data. Finally, the service platform interface layer uses products from Hikvision to transfer image data to third-party platforms or applications, such as fleet management, remote control, video conferencing, etc. Hikvision's image solution can manage the entire process from image acquisition to application services, making it more convenient, efficient, and secure for customers to use.

4. IOT Architecture and Management Platform:

Based on our proprietary vehicle management system Xfleet, we continuously research and develop platform basic modules to integrate different IoT technologies and functions, achieve collaborative work of IoT devices, centralized management of data, and development and deployment of applications, thereby improving the efficiency, security, and scalability of IoT systems. We also develop big data platforms such as smart cities, smart

- hospitals, and smart car information systems.
5. **AI Image Recognition Software and Application Environment:**
Our company's AI image recognition utilizes techniques such as machine learning and deep learning, enabling computers to automatically analyze and recognize objects, actions, and situations in images. This includes edge computing for cameras, industrial computers, and back-end server recognition and analysis systems, allowing for intelligent monitoring and management of specific scenes and environments. The applications for this type of software are very broad, especially in the fields of security monitoring, road safety, smart transportation, and technology law enforcement, with significant value for their application.
 6. **Complex and large-scale vehicle early warning system (car recorder and ADAS) :**
Our company's integrated ADAS and 16-1 driving recorder system for large commercial vehicles utilizes image recognition technology to provide drivers with multiple safety monitoring and driving assistance functions, including lane departure warning, forward collision warning, tire pressure monitoring, alcohol lock, blind spot detection, 360-degree surround view, and fatigue driving detection. During driving, the 16-1 driving recorder automatically records driving information, capturing driver behavior and vehicle incidents for evidential purposes. The Huiyao intelligent vehicle system can enhance driver safety, reduce traffic accidents, and help drivers develop good driving habits. It is a necessary equipment for commercial vehicle safety.

II. 2023 Business Plan

(I) Business Policy

In terms of technology research and development, our company will continue to invest in R&D and technological innovation to maintain its competitive edge. With the widespread adoption of technologies such as artificial intelligence, the Internet of Things, and 5G, we will strengthen our research and development efforts in these areas.

Regarding business expansion, our company will continue to focus on the five major vertical markets - smart surveillance, smart transportation, smart retail, smart campus, and smart medical. This year, we will seek new opportunities and suitable partners in these target markets.

(II) Important production and sales policies

Under the trend of AI-IoT, our company is actively transforming and developing the industrial computer industry. We are also implementing differentiated marketing strategies for our existing industrial computer customer base. In addition to continuing to develop the existing EMV (SOC) series products in the commercial vehicle market, our company is also focusing on two major products, eVP (Intel) and eNVP (Nvidia), as well as developing the "digital driving recorder" (EMV-ODD series) in compliance with government regulations for road safety. We will continue to aggressively capture the commercial vehicle market.

III. Long-term development strategy

The Company's mission since its establishment has been to develop image analysis technology that creates a brighter vision, and to become a domestic manufacturer offering its own brand in surveillance. The Company has been striving to transform itself into an industrial computer manufacturer with the specialty in vehicle surveillance, providing video streaming AIoT solutions in industrial computer field instead of the traditional surveillance system. By combining with other industrial computer manufacturers, we

embrace the Internet of Things and follow the industry leaders Intel and Nvidia to provide products and video edge computing solutions in the field of industrial control and video computing that are different from the red supply chain. The Company has successfully positioned itself in new markets such as smart medical, smart retail, smart transportation and smart surveillance by leveraging its imaging expertise to develop multiple, high-margin products in these five vertical markets. Despite the severe challenges in the external environment, EverFocus continues to work diligently to accelerate its transformation and strengthen its innovation and R&D capabilities to create a sustainable competitiveness. As we look forward, AI, 5G and edge computing are the key to the future. EverFocus plans to integrate the industrial companies in the group to enter the Intel and Nvidia platform supply chains and to create new business opportunities to move towards the smart surveillance business.

In recent years, although impacted by the pandemic, our company has focused on the domestic market and achieved good results in intelligent transportation and smart campus. We have also actively developed other products and solutions to meet the ever-changing needs of our customers. We are committed to improving corporate governance, environmental sustainability, and maintaining the long-term development and financial stability of the company. We will continue to maintain stable finances and pursue innovation to bring better returns to investors and customers.

I wish to all our shareholders

Stay healthy and all the best!

EVERFOCUS ELECTRONICS CORP.



Chairman & President: Yung-Shun Chuang



Accounting Officer: Chien-Liang Chen



EVERFOCUS ELECTRONICS CORP.

Audit Committee's Review Report

To approve

The Board of Directors has prepared the Company's 2022 Financial Statements (including the Consolidated Financial statements). The CPAs Mavis Chang and Shih-Jung Weng of PricewaterhouseCoopers Taiwan were retained to audit the Company's Financial Statements and have issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and Loss for Make-up Statement have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and the Article 219 of the Company Act, we hereby submit this report.

To

EVERFOCUS ELECTRONICS CORP.
2023 Annual General Shareholders' Meeting

EVERFOCUS ELECTRONICS CORP.



Convener of the Audit Committee, Hsu-Nan Huang



March 22, 2023

The implementation status of the sound business plan to reduce capital to offset losses in 2021

According to the Tai-Zheng-Shang-Yi-Zi No. 1101804497 issued by the Taiwan Stock Exchange on August 19, 2021, the implementation status of the Company's sound business plan was submitted to the board of directors for control on a quarterly basis and reported to the shareholders' meeting.

I. The Sound Business Plan is as follows:

Unit: NT\$ thousands

	2022	2022	2022	2022	2022
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Operating income	100,800	115,200	129,600	134,400	480,000
Operating cost	(75,600)	(86,400)	(97,200)	(100,800)	(360,000)
Operating gross profit	25,200	28,800	32,400	33,600	120,000
Operating expense	(33,300)	(33,300)	(33,300)	(33,300)	(133,200)
Net operating income (loss)	(8,100)	(4,500)	(900)	300	(13,200)
Non-operating income and expenses	979	979	979	979	3,916
Net profit (loss) before income tax	(7,121)	(3,521)	79	1,279	(9,284)

II. Achievement of the sound business plan:

Unit: NT\$ thousands

	First quarter	Second quarter	Third quarter	Fourth quarter	2022	First quarter	Second quarter	Third quarter	Fourth quarter	2022	Achieving rate
	Actual	Actual	Actual	Actual	Total	Estimated	Estimated	Estimated	Estimated	Total	
Operating income	93,540	63,282	96,615	110,672	332,309	100,800	115,200	129,600	134,400	480,000	69%
Operating cost	(46,032)	(49,416)	(70,030)	(76,199)	(237,581)	(75,600)	(86,400)	(97,200)	(100,800)	(360,000)	60%
Operating gross profit	15,308	17,866	25,791	34,363	94,728	25,200	28,800	32,400	33,600	120,000	79%
Operating gross margin	25%	28%	27%	31%	29%	25%	25%	25%	25%	25%	116%
Operating expense	(33,751)	(33,979)	(40,902)	(36,854)	(145,446)	(33,300)	(33,300)	(33,300)	(33,300)	(133,200)	109%
Operating income (loss)	(18,223)	(16,093)	(14,111)	(2,291)	(30,718)	(8,100)	(4,500)	(900)	300	(13,200)	384%
Non-operating income and expenses	(20,477)	(25,163)	11,880	736	(11,116)	979	979	979	979	3,916	(793%)
Net profit (loss) before income tax	(38,700)	(41,256)	(2,231)	(1,555)	(81,834)	(7,121)	(3,521)	79	1,279	(9,284)	881%
Income tax (expense) benefit	39	1,340	(173)	709	1,295	0	0	0	0	0	N/A
Net income (loss) for the period	(38,731)	(39,916)	(2,404)	(846)	(79,939)	(7,121)	(3,521)	79	1,279	(9,284)	861%
Earnings per share (NT\$)	(0.72)	(0.80)	(0.01)	(0.01)	(1.29)	(0.13)	(0.65)	0.00	0.02	(0.15)	846%

III. The implementation status of the 2021 sound business plan is as followed:

- (I) Operating revenues for the year ended December 31, 2022 were NT\$332,309 thousand, with an achieving rate of 69%. Operating gross profit for the year ended December 31, 2021 were NT\$94,728 thousand, with an achieving rate of 79%, mainly due to lower-than-expected orders from the Asia region.

- (II) Operating gross margin for the year ended December 31, 2022 were 29%, with an achieving rate of 116%.
- (III) Operating expenses for the year ended December 31, 2022 were NT\$145,446 thousand, representing a increase of NT\$12,246 thousand as compared to the projected goal. This was mainly due to the increase in expenses related to the development of new product projects and the implementation of scientific and technological projects.
- (IV) The net non-operating expenses for the year amounted to 31,116 thousand NT dollars, which exceeded the estimated amount of losses by 35,032 thousand NT dollars. This was mainly due to the omission of estimated losses from financial assets measured at fair value through profit or loss at the time of estimation.
- (V) Overall, the pre-tax loss for the year ended December 31, 2022 was NT\$81,834 thousand, a increase of NT\$70,655 thousand as compared to estimated amount.
- (VI) Ongoing improvement measures:
- 1.Improve the construction of the company's official website to increase its online and digital marketing efforts .
 - 2.Launch electronic direct mail (EDM) advertisements .
 - 3.Actively participate in exhibitions to expand the European and American markets.
 - 4.Actively promote online marketing to generate more potential sales leads.
 - 5.Speed up the implementation of R&D projects to bring new products to market earlier.
 - 6.Continuously lay out the MDVR+16-l integration opportunities to increase revenue from vehicle-mounted products.

(Attachment IV)

The implementation status of the sound business plan to increase cash capital in 2021

According to the Jin-Guan-Zheng-Fu-Zi No. 1160378387 issued by the Financial Supervisory Commission on January 18, 2022, the implementation status of the Company's sound business plan was submitted to the board of directors for control on a quarterly basis and reported to the shareholders' meeting.

2. The Sound Business Plan is as follows:

	Unit: NT\$ thousands				
	2021 First quarter	2021 Second quarter	2021 Third quarter	2021 Fourth quarter	2021 Total
Operating income	108,830	115,290	125,660	134,400	484,180
(Operating cost)	(75,584)	(84,056)	(91,688)	(98,112)	(350,440)
Operating gross profit	33,246	31,234	33,972	36,288	129,600
Operating expense	(31,830)	(31,830)	(31,890)	(31,830)	(127,200)
Net operating income (loss)	(-584)	(696)	3,192	4,488	2,400
Non-operating income and expenses	1,342	1,342	1,342	1,342	5,368
Net profit (loss) before income tax	(5,242)	646	4,534	5,830	7,768
Income tax (expense) benefit	0	0	(488)	(1,157)	(1,553)
Net income (loss) for the period	(5,242)	646	4,146	4,683	6,215

II. Achievement of the sound business plan:

	Unit: NT\$ thousands											
	2021 Actual	2021 Target	2021 Actual	2021 Target	2021 Actual	2021 Target	2021 Actual	2021 Target	2021 Actual	2021 Target	2021 Actual	2021 Target
Operating income	1,510	27,520	56,055	19,070	317,900	105,880	177,200	176,000	119,600	280,500	280,500	6%
(Operating cost)	(1,600)	(17,610)	(21,590)	(25,160)	(117,560)	(11,540)	(107,520)	(107,220)	(96,120)	(110,120)	(110,120)	6%
Operating gross profit	155.2	10,910	34,465	(4,090)	200,340	194,340	69,780	68,780	23,480	170,380	170,380	7%
Operating gross margin	10%	39%	25%	(21%)	63%	18%	56%	39%	17%	35%	35%	6%
Operating expense	(27,790)	(17,650)	(23,977)	(18,770)	(117,190)	(11,820)	(11,820)	(11,820)	(11,820)	(117,220)	(117,220)	10%
Operating income (loss)	(16,117)	(6,740)	12,488	(2,290)	(16,850)	182,520	165,960	56,960	22,560	53,160	53,160	11,000%
Non-operating income and expenses	21,960	(7,730)	(30)	750	(4,112)	1,440	1,440	1,440	1,440	1,400	1,400	30.5%
Net profit (loss) before income tax	5,843	(14,470)	12,458	(1,540)	(20,762)	183,960	167,400	58,400	24,000	54,560	54,560	11,000%
Income tax (expense) benefit	0	1,195	(11)	300	(2,215)	0	0	(100)	(100)	(1,553)	(1,553)	10,2%
Net income (loss) for the period	(3,220)	(13,275)	12,447	(1,240)	(22,977)	183,960	167,400	58,300	23,900	53,007	53,007	11,000%
Excess (shortage) of %	(10%)	(48%)	(10%)	(6.3%)	(7.3%)	18%	18%	33%	19%	19%	19%	6,000%

III. The implementation status of the 2022 sound business plan is as followed:

- (I) Operating revenues for the year ended December 31, 2022 were NT\$332,309 thousand, with an achieving rate of 69%. Operating gross profit for the year ended December 31, 2021 were NT\$94,728 thousand, with an achieving rate of 73%, mainly due to lower-than-expected orders from the Asia region.
- (II) Operating gross margin for the year ended December 31, 2022 were 29%, with an achieving rate of 107%.
- (III) Operating expenses for the year ended December 31, 2022 were NT\$145,446 thousand, representing a increase of NT\$18,246 thousand as compared to the projected goal. This was mainly due to the increase in expenses related to the development of new product projects and the implementation of scientific and technological projects.
- (IV) The net non-operating expenses for the year amounted to 31,116 thousand NT dollars, which exceeded the estimated amount of losses by 36,484 thousand NT dollars. This was mainly due to the omission of estimated losses from financial assets measured at fair value through profit or loss at the time of estimation.
- (V) Overall, the pre-tax loss for the year ended December 31, 2022 was NT\$81,834 thousand, a increase of NT\$89,602 thousand as compared to estimated amount.
- (VI) Ongoing improvement measures:
 - 1.Improve the construction of the company's official website to increase its online and digital marketing efforts .
 - 2.Launch electronic direct mail (EDM) advertisements .
 - 3.Actively participate in exhibitions to expand the European and American markets.
 - 4.Actively promote online marketing to generate more potential sales leads.
 - 5.Speed up the implementation of R&D projects to bring new products to market earlier.
 - 6.Continuously lay out the MDVR+16-1 integration opportunities to increase revenue from vehicle-mounted products.

(Attachment V)

Report of Directors' Compensation for 2022

Explanation:

1. According to Article 16 of our company's bylaws: When executing the company's duties, regardless of the company's operating profit or loss, the remuneration of the company's directors shall be authorized by the Board of Directors based on their degree of participation and contribution to the company's operations, and shall be determined based on the standard not exceeding the highest salary level set by the company's salary scale. The expenses required by the directors for business needs shall be reimbursed based on actual costs. Directors may receive a transportation allowance of NTD 5,000 when attending meetings.
2. In addition, according to Article 19 of our company's bylaws: If the company earns profits in a fiscal year, after paying taxes and donations in accordance with the law and making up for losses, the Board of Directors shall decide to allocate no more than 2.5% for director compensation.
3. As the net loss after tax of our company for the 111th fiscal year is NTD 79,938,545, it is proposed that no director compensation will be distributed.

Opinion

We have audited the accompanying parent company only financial statements of EVERFOCUS ELECTRONICS CORP. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements (including a summary of significant accounting policies) of 2022.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Existence for incorporating the revenues of newly listed top ten sales customers

Description of the key audit matters

Please refer to Note 4(28) to the parent company only financial statements for the accounting policy on revenue recognition and Note 6(18) to the parent company only financial statements for the description of operating income items.

The Company's main business is the manufacture and sale of all kinds of video processors, electronic cameras and other electronic surveillance products. As the orders for these products are easily affected by the customers' project cycles, while the Company is committed to exploring new markets and taking orders for new projects; therefore, the newly added top ten sales customers had a material effect on the sales revenue for the year. With that, the CPA listed the existence for incorporating the revenues of the Company's newly listed top

ten sales customers as one of the key audit matters.

Audit procedures for the key audit matter

The audit matters cover the Company and part of its subsidiaries (investments accounted for using the equity method). The audit procedures for the specified aspects of the aforementioned key audit matters are listed as follows:

1. For the assessment and testing of the financial statements, the internal control procedures of sales transactions are based on the Company's internal control system.
2. Viewing the relevant industry background information of newly listed top ten sales customers.
3. Obtaining and sampling relevant vouchers for the transactions involving operating revenue of the newly listed top ten sales customers.

Accounting estimate of inventory valuation

Description of the key audit matters

Refer to Notes 4(13), 5 and 6(5) to the parent company only financial statements for the information on the Company's inventory accounting policy, estimates and assumptions and allowance for inventory valuation losses.

The Company's main business is the manufacture and sale of all kinds of video processors, electronic cameras and other electronic surveillance products. Given long production cycle of industrial computer products, and that some products or spare parts have long inventory period due to long-term supply and maintenance needs of customers. The order adjustments or lower-than-expected market conditions may lead to fluctuations in product prices or low inventory correction, which may result in higher risk in inventory devaluation or obsolescence. The Company's inventories are measured at the lower of inventory cost and net realizable value. For the inventories that exceed its age and are individually identified to be out of date and obsolete, losses based on the policy of allowance for inventory impairment are recognized through individual assessment.

Corresponding to the sales market and development strategies, the Company readily adjusts its stocking demands, with significant inventory balances. In addition, given high uncertainty from the management's subjective estimates on the net realizable value used in evaluating obsolete inventories, the allowance for inventory devaluation is listed as one of the key audit matters.

Audit procedures for the key audit matter

The audit matters cover the Company and part of its subsidiaries (investments accounted for using the equity method). The audit procedures for the specified aspects of the aforementioned key audit matters are listed as follows:

1. Assessing the policy of allowance for inventory impairment with the understanding of the Company's operations and the nature of the industry.
2. Checking the management's details of outdated inventories as well as relevant documentary evidence.
3. Testing the price basis of net realizable value for each inventory item, and randomly checking the correctness of net realizable other matters.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 ensure the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 auditing standards generally accepted in 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 parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements of 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.

PricewaterhouseCoopers Taiwan

Mavis Chang


CPA [Click here to enter text.](#)

Shih-Jung Weng

The previous Approval No. issued by FSC, Executive Yuan:
Jin-Guan-Zheng-Shen Zi No. 0990042602

The previous approval No. issued by Securities and Futures
Institute, Ministry of Finance: (88) Tai-Tsai-Zheng (VI) No.
95577

March 22, 2023


EVERFOCUS ELECTRONICS CORP.
 Parent company only Balance Sheets
 For December 31, 2022 and 2021

Unit: NT\$ thousands

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 55,057	6	\$ 80,522	11
1110	Current financial assets at fair value through profit or loss	6(2) and 8	99,547	11	128,502	17
1136	Current financial assets at amortized cost	6(3) and 8	68,527	8	46,813	6
1150	Notes receivable, net	6(4)	4,061	1	1,177	-
1170	Accounts receivable, net	6(4)	50,559	6	16,198	2
1180	Accounts receivable - related party, net	6(4) and 7	47,452	5	9,710	1
1200	Other receivables	7	1,716	-	1,336	-
130X	Inventories	6(5)	135,345	16	78,743	10
1470	Other current assets		10,782	1	5,240	1
11XX	Total current assets		<u>473,046</u>	<u>54</u>	<u>368,241</u>	<u>48</u>
Non-current assets						
1517	Non-current financial assets at fair value through Other comprehensive income or loss	6(6)	12,800	2	-	-
1550	Investments accounted for using equity method	6(7)	11,779	1	13,072	2
1600	Property, plant and equipment	6(8) and 8	132,462	15	143,727	19
1760	Investment property, net	6(9) and 8	86,542	10	78,828	10
1840	Deferred income tax assets	6(24)	92,019	11	90,124	12
1930	Long-term notes and accounts receivable	6(4)	16,135	2	20,133	3
1990	Other non-current assets - other	6(10)(13)	45,886	5	46,058	6
15XX	Total non-current assets		<u>397,623</u>	<u>46</u>	<u>391,942</u>	<u>52</u>
1XXX	Total assets		<u>\$ 870,669</u>	<u>100</u>	<u>\$ 760,183</u>	<u>100</u>

(Continued)

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

Chairman:




Manager:



Accounting Officer:




EVERFOCUS ELECTRONICS CORP.
 Parent company only Balance Sheets
 For December 31, 2022 and 2021

Unit: NTS thousands

Liabilities and Equity	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current Liabilities						
2100	Short-term borrowings	6(11)	\$ 30,000	3	\$ 65,000	9
2130	Contract liabilities - current	6(18)	5,485	1	9,907	1
2170	Accounts payable		49,872	6	29,208	4
2180	Payables to related parties	7	2,491	-	3,295	-
2200	Other payables	6(12)	22,200	3	22,045	3
2250	Provisions - current		1,699	-	2,029	-
2300	Other current liabilities		5,544	1	2,283	-
21XX	Total current liabilities		<u>117,291</u>	<u>14</u>	<u>133,767</u>	<u>17</u>
Non-current liabilities						
2550	Provisions - noncurrent		4,990	1	5,926	1
2570	Deferred income tax liabilities	6(24)	2,802	-	2,239	-
2645	Guarantee deposits		972	-	874	-
2650	Credit balance of investments accounted for using the equity method	6(7)	107,682	12	88,559	12
25XX	Total non-current liabilities		<u>116,446</u>	<u>13</u>	<u>97,598</u>	<u>13</u>
2XXX	Total liabilities		<u>233,737</u>	<u>27</u>	<u>231,365</u>	<u>30</u>
Equity						
Capital stock						
3110	Ordinary share	6(15)	668,010	77	534,010	70
Capital Surplus						
3200	Capital Surplus	6(16)	55,312	6	-	
Deficit to be offset						
3350	Deficit to be offset	6(17)	(110,651)	(13)	(32,961)	(4)
Other equity items						
3400	Other equity items		24,261	3	27,769	4
3XXX	Total equity		<u>636,932</u>	<u>73</u>	<u>528,818</u>	<u>70</u>
3X2X	Total Liabilities and Equity		<u>\$ 870,669</u>	<u>100</u>	<u>\$ 760,183</u>	<u>100</u>

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

Chairman:




Officer:



Accounting Officer:




EVERFOCUS ELECTRONICS CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For January 1 to December 31, 2022 and 2021

Unit: NTS thousands
(Except Losses Per Share)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating income	6(18) and 7	\$ 294,081	100	\$ 416,893	100
5000 Operating cost	6(5)(22) (23) and 7	(226,847)	(77)	(361,444)	(86)
5900 Operating gross profit		88,434	23	55,449	14
5910 Unrealized loss on sales		(3,000)	(1)	100	-
5950 Net operating margin		85,434	22	55,549	14
Operating expense	6(22)(23) and 7				
6100 Selling expense		(31,960)	(11)	(31,706)	(8)
6200 General and administrative expenses		(27,690)	(9)	(27,598)	(7)
6300 Research and development expense		(43,558)	(15)	(39,840)	(9)
6450 Expected credit impairment gains	12(2)	115	-	124	-
6000 Total operating expenses		(103,323)	(35)	(99,020)	(24)
6900 Operating loss		(37,889)	(13)	(43,471)	(10)
Non-operating income and expenses					
7100 Interest income		998	1	492	-
7010 Other income	6(19)	8,923	3	9,184	2
7020 Other gains and losses	6(20)	(34,405)	(12)	804	-
7050 Finance costs	6(21)	(546)	-	(935)	-
7055 Expected credit loss	7	(5,007)	(2)	(6,269)	(1)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)	(13,908)	(5)	(5,530)	(1)
7000 Non-operating income and expenses		(43,945)	(15)	(8,806)	(2)
7900 Loss before income tax		(81,834)	(28)	(34,665)	(8)
7950 Income tax (expense) benefit	6(24)	1,896	1	1,088	-
8200 Net loss for the period		(\$ 79,939)	(27)	(\$ 33,577)	(8)
Other comprehensive income (loss) Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains on remeasurements of defined benefit plans	6(13)	\$ 2,812	1	\$ 781	-
8349 Income tax related to components that will not be reclassified to profit or loss	6(24)	(563)	(1)	(156)	-
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		2,249	-	625	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Exchange differences arising on translation of foreign operations		(3,508)	(1)	(6,490)	(2)
8360 Total components of other comprehensive income that will be reclassified to profit or loss		(3,508)	(1)	(6,490)	(2)
8300 Net other comprehensive income		(\$ 1,259)	(1)	(\$ 7,115)	(2)
8500 Total comprehensive income (loss) for the period		(\$ 81,198)	(28)	(\$ 26,462)	(6)
Basic/Diluted Losses Per Share					
9750 Basic/Diluted Losses Per Share	6(24)		1.26		0.63
Diluted losses per share					
9850 Diluted losses per share	6(24)		1.26		0.63

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

Chairman:



Officer:



Accounting Officer:



EVERFOCUS ELECTRONICS CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
As of January 1 to December 31, 2022 and 2021

Unit: NTS thousands

Note	Capital Surplus				Exchange differences arising on translation of foreign operations	Total equity
	Common share capital	Capital Surplus - Additional Paid-In Capital	Capital Surplus - Other	Deficit to be offset		
2021						
BALANCE, JANUARY 1, 2021	\$681,151	\$-	\$-	(\$147,150)	\$21,279	\$555,280
Net loss for the period	-	-	-	(33,577)	-	(33,577)
Other comprehensive income	-	-	-	625	6,490	7,115
Total comprehensive income (loss)	-	-	-	(32,952)	6,490	(26,462)
Capital reduction to offset losses	(147,141)	-	-	147,141	-	-
BALANCE, DECEMBER 31, 2021	\$534,010	\$-	\$-	(\$32,921)	\$27,769	\$528,818
2022						
BALANCE, JANUARY 1, 2022	\$534,010	\$-	\$-	(\$32,921)	\$27,769	\$528,818
Net loss for the period	-	-	-	(79,939)	-	(79,939)
Other comprehensive income (loss)	-	-	-	2,249	(3,508)	(1,259)
Total comprehensive income (loss)	-	-	-	(77,690)	(3,508)	(81,198)
Stock-based compensation cost	-	2,051	261	-	-	2,312
Capital reduction to offset losses	134,000	53,000	-	(\$110,651)	-	187,000
Cash Capital Increase	\$668,010	\$55,051	\$261	(\$110,651)	\$24,261	\$636,932
BALANCE, DECEMBER 31, 2022						

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



Chairman:



Manager:



Accounting Officer:

EVERHOUS BIOTECHNICALS CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
As of January 1 to December 31, 2022 and 2021

Unit: NTS thousands

		As of January 1 to December 31, 2022	As of January 1 to December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before income tax		(\$ 81,834)	(\$ 34,665)
Adjustments for			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(22)	4,802	3,855
Amortization expense	6(22)	1,485	1,122
Expected credit loss		5,122	6,145
Loss/(Gain) on financial instruments at fair value through profit or loss, net	6(2)(20)	32,289	(11,393)
Finance costs	6(21)	546	935
Interest income		(998)	(492)
Dividend income	6(19)	(2,378)	(2,360)
Stock-based compensation cost	6(14)	2,312	
Share of (gain) loss of associates and joint ventures accounted for using equity method	6(7)		(5,530)
Unrealized loss on sales		3,000	(100)
Unrealized loss on financial assets measured at amortized cost		1,070	
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		(3,334)	(1,247)
Notes receivable		(2,884)	(170)
Accounts receivable		(30,478)	3,028
Receivable from related parties		(37,742)	8,101
Other receivables		(600)	3,692
Inventories		(56,602)	31,162
Other current assets		(5,542)	64
Other non-current assets		(2,536)	3,240
Changes in operating liabilities			
Contract liabilities		(4,422)	5,074
Accounts payable		20,684	(20,781)
Payables to related parties		(804)	(22,798)
Other payables		155	3,246
Provisions		(1,266)	4,631
Other current liabilities		3,261	5,257
Cash flows used in operations		(142,806)	(37,392)
Interest received		998	492
Dividends received		2,598	2,004
Interest paid		(546)	(935)
Income taxes received		-	192
Net cash flows used in operating activities		(139,759)	(38,639)
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		(12,800)	-
Acquisition of financial assets at amortized cost		(22,784)	5,245
Acquisition of property, plant and equipment	6(8)	(1,251)	4,575
Decrease in other receivables from related parties		-	55,679
Refundable deposits (paid) refunded		674	(500)
Acquisition of intangible assets		(1,646)	1,529
Net cash flows generated by (used in) investing activities		(37,807)	43,830
Cash flows from financing activities			
Increase(decrease) in short-term borrowings	6(26)	(33,000)	52,000
Guarantee deposits received		98	314
Cash Capital Increase	6(15)	187,000	-
Net cash generated by financing activities		152,998	52,314
Increase (decrease) in cash and cash equivalents		(23,463)	60,505
Cash and cash equivalents at beginning of period		80,522	20,017
Cash and cash equivalents at end of period		\$ 55,057	\$ 80,522

Chairman:



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

Manager:



Accounting Officer:



Independent Auditors' Report

(112) Financial Audit Report No. 22B05065

The Board of Directors and Shareholders of EVERFOCUS ELECTRONIC'S CORP.

Opinion

We have audited the accompanying consolidated financial statements of EVERFOCUS ELECTRONIC'S CORP. (the "Group"), which comprise the consolidated balance sheets as of December 31, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, 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 and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("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 auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 of 2022. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters individually.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Existence for incorporating the revenues of newly listed top ten sales customers

Description of the key audit matters

Please refer to Note 4(29) to the consolidated financial statements for the accounting policy on revenue recognition and Note 6(18) to the consolidated financial statements for the description of operating income items.

The Group's main business is the manufacture and sale of all kinds of video processors, electronic cameras and other electronic surveillance products. As the orders for these products are easily affected by the customers' project cycles, while the Group is committed to exploring new markets and taking orders for new projects; therefore, the newly added top ten sales customers had a material effect on the sales revenue for the year. With that, the CPA listed the existence for incorporating the revenues of Group's newly listed top ten sales customers as one of the key audit matters this year.

Audit procedures for the key audit matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. For the assessment and testing of the financial statements, the internal control procedures of sales transactions are based on the Company's internal control system.
2. Viewing the relevant industry background information of newly listed top ten sales customers.
3. Obtaining and sampling relevant vouchers for the transactions involving operating revenue of the newly listed top ten sales customers.

Accounting estimate of inventory valuation

Description of the key audit matters

Refer to Notes 4 (14), 5 and 6(5) to the consolidated financial statements for the information on the Group's inventory accounting policy, estimates and assumptions and allowance for inventory valuation losses.

The Group's main business is the manufacture and sale of all kinds of video processors, electronic cameras and other electronic surveillance products. Given long production cycle of industrial computer products, and that some products or spare parts have long inventory period due to long-term supply and maintenance needs of customers, the order adjustments or lower-than-expected market conditions may lead to fluctuations in product prices or low inventory correction, which may result in higher risk in inventory deviation or obsolescence. The Group's inventories are measured at the lower of inventory cost and net realizable value. For the inventories that exceed its age and are individually identified to be out of date and obsolete, losses based on the policy of allowance for inventory impairment are recognized through individual assessment.

Corresponding to the sales market and development strategies, the Group readily adjusts its stocking demands, with significant inventory balances. In addition, given high uncertainty from the management's subjective estimates on the net realizable value used in evaluating obsolete inventories, the allowance for inventory evaluation is listed as one of the key audit matters.

Audit procedures for the key audit matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Assessing the policy of allowance for inventory impairment with the understanding of the Group's operations and the nature of the industry.
2. Checking the management's details of outdated inventories as well as relevant documentary evidence.
3. Testing the price basis of net realizable value for each inventory item, and randomly checking the correctness of net realizable value.

Other Matters - Parent company only financial reports

We and other auditors have also audited the parent company only financial statements of the EVERFOCUS ELECTRONICS CORP. as of and for the years ended December 31, 2022 and 2021 on which we and other auditors have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for 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 IFRSs, IASs, IFRIC, 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 the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 propriety 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 auditor's 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 appropriate audit evidence regarding the financial information of the 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 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 of 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.

PricewaterhouseCoopers Taiwan

Mavis Chang


CPA [Click here to enter text.](#)

Shih-Jung Weng

The previous Approval No. issued by FSC, Executive Yuan:
Jin-Guan-Zheng-Shen Zi No. 0990042602

The previous approval No. issued by Securities and Futures
Institute, Ministry of Finance: (88) Tai-Tsai-Zheng (VI) No.
95577

March 22, 2023


EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
 For December 31, 2022 and 2021

Unit: NT\$ thousands

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 75,558	9	\$ 97,556	13
1110	Current financial assets at fair value through profit or loss	6(2) and 8	99,547	11	128,502	16
1136	Current financial assets at amortized cost	6(3) and 8	68,527	8	46,813	6
1150	Notes receivable, net	6(4)	4,061	-	1,177	-
1170	Accounts receivable, net	6(4) and 7	80,405	9	28,775	4
1200	Other receivables		1,534	-	995	-
130X	Inventories	6(5)	148,876	17	85,430	11
1479	Other current assets - other		14,655	2	7,451	1
11XX	Total current assets		<u>493,163</u>	<u>56</u>	<u>396,699</u>	<u>51</u>
Non-current assets						
1517	Non-current financial assets at fair value through Other	6(6)	12,800	1		
1600	Property, plant and equipment	6(7) and 8	132,899	15	144,104	18
1755	Right-of-use assets	6(8)	1,288	-	863	-
1760	Investment property, net	6(9) and 8	86,542	10	78,828	10
1840	Deferred income tax assets	6(24)	94,655	11	92,500	12
1930	Long-term notes and accounts receivable	6(4)	16,135	2	20,133	3
1990	Other non-current assets - other	6(10) and 7	46,706	5	46,666	6
15XX	Total non-current assets		<u>391,025</u>	<u>44</u>	<u>383,094</u>	<u>49</u>
1XXX	Total assets		<u>\$ 884,188</u>	<u>100</u>	<u>\$ 779,793</u>	<u>100</u>

(Continued)

Chairman:



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

Manager:



Accounting Officer:



EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS

For December 31, 2022 and 2021

Unit: NT\$ thousands
 December 31, 2021

Liabilities and Equity		Note	December 31, 2022			December 31, 2021		
			Amount	%		Amount	%	
Current Liabilities								
2100	Short-term borrowings	6(11)	\$ 124,555	14	\$ 151,242	20		
2130	Contract liabilities - current	6(18)	6,850	1	10,312	1		
2150	Bills payable		11	-	-	-		
2170	Accounts payable	7	52,853	6	32,410	4		
2200	Other payables	6(12)	44,222	5	41,390	5		
2250	Provisions - current		2,613	-	2,851	-		
2280	Lease liabilities - current		643	-	764	-		
2399	Other current liabilities - other		6,089	1	2,950	1		
21XX	Total current liabilities		<u>237,836</u>	<u>27</u>	<u>241,919</u>	<u>31</u>		
Non-current liabilities								
2550	Provisions - noncurrent		4,990	1	5,926	1		
2570	Deferred income tax liabilities	6(24)	2,802	-	2,239	-		
2580	Lease liabilities - non-current		666	-	115	-		
2670	Other non-current liabilities - other		972	-	776	-		
25XX	Total non-current liabilities		<u>9,420</u>	<u>1</u>	<u>9,056</u>	<u>1</u>		
2XXX	Total liabilities		<u>247,256</u>	<u>28</u>	<u>250,975</u>	<u>32</u>		
Equity								
Equity attributable to owners of the Company								
Capital stock								
3110	Ordinary share	6(15)	668,010	76	534,010	68		
Capital Surplus								
3200	Capital Surplus	6(16)	55,312	6	-	-		
Deficit to be offset								
3350	Deficit to be offset	6(17)	(110,651)	(13)	(32,961)	(4)		
Other equity items								
3400	Other equity items		24,261	3	27,769	4		
31XX	Total equity attributable to owners of the Company		<u>636,932</u>	<u>72</u>	<u>528,818</u>	<u>68</u>		
3XXX	Total equity		<u>636,932</u>	<u>72</u>	<u>528,818</u>	<u>68</u>		
Significant contingent liabilities and unrecognized commitments								
3X2X	Total Liabilities and Equity		<u>\$ 884,188</u>	<u>100</u>	<u>\$ 779,793</u>	<u>100</u>		

Chairman:



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

Manager:



Accounting Officer:



EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For January 1 to December 31, 2022 and 2021

Unit: NT\$ thousands

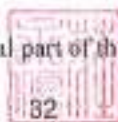
Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating income	6(1B) and 7	\$ 332,309	100	\$ 450,145	100
5000 Operating cost	6(5)(22) (23) and 7	(237,581)	(71)	(353,241)	(78)
5900 Operating gross profit		94,728	29	96,904	22
Operating expense	6(22)(23) and 7				
6100 Selling expense		(43,583)	(13)	(44,777)	(10)
6200 General and administrative expenses		(57,897)	(18)	(48,542)	(11)
6300 Research and development expense		(43,558)	(13)	(39,840)	(9)
6450 Expected credit impairment losses (gains)	12(2)	(628)	-	224	-
6000 Total operating expenses		(145,446)	(44)	(132,935)	(30)
6900 Operating loss		(50,718)	(15)	(36,031)	(8)
Non-operating income and expenses					
7100 Interest income		1,023	-	41	-
7010 Other income	6(19)	11,411	3	13,092	3
7020 Other gains and losses	6(20)	(35,049)	(11)	(137)	-
7050 Finance costs	6(21)	(3,494)	(1)	(2,226)	(1)
7055 Expected credit loss	7	(5,007)	(1)	(6,268)	(1)
7000 Non-operating income and expenses		(31,116)	(10)	(4,501)	(1)
7900 Loss before income tax		(81,834)	(25)	(31,530)	(7)
7950 Income tax expenses	6(24)	1,895	1	(2,047)	(1)
8200 Net loss for the period		(\$ 79,939)	(24)	(\$ 33,577)	(8)
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains on remeasurements of defined benefit plans	6(13)	\$ 2,812	1	\$ 781	-
8349 Income tax related to components that will not be reclassified to profit or loss	6(24)	(563)	-	(156)	-
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		2,249	1	625	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Exchange differences arising on translation of foreign operations		(3,508)	(1)	6,490	2
8360 Total components of other comprehensive income that will be reclassified to profit or loss		(3,508)	(1)	6,490	2
8300 Net other comprehensive income		(\$ 1,259)	-	\$ 7,115	2
8500 Total comprehensive income (loss) for the period		(\$ 81,198)	(24)	(\$ 26,462)	(6)
Net profit (loss) attributable to:					
8610 Owners of the Company		(\$ 79,939)	(24)	(\$ 33,577)	(8)
8710 Owners of the Company		(\$ 81,198)	(24)	(\$ 26,462)	(6)
Basic earnings (losses) per share					
9750 Total basic earnings (losses) per share	6(25)	(\$ 1.26)		(\$ 0.63)	
Diluted earnings (losses) per share					
9850 Total diluted earnings (losses) per share	6(25)	(\$ 1.26)		(\$ 0.63)	

Chairman:



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

Manager:



32

Accounting Officer:



EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For January 1 to December 31, 2022 and 2021

Unit: NT\$ thousands

Equity attributable to owners of the parent

Note	Common share capital	Capital Surplus			Exchange differences arising on translation of foreign operations	Total equity
		Capital Surplus - Additional Paid-In Capital	Capital Surplus - Other	Deficit to be offset		
2021						
	\$681,151	\$-	\$-	(\$147,150)	\$21,279	\$555,280
	-	-	-	(33,577)	-	(33,577)
	-	-	-	625	6,490	7,115
	-	-	-	(32,952)	6,490	(26,462)
6(15)	(147,141)	-	-	147,141	-	-
	\$534,010	\$-	\$-	(\$32,921)	\$27,769	\$528,818
2022						
	\$534,010	\$-	\$-	(\$32,921)	\$27,769	\$528,818
	-	-	-	(79,939)	-	(79,939)
	-	-	-	2,249	(3,508)	(1,259)
	-	-	-	(77,690)	(3,508)	(81,198)
6(14)	-	2,051	261	-	-	2,312
	134,000	53,000	-	-	-	187,000
	\$668,010	\$55,051	\$261	(\$110,651)	\$24,261	\$636,932


Chairman:

Manager:

Accounting Officer:



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


EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For January 1 to December 31, 2022 and 2021

Unit: NT\$ thousands

	Note	For January 1 to December 31, 2022	For January 1 to December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before income tax		(\$ 81,834)	(\$ 31,530)
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(9)	(22) 5,862	6,042
Amortization expense	6(2)	1,495	1,175
Expected credit impairment losses		5,635	6,045
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(20)	32,289	(11,393)
Finance costs	6(21)	3,494	2,226
Interest income		(1,023)	(41)
Dividend income	6(19)	(2,378)	(2,260)
Stock-based compensation cost	6(14)	2,312	
Loss on disposal of property, plant, and equipment	6(20)	3	
Unrealized loss on financial assets measured at amortized cost		1,070	
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		(3,334)	(1,247)
Notes receivable		(2,884)	(170)
Accounts receivable		(46,831)	5,087
Other receivables		(759)	2,897
Inventories		(62,727)	24,339
Other current assets		(7,126)	2,392
Other non-current assets		(1,595)	2,491
Changes in operating liabilities			
Contract liabilities		(3,462)	5,479
Notes payable		11	
Accounts payable		20,353	(38,091)
Other payables		875	(9,524)
Contract liabilities		(3,462)	5,479
Provisions		(1,085)	(4,018)
Other current liabilities		3,139	(561)
Other non-current liabilities		99	(98)
Cash flows used in operations		(138,401)	(40,760)
Interest received		1,023	41
Dividends received		2,598	2,004
Interest paid		(3,494)	(2,226)
Dividends received		2,598	2,004
Income taxes received		-	192
Net cash flows used in operating activities		(138,274)	(40,749)
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		(12,800)	-
Acquisition of financial assets at amortized cost		(22,784)	(5,245)
Acquisition of property, plant and equipment	6(6)	(1,341)	(4,575)
Acquisition of restricted assets		28	-
Refundable deposits (paid) refunded		615	(75)
Acquisition of intangible assets		(1,646)	(1,529)
Net cash flows used in investing activities		(37,928)	(11,424)
Cash flows from financing activities			
Increase in short-term borrowings	6(23)	(30,043)	107,985
Guarantee deposits received		97	314
Payment of lease liabilities	6(26)	(1,131)	(2,184)
Cash Capital Increase	6(15)	187,000	-
Net cash generated by financing activities		155,923	106,115
Effect of exchange rate change		(1,719)	1,869
Increase (decrease) in cash and cash equivalents		(21,998)	55,811
Cash and cash equivalents at beginning of period		97,556	41,745
Cash and cash equivalents at end of period		\$ 75,558	\$ 97,556

Chairman:



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

Manager:



Accounting Officer:





EVERFOCUS ELECTRONICS CORP.

Procedures for Election of Directors

Article 1

To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies

Article 2

Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3

The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 4

The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 5

Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6

The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7

The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8

The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article 11

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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 12

The elected directors shall be notified by the company.

Article 13

These procedures shall be approved by the audit committee, submitted to the board of directors for

resolution, and then implemented upon approval by the shareholders' meeting. Same as the amendment.

Revision Date: June 14, 2023



EVERFOCUS ELECTRONICS CORP.

Articles of Incorporation

Chapter I - General Provisions

- Article I: The Company is incorporated pursuant to the provisions of the Company Act under the name of EVERFOCUS ELECTRONICS CORP.
- Article II: The scope of business of the Company shall be as follows:
1. C101010 Mechanical Equipment Manufacturing
 2. C01080 Electronic Components Manufacturing
 3. E504010 Machinery Installation
 4. E603050 Automatic Control Equipment Engineering
 5. F113010 Wholesale of Machinery
 6. E213080 Retail Sale of Other Machinery and Equipment
 7. F119010 Wholesale of Electronic Materials
 8. E219010 Retail Sale of Electronic Materials
 9. I501010P Product Designing
 10. E605010 Computer Equipment Installation
 11. E205010 Instrument and Meters Installation Engineering
 12. I501010 Software Design Services
 13. E601010 Electric Appliance Construction
 14. E603010 Cable Installation Engineering
 15. E400010 International Trade
 16. C001010 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
 17. E401020 Restrained Telecom Radio Frequency Equipment and Materials Import
 18. ZZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval
- Article II-F: The Company may make guarantees and reinvest for other companies as required for its business. The Company's reinvestment may exceed 40% of the Company's paid-in capital.
- Article III: The Company has its head office in New Taipei City. If necessary, the Company may set up domestic or foreign branches by the resolution of the Board of Directors.
- Article IV: (Deleted)

Chapter II Capital Stock

- Article V: The total capital stock of the Company shall be in the amount of 2,070,000,000 New Taiwan Dollars, divided into 207,000,000,000 shares, at ten New Taiwan Dollars each. The unissued shares are authorized to be issued by the Board of Directors in installments.
- The Company reserves NT\$ 300 million of the capital in the preceding paragraph for issuing 30 million shares with a par value of NT\$10 issuance of stock options, including employee stock options, bonds with warrants, and preferred stock with warrants. The Board of Directors may resolve to issue the shares in different times.
- Article V-1: The Company may transfer treasury shares to employees at less than the average actual share repurchase price or issue employee stock warrants at a subscription price lower than the closing price on the issue date. The Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders.

representing a majority of total issued shares.

Article VI: (Deleted)

Article VII: The certificate should be signed or stamped by more than three directors, and duly certified by the competent authority or an issuance and registration institution approved by the competent authority. The Company may be exempted from printing any share certificate for the shares issued and shall register the issued shares with a centralized securities depository enterprise. When the Company needs to repurchase its own shares, the Board of Directors is authorized to do so in accordance with the laws and regulations.

Article VIII: The change of name and transfer of shares are suspended within 60 days before the general meeting, 30 days before an extraordinary shareholders meeting, or 5 days before the record date of distribution of dividends and bonus, or other benefits.

Article VIII-I: The Company's stock affairs shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" issued by the competent authority.

Chapter III Shareholders' Meeting

Article IX: Shareholders' meetings of the Company are of two types, namely: regular meetings and special meetings. Regular meetings shall be convened, by the Board of Directors, within six months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.

Article X: If a shareholder is unable to attend a shareholders' meeting for any reason, the shareholder may in accordance with Article 177 of the Company Act, appoint a proxy to attend the meeting with the shareholder's signature or seal on a proxy form issued by the Company stating the scope of power authorized to the proxy. The "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" shall be followed. The shareholders' meeting shall be presided over by the Chairman of the Board of the Company. In case the Chairman of the Board is on leave, a director shall be designated to act in his/her behalf; and if no representative is so designated, the representative shall be elected by the directors from among themselves.

Article XI: A shareholder shall be entitled to one vote for each share held, except for those matters specified in Article 179 of the Company Act.

Article XII: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article XII-I: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the shareholders' meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting.

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be affected by means of electronic transmission.

The Company may distribute the meeting minutes described in the first Paragraph by means of a public announcement.

Chapter IV Directors and Audit Committees

- Article XIII: The Company shall have five to nine directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election.
- Article XIII I:(deleted)
- Article XIII-II:In accordance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee to replace the Supervisors' powers. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener. The Audit Committee's powers and related matters shall be executed in accordance with the provisions of the relevant laws and regulations, as determined by the Board of Directors.
- Article XIII III:The number of independent directors shall not be fewer than three persons among the aforesaid number of directors of the Company. The Company shall adopt a candidate nomination system for the election of directors (including independent directors), and the shareholders' meeting shall elect the candidates from the candidates' list of independent directors. The professional qualifications, shareholdings, restrictions on concurrent positions, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant regulations set forth by the competent authority.
- Article XIV: The Board of Directors is organized by the Directors. The Directors shall elect from among themselves a Chairman and a Vice Chairman of the Board, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board represents the Company externally.
- Article XIV-I:Unless otherwise provided in the Company Act, a resolution of the Board of Directors shall be made only with the presence of a majority of the directors. The resolution shall be adopted by a majority of the present directors.
- Article XV: When Chairman is on leave of absence, or cannot exercise its job for any cause, agency of his/her job shall be handled in accordance with the Article 208 of the Company Act. Directors shall attend the board meeting in person. When a Director is unable to attend a board meeting, he/she may authorize another Director to attend on his/her behalf by issuing a power of attorney in the latter's favor specifying the business to be conducted thereat and the scope of the authority to be granted. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.
- Article XV-I:The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph may be given in writing, by facsimile or electronic means.
- Article XVI: Directors of the Company shall be entitled to remuneration for their duties regardless of profit or loss. The Board of Directors is authorized to determine the remuneration within the standards for maximum salaries established in the Company's Remuneration Policy based on the level of their participation in the Company's operations and the value of their contribution. The Directors shall be reimbursed for all expenses incurred as necessary to carry out their duties. Directors are entitled to receive NT\$5,000 transportation fee for attending the meeting.
- Article XVI-I:The Company may purchase liability insurance for directors to reduce the risk of being sued by shareholders or other related parties in connection with the performance of directors' duties as required by law.

Chapter V Managers

Article XVII: The Company may have one president. Its appointment, discharge and remuneration shall be handled in accordance with the provision of Article 29 of the Company Act.

Chapter VI Accounting

Article XVIII: After the end of each fiscal year, the Company's Board of Directors shall prepare and submit the following reports to the Annual General Meeting of Shareholders for approval 30 days prior to the date of the Annual General Meeting of Shareholders: 1. Business report; 2. Financial statements and 3. Proposals for allocation of surplus profits or making up loss.

Article XIX: When the Company has surplus, it shall set aside 3% to 10.5% as employee compensation, which shall be distributed in shares or cash as resolved by the Board of Directors. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements. In addition, the Company may set aside no more than 2.5% of the above-mentioned profit as director remuneration as resolved by the Board of Directors.

However, if the Company still has accumulated losses, the Company shall reserve the amount to offset the losses in advance, and then set aside the employee compensation and director remuneration based on the aforementioned proportions.

Article XIX-I: If the Company has earnings surplus as evidenced by the year-end accounting settlement, it shall pay taxes and make up for losses in accordance with the law and set aside 10% as a legal reserve, except when the legal reserve has reached the Company's total paid-in capital. The remainder shall be set aside or reversed as a special reserve in accordance with the laws and regulations. The Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders to resolve the distribution of dividends to shareholders if there is still a balance available, together with the accumulated undistributed earnings to allocate 0% to 100% of the distributable earnings.

The distributable dividends or bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Dividends are distributed on the basis that maintaining a sound financial structure and matching future business growth of the Company. In accordance with the Company Act, the Board of Directors prepares a proposal for the distribution of earnings each year after the approval of the shareholders' meeting, taking into account the Company's profitability and future operating needs and to protect the interests of investors. The Company adopts the following three methods to distribute dividends: capitalization of earnings, capitalization of capital surplus and cash dividends. If there is an appropriate investment plan that can increase the Company's profitability, the capitalization of earnings or capitalization of capital surplus will be used. When the capital increase affects the dividend level, cash dividends will be paid. Stock dividends will account for 0% to 90% while cash dividends will account for 10% to 100% of the total amount of dividends paid. The actual amount of dividends paid will be determined by the amount approved at the shareholders' meeting.

Chapter VII Miscellaneous

Article XX: The Corporate Charter and related regulations shall be separately established by the Board of Directors.

Article XXI: Any matter not specified in these Articles should be handled in accordance with the Company Act and applicable laws.

Article XXII: The Company may provide guarantees for its subsidiaries with the approval of the Board of Directors.

Article XXIII: These Articles of Incorporation were established on June 28, 1995.

The first Amendment was made on October 16, 1996.

The second Amendment was made on June 26, 1997.

The third Amendment was made on May 2, 1998.

The fourth Amendment was made on June 5, 1998.

The fifth Amendment was made on June 1, 1999.

The sixth Amendment was made on June 30, 2000.

The seventh Amendment was made on April 30, 2001.

The eighth Amendment was made on June 14, 2002.

The ninth Amendment was made on June 11, 2004.

The tenth Amendment was made on June 17, 2005.

The eleventh Amendment was made on June 17, 2005.

The twelfth Amendment was made on June 15, 2006.

The thirteenth Amendment was made on June 15, 2007.

The fourteenth Amendment was made on June 13, 2008.

The fifteenth Amendment was made on June 10, 2009.

The sixteenth Amendment was made on June 15, 2010.

The seventeenth Amendment was made on June 10, 2011.

The eighteenth Amendment was made on June 13, 2012.

The nineteenth Amendment was made on June 17, 2015.

The twentieth Amendment was made on June 8, 2016.

The twenty-first Amendment was made on June 14, 2017.

The twenty-second Amendment was made on June 14, 2018.

The twenty-third Amendment was made on June 5, 2019.

EVERFOCUS ELECTRONICS CORP.



Chairman: Yung-Shun Chuang





EVERFOCUS ELECTRONICS CORP. Rules and Procedures of Shareholders' Meeting

- I. These Rules of Procedure are established in accordance with the Rules Governing the Conduct of Shareholders Meetings by Public Companies
- II. A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. Such proxy matters shall be handled in accordance with the provisions of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and Article 177 of the Company Act.
The Company shall specify in its shareholders meeting notices the time and 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 shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.
The Company shall furnish the attending shareholders (or proxy) with an attendance book to sign, or attending shareholders (or proxy) may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.
- III. Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.
- IV. 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. The venue and time for the meeting shall take independent directors' opinions into account.
- V. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman 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 chairman 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, 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.
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.
- VI. 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.
Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- VII. The shareholders meeting shall be documented by audio or video and shall be retained for at least one year.
- VIII. The chair shall call the meeting to order at the appointed meeting time. 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 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.

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.

- IX. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. 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. After close of the said meeting, shareholders shall not elect another chairman to hold another meeting at the same place or at any other place.

- X. A shareholder wishing to speak in a shareholders meeting shall first fill out a slip, specifying therein the major points of his speech, his serial number as a shareholder (or number of attendance) and his name, and the chairman shall determine his order of giving a speech.

A shareholder who submits his slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his speech shall be different from those specified on the slip, the contents of his speech shall prevail.

When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the chairman and the said shareholder, and the chairman may prevent others from interrupting.

- XI. A shareholder shall not speak more than two times for one motion, unless he has obtained the prior consent from the chairman, and each speech shall not exceed 5 minutes.

If a shareholder violates the above provisions or his speech exceeds the scope of the motion, the chairman may prevent him from doing so.

- XII. A corporate shareholder being entrusted to attend in a shareholders meeting may designate only one representative to represent it in the meeting.

If a corporate shareholder which designates two or more representatives to represent it at the shareholders meeting, only one of the representatives so designated may speak on any one motion.

- XIII. After a shareholder has given a speech, the chairman may personally or designate relevant person to respond.

- XIV. When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution. A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the company, shall not vote nor exercise the voting right on behalf of another shareholder.

- XV. The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder.

The results of resolution(s) shall be announced in the meeting, and recorded in the meeting minutes. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting as required in the preceding

Paragraph may be affected by means of electronic transmission.

The distribution of the minutes of shareholders' meeting as required in the preceding paragraph may be made by means of posting on the Market Observation Post System.

The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the company.

- XVI. 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.

- XVII. Except for special resolutions as provided in the Company Act, when a proposal comes to a vote, it shall be approved by a majority of the shareholders present; if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. The vote shall have the same validity as a poll, and each shareholder shall have one vote, except in the case provided in Article 179 of the Company Act, in which case he/she shall not have the right to vote.

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.

- XVII-1. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this 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.

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.

- XVII-2. 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.

- XIX. 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 this 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.

- XX. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be affected in the same manner.

These Regulations were approved at the Annual General Meeting of Shareholders on June 30, 2000.

The first Amendment was made on June 14, 2002.

The second Amendment was made on June 15, 2006.

The third Amendment was made on June 13, 2012.
The fourth Amendment was made on June 18, 2013.
The fifth Amendment was made on June 14, 2018.

Other matters to be disclosed:

- (I) Impact of Issuance of Stock Dividends on Business Performance and Earnings per Share: Not Applicable.
- (II) Shareholdings of All Directors:



EVERFOCUS ELECTRONICS CORP.

Director Shareholding

1. The Minimum Number of Shares All Directors Are Required to Hold and the Number of Shares Actually Held by Individual and All Directors Recorded in the Shareholders' Register

Title	Shares Held	Shareholding Percentage	Shares recorded in the Shareholders' Register
Director	5,344,080	8.0%	16,131,248

2. Shareholdings of All Directors

Title	Name	Shares recorded in the Shareholders' Register
Chairman	Yung-Shun Chuang	10,655,686
Director	Hui-Ming Tsao	1,707,541
Director	LCL CAPITAL INC, Representative: Ching-Kun Chen	3,768,021
Director	LCL CAPITAL INC, Representative: Chieh-Hsi Li	3,768,021
Independent director	Hsu-Nan Huang	0
Independent director	Hsuch-Yu Lo	0
Independent director	Chen-An Li	18,629

(Note) Book closure date: April 16, 2023.

The logo consists of a white square with a stylized 'E' shape cut out of it, positioned to the left of the brand name.

EverFocus®

