

**EverFocus**

Stock Code:5484

**慧友電子股份有限公司**  
EverFocus Electronics Corp.

**2024 ANNUAL GENERAL  
SHAREHOLDERS' MEETING**

MEETING AGENDA

Date : June 21,2024

# Contents

Item	Page
One. Meeting Procedure .....	0
Two. Meeting Agenda .....	1
Three. Matters To Report .....	2
I. 2023 Business Report And 2024 Business Plan .....	2
II. Audit Committee’S Report On The Review Of The Company’S 2023 Final Accounts .....	2
III. The Implementation Status Of The Sound Business Plan To Reduce Capital To Offset Losses In 2021 .....	2
IV. Report Of Directors’ Compensation For 2023. ....	2
Four. Matters For Adoption.....	3
I. To Adopt The Company’S 2023 Final Accounts.....	3
II. To Adopt The Company’S 2023 Loss Make-Up Statement. ....	3
Five. Matters For Election And Discussion .....	4
I. Comprehensive Re-Election Of Directors.....	4
II. Discussion On The Removal Of Restrictions On Non-Compete Clauses For Newly Appointed Directors And Their Representatives.....	4
Six. Extempore Motion.....	4
Seven. Attachment .....	5
I. Business Report .....	5
II. Audit Committee’S Review Report.....	9
III. The Implementation Status Of The Sound Business Plan To Reduce Capital To Offset Losses In 2021 .....	10
IV. Report Of Directors’ Compensation For 2023 .....	12
V. Financial Statements Of 2023 And Auditors' Report .....	14
VI. List Of Director Candidates (Including Independent Directors) .....	32
VII. Statement Of Director (Including Independent Director) Candidate Non-Compete Release Details .....	35
VIII. Procedures For Election Of Directors .....	37
IX. Articles Of Incorporation .....	40
X. Rules And Procedures Of Shareholders' Meeting .....	45
XI. Status Of Shareholding By Directors Of The Company: .....	49



# **EVERFOCUS ELECTRONICS CORP.**

## **2024 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 Election and Discussion
- VII. Extempore Motion
- VIII. Adjournment



# EVERFOCUS ELECTRONICS CORP.

## 2024 Annual General Shareholders' Meeting Agenda

**Type of Meeting:** Physical Meeting

**Time:** 9:00 a.m., June 21, 2024 (Friday).

**Place:** 9F., No. 135, Ln. 235, Baoqiao 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. 2023 Business Report and 2024 Business Plan.
2. Audit Committee's report on the review of the Company's 2023 final accounts.
3. The implementation status of the sound business plan to reduce capital to offset losses in 2021.
4. Report of Directors' Compensation for 2023.

**V. Matters for Adoption:**

1. To adopt the Company's 2023 final accounts.
2. To adopt the Company's 2023 loss make-up statement.

**VI. Matters for Election and Discussion**

1. Comprehensive re-election of directors .
2. Discussion on the removal of restrictions on non-compete clauses for newly appointed directors and their representatives.

**VII. Extempore Motion**

**VIII. Adjournment**

# Matters to Report

I. 2023 Business Report and 2024 Business Plan.

Explanation: Please refer to pages 5-8 of this Handbook (Attachment I) for the Business Report.

II. Audit Committee's report on the review of the Company's 2023 final accounts.

Explanation: Please refer to page 9 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 10-11 of this Handbook (Attachment III) for the sound business plan to reduce capital to offset losses in 2021.

IV. Report of Directors' Compensation for 2023.

Explanation: Please refer to pages 12-13 of this Handbook (Attachment IV) for the Report of Directors' Compensation for 2023.

## Matters for Adoption

Proposal 1 (Proposed by the Board of directors)

Cause of Action: To adopt the Company's 2023 final accounts.

- Explanation:
1. The Company's 2023 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 5-8 and 14-31 (Attachments I and V) of this Handbook for the 2023 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 2023 loss make-up statement.

- Explanation:
1. In accordance with Article 19-1 of the Company's Articles of Incorporation.
  2. The 2023 loss make-up proposal is as followed:

Unit: NT\$

EVERFOCUS ELECTRONICS CORP.	
Loss Make-up Statement	
2023	
Item	Amount
Accumulated deficit of prior years	(110,650,336)
Add: Actuarial gains recognized in retained earnings	2,278,515
Deduct: Decrease in retained earnings due to reclassification of equity instruments measured at fair value through other comprehensive income	(674,150)
Less: 2023 net loss after tax	(48,976,957)
Accumulated deficit at the end of period	(158,022,928)

Chairman: 

President: 

Accounting Officer: 

3. Please approve.

Resolution:

## **Matters for Election and Discussion**

Proposal 1 (Proposed by the Board of directors)

Cause of Action: Comprehensive re-election of directors.

1. Explanation: The tenth term of office for the Company's directors expires on June 30, 2024. According to the law, a comprehensive re-election will be conducted ahead of schedule at this shareholders' meeting.
2. The election of directors (including independent directors) of the Company follows a candidate nomination system. In this instance, it is proposed to elect eight directors (including three independent directors). Newly appointed directors will assume office from the date of appointment for a term of three years, from June 21, 2024, to June 20, 2027.
3. The list of director candidates (including independent directors) was approved at the 19th meeting of the tenth board of directors on May 8, 2024. Please refer to pages 32-34 (Appendix VI) of this handbook for details.
4. Please discuss.

Resolution:

Proposal 2 (Proposed by the Board of directors)

Cause of Action: It is proposed to remove the non-compete clause for new directors and their representatives.

1. In view of the annual expansion of the Company's business scope, it is possible that directors appointed by the Company may simultaneously serve as directors or managers of other companies with similar business scopes. However, due to the benefits derived from their involvement in the diversified and international development of the Company, there should be no need for restrictions. Therefore, in accordance with Article 209 of the Company Law, the restrictions on non-compete clauses for newly appointed directors and their representatives are hereby lifted.
2. The detailed statement of non-compete clause release for director candidates (including independent directors) is available on pages 35-36 (Appendix VII) of this handbook.
3. Please discuss.

Resolution:

## **Extempore Motion**

## **Adjournment**

(Attachment I)

## Business Report

Thank you very much, shareholders, for taking the time out of your busy schedules to attend the 2024 Annual General Meeting of our company. On behalf of the Board of Directors and the management team of Everfocus, I would like to express our utmost respect and gratitude to all of you. Since its inception, Everfocus has been committed to advancing image analysis technology and exploring larger horizons. Despite the continuous downturn in performance in recent years, the company has been tirelessly dedicated to research and innovation, actively developing solutions in various fields, and seeking new market opportunities. Thanks to the efforts of our team, we have achieved significant success in the field of automotive applications. Upholding a spirit of positivity and innovation, our company continues to grow, striving to become an industrial computer manufacturer with a distinct focus on 'Vision AIoT solutions,' while also promoting corporate governance and environmental sustainability. We hope to bring better returns to our shareholders.

The results of the Company's 2023 business performance, 2024 business plan and future development strategy are reported as follows:

### I. 2023 Business Report

#### (I) Comparison of Operating Results

Unit in parent company only financial statements: NT\$ thousands

Item	2023	2022	Amount increased (decreased)	Percentage increased (decreased)
Net operating income	338,161	294,081	44,080	14.99
Net operating margin	66,863	65,434	1,429	2.18
Net loss for the period	(48,977)	(79,939)	30,962	38.73

Unit in consolidated financial statements: NT\$ thousands

Item	2023	2022	Amount increased (decreased)	Percentage increased (decreased)
Net operating income	369,555	332,309	37,246	11.21
Operating gross profit	79,854	94,728	(14,874)	(15.70)
Net loss for the period	(48,977)	(79,939)	30,962	38.73

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

Item		2023	2022	Discrepant value
Financial structure	Debt to assets ratio (%)	38.10	26.85	11.25
	Ratio of long-term capital to property, plant and equipment (%)	7,540.02	568.75	6,971.27
Solvency	Current ratio (%)	248.31	403.31	(155.00)
	Quick ratio (%)	189.66	279.69	(90.03)
Profitability	Return on assets (%)	(5.26)	(9.75)	4.49
	Return on equity (%)	(7.97)	(13.71)	5.74
	Profit margin (%)	(14.48)	(27.18)	12.70
	Earnings per share (NT\$)	(0.73)	(1.26)	0.53

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

	Item	2023	2022	Discrepant value
Financial structure	Debt to assets ratio (%)	34.92	27.96	6.96
	Ratio of long-term capital to property, plant and equipment (%)	6,066.63	486.35	5,580.28
Solvency	Current ratio (%)	175.35	207.35	(32.00)
	Quick ratio (%)	127.90	139.15	(11.25)
Profitability	Return on assets (%)	(4.97)	(9.27)	4.30
	Return on equity (%)	(7.97)	(13.71)	5.74
	Profit margin (%)	(13.25)	(24.06)	10.81
	Earnings per share (NT\$)	(0.73)	(1.26)	0.53

(III) Budget implementation: None. The Company has only set internal budget targets for 2023 and does not disclose financial projections to the public.

(IV) R&D Status:

The execution results of our company's product strategy are as follows:

1. Multifaceted hardware development platform :

Our company not only focuses on developing edge computing devices based on Intel and Nvidia series, but also starts to incorporate NXP and TI Cortex-A/M low-power processors, suitable for applications requiring multiple I/O ports and industrial communication protocols, enhancing the completeness of our product planning and layout.

2. Vehicle Industrial Computers:

Building upon our professional automotive monitoring MDVR/NVR product series, our company continues to develop features tailored for in-vehicle applications. In terms of hardware, we focus on strengthening designs for automotive-grade wide-temperature and wide-voltage specifications, implementing start-up power delay modules, and obtaining product automotive certifications. On the software front, we offer comprehensive in-vehicle software and hardware solutions, ranging from basic passenger safety monitoring, vehicle driving condition recording, to extending to driver behavior monitoring. These solutions are utilized for data collection, processing, analysis, and control, aiming to achieve vehicle automation, intelligence, and connectivity.

3. Image-based software and hardware integration solution:

By using our products, image data can be transmitted to third-party platforms or applications, such as fleet management, remote control, video conferencing, etc. Our company offers image solutions that enable full-process management from image capture to application services, making it more convenient, efficient, and secure for customers to use.

4. IOT Architecture and Management Platform:

We continue to develop expandable platform base modules that integrate various IoT technologies and functionalities to achieve collaborative work of IoT devices, centralized management of data, and development and deployment of applications. This enhances the efficiency, security, visibility, and scalability of IoT systems and enables the development of big data platforms for smart cities, smart hospitals, smart fleets, etc.

5. AI Image Recognition Software and Application Environment:

Utilizing technologies such as machine learning and deep learning, computers

can automatically analyze and identify objects, behaviors, and contexts in images, including edge computing for cameras, industrial computer edge computing, and recognition and analysis systems on backend servers. This enables intelligent monitoring and management of specific scenes and environments. Such software applications have a wide range of uses, particularly in areas like security surveillance, smart manufacturing, road safety, intelligent transportation, and technology enforcement, where they hold significant value. Complex and large-scale vehicle early warning system (car recorder and ADAS) :

6. Integrated large-scale vehicle driving safety warning assistance system (dashcam+ADAS)

Our company's integrated large-scale vehicle driving safety warning assistance system combines advanced ADAS onboard computers with a 16-in-1 dashcam. Utilizing image recognition technology, it provides 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, fatigue driving detection, and more. Meanwhile, during vehicle operation, the 16-in-1 dashcam automatically records driving information, capturing driving behaviors and vehicle events as evidence. Everfocus's intelligent in-vehicle system enhances driving safety, reduces the occurrence of traffic accidents, and assists drivers in developing good driving habits, making it an essential safety equipment for commercial vehicles.

## II. 2024 Business Plan

### (I) Business policy

1. Maintain existing key ODM customers (American car system suppliers, Japanese commercial vehicle customers, European system suppliers).
2. Become an IPC company with imaging technology, security features, and automotive characteristics: Expand the customer base for IPC and automotive applications, aiming to account for 80% of total revenue.
3. Integrate R&D resources from affiliated companies within the group, implement multi-brand management, and split into three major product lines (Imaging IoT/Smart Automotive/Industrial Computers) to penetrate different vertical application markets.
4. Continue investing in international marketing to expand brand awareness and market influence, accelerating the accumulation of ODM Key Account/VAD/System Integrator customer bases across global regions.
5. As a Tier1 supplier for Japanese automotive manufacturers, strengthen quality control and expand supply of products compliant with emerging regulations.
6. Transition from a hardware product manufacturer to a solution provider, focusing on imaging technology, edge computing, and IoT control, to develop Visualized, Intelligent, Networked, Secure, and Energy-efficient Vision AIoT application solutions.

### (II) Product Development Strategy

1. Continuously maintain existing surveillance product business, introduce image analysis solutions, and expand into vertical application fields.
2. Target the broad applications brought by image analysis, fully invest in Computer Vision + Edge AI solution integration, and develop solutions for

- smart manufacturing, intelligent security, and smart automotive applications.
3. Through the implementation of government scientific projects, integrate eight major vehicle safety assistance solutions, and introduce MDVR/ADAS/16-1 systems into large commercial vehicles.
  4. Develop digital cockpit systems for commercial vehicles to create a convenient, safe, and comfortable driving environment.
  5. Actively launch high-performance embedded computers with image capture interfaces and automotive specifications, built-in edge computing platforms, and provide comprehensive customization services.
  6. Continuously develop core capabilities (image processing/edge computing), accelerate product development and solution integration, and provide complete hardware + software, edge + cloud integrated solutions and development environments.

### III. Long-term development strategy

Under the wave of AI-IoT, our company is gradually transforming into an industrial computer solution service provider specializing in "Vision AIoT solutions" that integrate image features. In the future, we will focus on image technology as the core, develop solutions for artificial intelligence and the Internet of Things, and expand into vertical application areas, including security, transportation, smart manufacturing, healthcare, and education. It is expected that there will be many new applications and directions in the year 113, and we will invest more resources and technology accordingly. Our future product line will be fully integrated with AI artificial intelligence-related technologies.

I wish to all our shareholders

Stay healthy and all the best!

EVERFOCUS ELECTRONICS CORP.



Chairman : Yung-Shun Chuang



President : Chih -Hung Kao



Accounting Officer: Chien-Liang Chen



(Attachment II)

# **EVERFOCUS ELECTRONICS CORP.**

## **Audit Committee's Review Report**

To approve

The Board of Directors has prepared the Company's 2023 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.

2024 Annual General Shareholders' Meeting



EVERFOCUS ELECTRONICS CORP.

Convener of the Audit Committee, Hsu-Nan Huang



March 12, 2024

(Attachment III)

### 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

	2023	2023	2023	2023	2023
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Operating income	117,600	134,400	151,200	156,800	560,000
Operating cost	(87,024)	(99,456)	(111,888)	(116,032)	(414,400)
Operating gross profit	30,576	34,944	39,312	40,768	145,600
Operating expense	(33,500)	(33,500)	(33,500)	(33,500)	(134,000)
Net operating income (loss)	(2,924)	1,444	5,812	7,268	11,600
Non-operating income and expenses	979	979	979	979	3,916
Net profit (loss) before income tax	(1,945)	2,423	6,791	8,247	15,516

#### II. Achievement of the sound business plan:

Unit: NT\$ thousands

	First quarter	Second quarter	Third quarter	Fourth quarter	2023	First quarter	Second quarter	Third quarter	Fourth quarter	2023	Achieving rate
	Actual	Actual	Actual	Actual	Total	Estimated	Estimated	Estimated	Estimated	Total	
Operating income	96,267	90,408	87,588	95,292	369,555	117,600	134,400	151,200	156,800	560,000	66%
Operating cost	(67,914)	(80,158)	(66,327)	(75,302)	(289,701)	(87,024)	(99,456)	(111,888)	(116,032)	(414,400)	70%
Operating gross profit	28,353	10,250	21,261	19,990	79,854	30,576	34,944	39,312	40,768	145,600	55%
Operating gross margin	30%	11%	24%	21%	22%	26%	26%	26%	26%	26%	83%
Operating expense	(35,213)	(35,803)	(38,292)	(41,695)	(151,003)	(33,500)	(33,500)	(33,500)	(33,500)	(134,000)	113%
Operating income (loss)	(6,860)	(25,553)	(17,031)	(21,705)	(71,149)	(2,924)	1,444	5,812	7,268	11,600	-613%
Non-operating income and expenses	18,859	10,802	2,066	8,198	39,925	979	979	979	979	3,916	1020%
Net profit (loss) before income tax	11,999	(14,751)	(14,965)	(13,507)	(31,224)	(1,945)	2,423	6,791	8,247	15,516	-201%
Income tax (expense) benefit	(16)	16	0	(17,753)	(17,753)	0	0	0	0	0	0
Net income (loss) for the period	11,983	(14,735)	(14,965)	(31,260)	(48,977)	(1,945)	2,423	6,791	8,247	15,516	-316%
Earnings per share (NT\$)	0.18	(0.22)	(0.22)	(0.47)	(0.73)	(0.03)	0.04	0.10	0.12	0.23	-317%

#### III. The implementation status of the 2023 sound business plan is as followed:

- (I) Operating income for the year ended December 31, 2023 was NT\$369,555 thousands, achieving 66% of the target; operating gross profit was NT\$79,854 thousands, achieving 55% of the target, mainly due to lower-than-expected orders for Smart Link

computers.

- (II) Operating expenses for the year ended December 31, 2023 were NT\$ 151,003 thousands, achieving 113% of the target, mainly due to increased research and development expenses and related costs incurred from government implementing scientific projects.
- (III) Non-operating net income for the year ended December 31, 2023 was NT\$39,925 thousands, exceeding the estimate by NT\$36,009 thousands, mainly due to the initial estimate not including income from the sale of stocks and subsidies from government scientific projects.
- (IV) Overall, the pre-tax net loss for the year ended December 31, 2023 was NT\$(31,224) thousands, exceeding the estimated loss by approximately 46,740 thousands.
- (V) Ongoing improvement measures:
  1. Leverage resources from affiliated companies within the group to aim for a revenue contribution of over half from industrial computer-related products.
  2. Enhance the company's official website to strengthen online and digital marketing efforts.
  3. Continuously explore integrated opportunities in MDVR+16-1 to enhance revenue from vehicle-mounted products.
  4. Reduce operational costs of subsidiary companies and actively participate in exhibitions to cultivate IPC business.
  5. Optimize resource allocation for each product line's business model.

(Attachment IV)

### Report of Directors' Compensation for 2023

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 2023 is NTD 48,976,957, it is proposed that no director compensation will be distributed.

#### 4. Individual director remuneration

Title	Name	Directors' remuneration								Sum of A, B, C and D as percentage of Net Income (%) (Note 2)		Relevant Remuneration Received by Directors Who are Also Employees								Sum of A, B, C, D, E, F and G as percentage of Net Income % (Note 2)		Compensation from invested businesses other than subsidiaries
		Compensation (A)		Severance pay and pensions (B)		Remuneration for directors (C) (Note 1)		Allowances (D)				Base compensation, bonuses, and allowances (E)		Severance pay and pensions (F)		Employee profit sharing from earnings distribution (G) (Note 1)						
		The Company	From all consolidated entities	The Company	From all consolidated entities	The Company	From all consolidated entities	The Company	From all consolidated entities			The Company	From all consolidated entities	The Company	From all consolidated entities	The Company	From all consolidated entities	The Company				
										Cash Amount	Share Amount							Cash Amount	Share Amount			
Chairman and President	Yung-Shun Chuang	0	0	0	0	0	0	25	25	25 (0.05)	25 (0.05)	0	0	0	0	0	0	0	0	25 (0.05)	25 (0.05)	None
Director and Consultant	Hui-Ming Tsao	0	0	0	0	0	0	20	20	20 (0.04)	20 (0.04)	0	0	0	0	0	0	0	0	20 (0.04)	20 (0.04)	None
Director	LCL CAPITAL INC.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
	Representative: Ching-Kun Chen	0	0	0	0	0	0	25	25	25 (0.05)	25 (0.05)	0	0	0	0	0	0	0	0	25 (0.05)	25 (0.05)	None
Director	LCL CAPITAL INC.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
	Representative: Chieh-Hsi Li	0	0	0	0	0	0	25	25	25 (0.05)	25 (0.05)	0	0	0	0	0	0	0	0	25 (0.05)	25 (0.05)	None
Independent director	Hsueh-Yu Lo	0	0	0	0	0	0	115	115	115 (0.23)	115 (0.23)	0	0	0	0	0	0	0	0	115 (0.23)	115 (0.23)	None
Independent director	Chen-An Li	0	0	0	0	0	0	115	115	115 (0.23)	115 (0.23)	0	0	0	0	0	0	0	0	115 (0.23)	115 (0.23)	None
Independent director	Hsu-Nan Huang	0	0	0	0	0	0	105	105	105 (0.21)	105 (0.21)	0	0	0	0	0	0	0	0	105 (0.21)	105 (0.21)	None

(Attachment V)

## Independent Auditors' Report

(2024) Financial Audit Report No. 23004495

The Board of Directors and Shareholders of EVERFOCUS ELECTRONICS CORP.

### **Opinion**

We have audited the accompanying separate company only financial statements of EVERFOCUS ELECTRONICS CORP. (the "Everfocus"), which comprise the separate company only balance sheets as of December 31, 2023 and 2022 and the separate company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the separate company only financial statements (including a summary of significant accounting policies) of 2023 and 2022.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matter section of our report, the separate financial statements present fairly, in all material respects, the separate financial position of Everfocus as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022, 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the audit of the separate financial statements section of our report. We are independent of Everfocus in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other independent auditors, 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 separate company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the separate 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 2023 separate company only financial statements are stated as follows:

#### **Existence for incorporating the revenues**

##### Description

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

Everfocus's main business activities include the manufacturing, sales, and customization of various image processors, electronic surveillance products such as electronic cameras, and industrial computers. Its primary sales regions include Europe, the Americas, and Asia. Additionally, some customers belong to regional enterprises. Therefore, during the audit

process, it is crucial to focus more on the existence and occurrence risks of sales revenue. Since sales revenue has a significant impact on the financial statements, the auditor considers the authenticity of the aforementioned sales revenue as one of the most critical audit matters. Audit procedures for the key audit matter.

#### 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 Everfocus's internal control system.
2. Obtaining and sampling relevant documents, such as sales invoices, to confirm that customers have taken control of the goods and assumed the risks of the goods before recognizing revenue.

### **Accounting estimate of inventory valuation**

#### Description

Regarding the accounting policy for inventory valuation, please refer to Note 4(13) of the separate company only financial statements. For the accounting estimates and uncertainties related to inventory valuation, please refer to Note 5 of the separate company only financial statements. For the description of inventory accounting items, please refer to Note 6(5) of the separate company only financial statements.

Everfocus 's primary business activities involve the manufacturing and sales of various electronic surveillance products such as image processors, electronic cameras, and industrial computers. Due to longer product cycles, certain products or spare parts may have extended inventory periods due to long-term supply and maintenance demands from customers. Adjustments to orders by customers or unexpected market sales conditions could result in price fluctuations of products or slower-than-expected turnover, leading to higher risks of inventory write-downs or obsolescence. Everfocus measures normal inventory for sale at the lower of cost and net realizable value. For inventory aged beyond a certain period or identified as obsolete, provision for inventory write-downs is made based on the provision for impairment policy and individual assessment.

Corresponding to the sales market and development strategies, Everfocus 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 Everfocus 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 Everfocus'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.

## **Other matters – reference to the audits of other independent auditors**

We did not audit the financial statement of certain investments accounted for under equity method. These investments accounted for under equity method amounted to \$17,884 thousand, constituting 1.87% of total assets as of December 31, 2023, and the comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to \$558 thousand, constituting for( 1.26% ) of total comprehensive income for the years ended December 31, 2023. The financial statements of these investments accounted for under equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

## **Responsibilities of Management and Those Charged with Governance for the Separate Company Only Financial Statements**

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

In preparing the separate 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 Everfocus 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 Everfocus's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Separate Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 internal control of EverFocus Electronics Corp.

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 separate 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 separate company only financial statements, including the disclosures, and whether the separate 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 EverFocus Electronics Corp to express an opinion on the separate 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 separate company only financial statements of 2023 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.

PwC Taiwan  
Certified Public Accountant

Mavis Chang  
CPA  
Shih-Jung Weng

Former Financial Supervisory Commission, Executive Yan  
Approval reference: Jin-Guan-Zheng-Shen-Zi  
No.0990042602

Securities and Futures Commission, Ministry of Finance  
Approval reference: (1999) Tai-Tsai-Cheng (VI) No. 95577

March 12, 2024

  
**EVERFOCUS ELECTRONICS CORP.**  
**Separate company only Balance Sheets**  
**For December 31, 2023 and 2022**

Unit: NT\$ thousands

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 100,364	11	\$ 55,057	6
1110	Current financial assets at fair value through profit or loss	6(2)	91,526	10	99,547	11
1136	Current financial assets at amortized cost	6(3) and 8	68,840	7	68,527	8
1150	Notes receivable, net	6(4)	992	-	4,061	1
1170	Accounts receivable, net	6(4)	41,320	4	50,,559	6
1180	Accounts receivable - related party, net	6(4) and 7	26,138	3	47,452	5
1200	Other receivables		1,945	-	1,443	-
1210	Other receivables - related parties	7	100,209	10	273	-
130X	Inventories	6(5)	117,573	12	135,345	16
1470	Other current assets		18,780	2	10,782	1
11XX	<b>Total current assets</b>		<u>567,780</u>	<u>59</u>	<u>473,046</u>	<u>54</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through Other comprehensive income or loss	6(6)	4,000	1	12,800	2
1550	Investments accounted for using equity method	6(7)	26,340	3	11,779	1
1600	Property, plant and equipment	6(8) and 8	9,668	1	132,462	15
1755	Right-of-use asset	6(9)	21,944	2	-	-
1760	Investment property, net	6(10) and 8	211,592	22	86,542	10
1840	Deferred income tax assets	6(25)	74,266	8	92,019	11
1930	Long-term notes and accounts receivable	6(4)	12,114	1	16,135	2
1990	Other non-current assets - other	6(11)(14) and 7	29,982	3	45,886	5
15XX	<b>Total non-current assets</b>		<u>389,906</u>	<u>41</u>	<u>397,623</u>	<u>46</u>
1XXX	<b>Total assets</b>		<u>\$ 957,592</u>	<u>100</u>	<u>\$ 870,669</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.**  
 Separate company only Balance Sheets  
 For December 31, 2023 and 2022

Unit: NT\$ thousands

Liabilities and Equity	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current Liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 86,000	9	\$ 30,000	3
2130	Contract liabilities - current	6(19)	4,961	1	5,485	1
2150	Notes payable		100	-	-	-
2170	Accounts payable		52,656	6	49,872	6
2180	Payables to related parties	7	10,487	1	2,,491	-
2200	Other payables	6(13)	22,690	2	22,200	3
2220	Other payables-related parties	7	39,916	4	-	-
2250	Provisions - current		1,014	-	1,699	-
2280	Lease provision-current		8,091	1	-	-
2300	Other current liabilities		2,708	-	5,544	1
21XX	<b>Total current liabilities</b>		<u>228,623</u>	<u>24</u>	<u>117,291</u>	<u>14</u>
<b>Non-current liabilities</b>						
2550	Provisions - noncurrent		558	-	4,990	1
2570	Deferred income tax liabilities	6(25)	3,371	-	2,802	-
2580	Lease liabilities-non current		13,937	2	-	-
2645	Guarantee deposits		988	-	972	-
2650	Credit balance of investments accounted for using the equity method	6(7)	117,372	12	107,682	12
25XX	<b>Total non-current liabilities</b>		<u>136,226</u>	<u>14</u>	<u>116,446</u>	<u>13</u>
2XXX	<b>Total liabilities</b>		<u>364,849</u>	<u>38</u>	<u>233,737</u>	<u>27</u>
<b>Equity</b>						
Capital stock						
3110	Ordinary share	6(16)	668,010	70	668,010	77
3140	collected in advance		-	-	-	-
Capital Surplus						
3200	Capital Surplus	6(17)	55,312	6	55,312	6
Deficit to be offset						
3350	Deficit to be offset	6(18)	( 158,023)	(17)	( 110,651)	(13)
Other equity items						
3400	Other equity items		27,444	3	24,261	3
3XXX	<b>Total equity</b>		<u>592,743</u>	<u>62</u>	<u>636,932</u>	<u>73</u>
Significant contingent liabilities and unrecognized commitments						
3X2X	<b>Total Liabilities and Equity</b>	9	<u>\$ 957,592</u>	<u>100</u>	<u>\$ 870,669</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.**  
**SEPARATE COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**For January 1 to December 31, 2023 and 2022**

Unit: NT\$ thousands  
(Except Losses Per Share)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating income	6(19) and 7	\$ 338,161	100	\$ 294,081	100
5000 Operating cost	6(5)(23) (24) and 7	( 274,098)	( 81)	( 225,647)	( 77)
5900 Operating gross profit		64,063	19	68,434	23
5910 Unrealized loss(profit) on sales		2,800	1	( 3,000)	( 1)
5950 Net operating margin		66,863	20	65,434	22
Operating expense	6(23)(24) and 7				
6100 Selling expense		( 42,438)	( 13)	( 31,960)	( 11)
6200 General and administrative expenses		( 31,096)	( 9)	( 27,690)	( 9)
6300 Research and development expense		( 47,573)	( 14)	( 43,,558)	( 15)
6450 Expected credit impairment gains	7 and12(2)	( 607)	-	( 115)	-
6000 Total operating expenses		( 121,714)	( 36)	( 103,323)	( 35)
6900 Operating loss		( 54,851)	( 16)	( 37,889)	( 13)
<b>Non-operating income and expenses</b>					
7100 Interest income	6(3)	4,619	1	998	1
7010 Other income	6(20)	13,765	4	8,923	3
7020 Other gains and losses	6(21)	22,371	7	( 34,405)	( 12)
7050 Finance costs	6(22)	( 1,083)	-	( 546)	-
7055 Expected credit( loss)profit	7	2,048	-	( 5,007)	( 2)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)				
		( 18,,093)	( 5)	( 13,908)	( 5)
7000 Non-operating income and expenses		23,627	7	( 43,945)	( 15)
7900 <b>Loss before income tax</b>		( 31,224)	( 9)	( 81,834)	( 28)
7950 Income tax (expense) benefit	6(25)	( 17,753)	( 5)	1,895	1
8200 <b>Net loss for the period</b>		( \$ 48,977)	( 14)	( \$ 79,939)	( 27)
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Gains on remeasurements of defined benefit plans	6(14)	\$ 2,848	1	\$ 2,812	1
8316 Unrealized gains or losses on equity investments measured at fair value through other comprehensive income	6(6)	( 674)	( 1)	-	-
8349 Income tax related to components that will not be reclassified to profit or loss	6(25)	( 569)	-	( 563)	( 1)
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		1,605	-	2,249	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Exchange differences arising on translation of foreign operations		3,183	1	( 3,508)	( 1)
8360 Total components of other comprehensive income that will be reclassified to profit or loss		3,183	1	( 3,508)	( 1)
8300 <b>Net other comprehensive income</b>		\$ 4,788	1	( \$ 1,259)	( 1)
8500 <b>Total comprehensive income (loss) for the period</b>		( \$ 44,189)	( 13)	( \$ 81,198)	( 28)
<b>Basic/Diluted Losses Per Share</b>					
9750 Basic/Diluted Losses Per Share	6(26)	( \$ 0.73)		( \$ 1.26)	
<b>Diluted losses per share</b>					
9850 Diluted losses per share	6(26)	( \$ 0.73)		( \$ 1.26)	

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

Chairman:



Officer:



Accounting Officer



  
**EVERFOCUS ELECTRONICS CORP.**  
**SEPARATE COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**As of January 1 to December 31, 2023 and 2022**


Unit: NT\$ thousands

	Note	Capital Surplus			Deficit to be offset	Other equity		Total equity
		Common share capital	Capital Surplus - Additional Paid-In Capital	Capital Surplus - Other		Exchange differences arising on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	
<b>2022</b>								
BALANCE, JANUARY 1, 2022		\$534,010	\$ -	\$ -	( \$32,961 )	\$27,769	\$ -	\$528,818
Net loss for the period		-	-	-	( 79,939 )	-	-	( 79,939 )
Other comprehensive income (loss) for the period		-	-	-	2,249	( 3,508 )	-	( 1,259 )
Total comprehensive income (loss) for the period		-	-	-	( 77,690 )	( 3,508 )	-	( 81,198 )
Stock-based compensation cost	6(15)	-	2,051	261	-	-	-	2,312
Cash Capital Increase	6(16)	134,000	53,000	-	-	-	-	187,000
BALANCE, DECEMBER 31, 2022		\$668,010	\$55,051	\$261	( \$110,651 )	\$24,261	\$ -	\$636,932
<b>2023</b>								
BALANCE, JANUARY 1, 2023		\$668,010	\$55,051	\$261	( \$110,651 )	\$24,261	\$ -	\$636,932
Net loss for the period		-	-	-	( 48,977 )	-	-	( 48,977 )
Other comprehensive income (loss) for the period		-	-	-	2,279	3,183	( 674 )	4,788
Total comprehensive income (loss) for the period		-	-	-	( 46,698 )	3,183	( 674 )	( 44,189 )
Reclassification of equity instruments measured at fair value through other comprehensive income	6(6)	-	-	-	( 674 )	-	674	-
BALANCE, DECEMBER 31, 2023		\$668,010	\$55,051	\$261	( \$158,023 )	\$27,444	\$ -	\$592,743

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

Chairman: 

Manager: 

Accounting Officer: 

  
EVERFOCUS ELECTRONICS CORP.  
SEPARATE COMPANY ONLY STATEMENTS OF CASH FLOWS  
As of January 1 to December 31, 2023 and 2022

Unit: NT\$ thousands

	Note	For January 1 to December	For January 1 to
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Net loss before income tax		( \$ 31,224 )	( \$ 81,834 )
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(10)(23)	7,388	4,802
Amortization expense	6(23)	1,783	1,485
Expected credit (Gain) loss	7 and 12(2)	( 1,441 )	5,122
Loss(Gain) on financial instruments at fair value through profit or loss, net	6(2)(21)	( 22,297 )	32,289
Finance costs	6(9)(12)(22)	1,083	546
Interest income		( 4,619 )	( 998 )
Dividend income	6(20)	( 1,610 )	( 2,378 )
Stock-based compensation cost	6(15)	-	2,312
Share of (gain) loss of associates and joint ventures accounted for using equity method	6(7)	18,093	13,908
Unrealized loss on sales		( 2,800 )	3,000
Unrealized loss on financial assets measured at amortized cost		32	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		30,318	( 3,334 )
Notes receivable		3,069	( 2,884 )
Accounts receivable		12,653	30,478
Receivable from related parties		21,315	37,742
Other receivables		( 648 )	( 714 )
Other receivables-related parties		( 42,038 )	114
Inventories		( 17,772 )	( 56,602 )
Other current assets		( 7,998 )	( 5,542 )
Other non-current assets		338	( 2,536 )
Changes in operating liabilities			
Contract liabilities		( 524 )	( 4,422 )
Notes payable		100	-
Accounts payable		2,784	20,664
Accounts payable- related parties		7,996	( 804 )
Other payables		490	155
Other payables- related parties		39,916	-
Provisions		( 5,117 )	( 1,266 )
Other current liabilities		( 2,836 )	3,261
Cash flows generated by (used in) operations		41,978	( 142,806 )
Interest received		4,619	998
Dividends received		1,756	2,598
Interest paid		( 1,083 )	( 546 )
Net cash flows generated by (used in) operating activities		<u>47,270</u>	<u>( 139,756 )</u>
<b><u>Cash flows from investing activities</u></b>			
Acquisition of investments accounted for using the equity method		( 9,200 )	-
Acquisition of financial assets at fair value through other comprehensive income.		-	( 12,800 )
Acquisition of financial assets at amortized cost		( 3,145 )	( 22,784 )
Disposal of financial assets measured at amortized cost		2,800	-
Acquisition of property, plant and equipment	6(8)(27)	( 8,655 )	( 1,251 )
Disposal of investments accounted for using the equity method	6(7)and 7	22,470	-
Increase in other receivables from related parties	7	( 57,533 )	-
Acquisition of intangible assets		( 1,211 )	( 1,646 )
(Increase) decrease in refundable deposits		( 1,030 )	674
Net cash flows generated by (used in) investing activities		<u>( 55,524 )</u>	<u>( 37,807 )</u>
<b><u>Cash flows from financing activities</u></b>			
Increase(decrease) in short-term borrowings	6(28)	56,000	( 35,000 )
Repayment of lease principal	6(28)	( 2,455 )	-
Guarantee deposits received		16	98
Cash Capital Increase	6(16)	-	187,000
Net cash generated by financing activities		<u>53,561</u>	<u>152,098</u>
Increase (decrease) in cash and cash equivalents		45,307	( 25,465 )
Cash and cash equivalents at beginning of period		55,057	80,522
Cash and cash equivalents at end of period		<u>\$ 100,364</u>	<u>\$ 55,057</u>

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

Chairman:



Manager:



Accounting Officer:



## Independent Auditors' Report

(2024) Financial Audit Report No. 23004901

To the Board of Directors and Shareholders of EVERFOCUS ELECTRONICS CORP. :

### Opinion

We have audited the accompanying consolidated balance sheets of EVERFOCUS ELECTRONICS CORP. and its subsidiaries (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matter section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### 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. Based on our audits and the reports of the other independent auditors, 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 2023. 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 2023 consolidated financial statements are stated as follows:

### Existence for incorporating the revenues

#### Description

Please refer to Note 4(30) to the consolidated financial statements for the accounting policy on revenue recognition and Note 6(19) to the consolidated financial statements for the description of operating income items.

The Group's main business activities include the manufacturing, sales, and customization of various image processors, electronic surveillance products such as electronic cameras, and industrial computers. Its primary sales regions include Europe, the Americas, and Asia. Additionally, some customers belong to regional enterprises. Therefore, during the audit process, it is crucial to focus more on the existence and occurrence risks of sales revenue. Since sales revenue has a significant impact on the financial statements, the auditor considers the authenticity of the aforementioned sales revenue as one of the most critical 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 Group's internal control system.
2. Obtaining and sampling relevant documents, such as sales invoices, to confirm that customers have taken control of the goods and assumed the risks of the goods before recognizing revenue.

### **Accounting estimate of inventory valuation**

#### Description

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 primary business activities involve the manufacturing and sales of various electronic surveillance products such as image processors, electronic cameras, and industrial computers. Due to longer product cycles, certain products or spare parts may have extended inventory periods due to long-term supply and maintenance demands from customers. Adjustments to orders by customers or unexpected market sales conditions could result in price fluctuations of products or slower-than-expected turnover, leading to higher risks of inventory write-downs or obsolescence. The Group measures normal inventory for sale at the lower of cost and net realizable value. For inventory aged beyond a certain period or identified as obsolete, provision for inventory write-downs is made based on the provision for impairment policy and 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 - The mention of other independent auditors**

The portion of the financial statements of investee companies accounted for using the equity method in the consolidated financial statements of the Group is audited by other auditors rather than our auditor. Therefore, the amounts included in the financial statements of these companies in our auditor's opinion are based on the audit reports of other auditors. As of December 31, 2023, the investment amount accounted for using the equity method in these companies was NTD

17,884 thousands, representing 1.96% of total assets. The share of comprehensive income recognized for these associated companies and joint ventures using the equity method from January 1 to December 31, 2023, was NTD 558 thousands, representing (1.26%) of comprehensive income.

### **Other Matters - Separate Financial reports**

The Group has prepared separate financial statements for the years 2023 and 2022, and our auditor has issued an unqualified opinion with an explanatory paragraph on other matters in the audit report, which is available for reference.

### **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, IFRC, 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 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 in the Republic of China, we exercise professional judgment and 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 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 2023 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

Shih-Jung Weng

Former Financial Supervisory Commission, Executive Yan

Approval reference: Jin-Guan-Zheng-Shen-Zi

No.0990042602

Securities and Futures Commission, Ministry of Finance

Approval reference: (1999) Tai-Tsai-Cheng (VI) No. 95577

March 12, 2024

**EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

For December 31, 2023 and 2022

Unit: NT\$ thousands

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 111,254	12	\$ 75,558	9
1110	Current financial assets at fair value through profit or loss	6(2)	91,526	10	99,547	11
1136	Current financial assets at amortized cost	6(3) and 8	68,840	8	68,527	8
1150	Notes receivable, net	6(4)	4,932	1	4,061	-
1170	Accounts receivable, net	6(4)	45,080	5	80,212	9
1180	Accounts receivable-related parties	6(4) and 7	13,930	1	193	-
1200	Other receivables		2,006	-	1,534	-
1210	Other receivables- related parties	7	42,539	5	-	-
130X	Inventories	6(5)	120,905	13	148,876	17
1479	Other current assets - other		23,176	3	14,655	2
11XX	<b>Total current assets</b>		<u>524,188</u>	<u>58</u>	<u>493,163</u>	<u>56</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through Other comprehensive income or loss	6(6)	4,000	1	12,800	1
1550	Investments accounted for using the equity method	6(7)	17,884	2	-	-
1600	Property, plant and equipment	6(7) and 8	10,085	1	132,899	15
1755	Right-of-use assets	6(9)	23,206	3	1,288	-
1760	Investment property, net	6(10) and 8	211,592	23	86,542	10
1840	Deferred income tax assets	6(25)	76,902	8	94,655	11
1930	Long-term notes and accounts receivable	6(4)	12,114	1	16,135	2
1990	Other non-current assets - other	6(11)(14) and 7	30,786	3	46,706	5
15XX	<b>Total non-current assets</b>		<u>386,569</u>	<u>42</u>	<u>391,025</u>	<u>44</u>
1XXX	<b>Total assets</b>		<u>\$ 910,757</u>	<u>100</u>	<u>\$ 884,188</u>	<u>100</u>

(Continued)

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

Chairman:



Manager:



Accounting Officer:



**EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
For December 31, 2023 and 2022



Liabilities and Equity		Note	December 31, 2023		Unit: NT\$ thousands December 31, 2022	
			Amount	%	Amount	%
<b>Current Liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 133,636	14	\$ 124,555	14
2130	Contract liabilities - current	6(19)	5,776	1	6,850	1
2150	Notes payable		100	-	11	-
2170	Accounts payable		56,839	6	52,820	6
2180	Accounts payable- related parties	7	6,227	1	33	-
2200	Other payables	6(13)	42,225	5	44,222	5
2220	Other payables- related parties	7	39,916	4	-	-
2250	Provisions - current		1,928	-	2,613	-
2280	Lease liabilities - current		9,171	1	643	-
2399	Other current liabilities - other		3,119	0	6,089	1
21XX	<b>Total current liabilities</b>		<u>298,937</u>	<u>27</u>	<u>237,836</u>	<u>27</u>
<b>Non-current liabilities</b>						
2550	Provisions - noncurrent		558	-	4,990	1
2570	Deferred income tax liabilities	6(25)	3,371	-	2,802	-
2580	Lease liabilities - non-current		14,160	2	656	-
2670	Other non-current liabilities - other		988	-	972	-
25XX	<b>Total non-current liabilities</b>		<u>19,077</u>	<u>2</u>	<u>9,420</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>318,014</u>	<u>35</u>	<u>247,256</u>	<u>28</u>
<b>Equity</b>						
<b>Equity attributable to owners of the Company</b>						
Capital stock						
3110	Ordinary share	6(16)	668,010	73	668,010	76
Capital Surplus						
3200	Capital Surplus	6(17)	55,312	6	55,312	6
Deficit to be offset						
3350	Deficit to be offset	6(17)	( 158,023)	( 17)	( 110,651)	( 13)
Other equity items						
3400	Other equity items		27,444	3	24,261	3
31XX	<b>Total equity attributable to owners of the Company</b>		<u>592,743</u>	<u>65</u>	<u>636,932</u>	<u>72</u>
3XXX	<b>Total equity</b>		<u>592,743</u>	<u>65</u>	<u>636,932</u>	<u>72</u>
Significant contingent liabilities and unrecognized commitments						
3X2X	<b>Total Liabilities and Equity</b>	9	<u>\$ 910,757</u>	<u>100</u>	<u>\$ 884,188</u>	<u>100</u>

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

Chairman:



Manager:



Accounting Officer:



**EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For January 1 to December 31, 2023 and 2021

Unit: NT\$ thousands

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating income	6(19) and 7	\$ 369,555	100	\$ 332,309	100
5000 Operating cost	6(5)(23) (24) and 7	( 289,701)	( 78)	( 237,581)	( 71)
5900 Operating gross profit		79,854	22	94,728	29
Operating expense	6(23)(24) and 7				
6100 Selling expense		( 46,823)	( 13)	( 43,563)	( 13)
6200 General and administrative expenses		( 56,297)	( 15)	( 57,697)	( 18)
6300 Research and development expense		( 47,898)	( 13)	( 43,558)	( 13)
6450 Expected credit impairment gains(losses)		15	-	628	-
6000 Total operating expenses		( 151,003)	( 41)	( 145,446)	( 44)
6900 Operating loss		( 71,149)	( 19)	( 50,718)	( 15)
Non-operating income and expenses					
7100 Interest income	6(3)	4,420	1	1,023	-
7010 Other income	6(20)	16,761	5	11,411	3
7020 Other gains and losses	6(21)	( 21,633)	6	( 35,049)	( 11)
7050 Finance costs	6(22)	( 5,495)	( 2)	( 3,494)	( 1)
7055 Expected credit loss	7	( 2,048)	( 1)	( 5,007)	( 1)
7060 The share of profits and losses from associates and joint ventures accounted for using the equity method	6(7)	558	-	-	-
7000 Non-operating income and expenses		39,925	11	31,116	( 10)
7900 <b>Loss before income tax</b>		( 31,224)	( 8)	( 81,834)	( 25)
7950 Income tax( expenses)gains	6(25)	( 17,753)	( 5)	1,895	1
8200 <b>Net loss for the period</b>		( \$ 48,977)	( 13)	( \$ 79,939)	( 24)
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Gains on remeasurements of defined benefit plans	6(14)	\$ 2,848	-	\$ 2,812	1
8316 Unrealized gains and losses on equity investments measured at fair value through other comprehensive income	6(6)	( 674)	-	-	-
8349 Income tax related to components that will not be reclassified to profit or loss	6(25)	( 569)	-	( 563)	-
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		1,605	-	2,249	1
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Exchange differences arising on translation of foreign operations		3,183	1	( 3,508)	( 1)
8360 Total components of other comprehensive income that will be reclassified to profit or loss		3,183	1	( 3,508)	( 1)
8300 <b>Net other comprehensive income</b>		\$ 4,788	1	( \$ 1,259)	-
8500 <b>Total comprehensive income (loss) for the period</b>		( \$ 44,189)	( 12)	( \$ 81,198)	( 24)
Net profit (loss) attributable to:					
8610 Owners of the Company		( \$ 48,977)	( 13)	( \$ 79,939)	( 24)
Comprehensive income attributable to:					
8710 Owners of the Company		( \$ 44,189)	( 12)	( \$ 81,198)	( 24)
Basic earnings (losses) per share					
9750 Total basic earnings (losses) per share	6(26)	( \$ 0.73)		( \$ 1.26)	
Diluted earnings (losses) per share					
9850 Total diluted earnings (losses) per share	6(26)	( \$ 0.73)		( \$ 1.26)	

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

Chairman:



Manager:



Accounting Officer:



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

For January 1 to December 31, 2023 and 2022

Unit: NT\$ thousands

	Note	Capital Surplus			Deficit to be offset	Other equity		Total equity
		Common share capital	Capital Surplus - Additional Paid-In Capital	Capital Surplus - Other		Exchange differences arising on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	
<u>2022</u>								
BALANCE, JANUARY 1, 2022		\$534,010	\$ -	\$ -	( \$32,961 )	\$27,769	\$ -	\$528,818
Net loss for the period		-	-	-	( 79,939 )	-	-	( 79,939 )
Other comprehensive income (loss) for the period		-	-	-	2,249	( 3,508 )	-	( 1,259 )
Total comprehensive income (loss) for the period		-	-	-	( 77,690 )	( 3,508 )	-	( 81,198 )
Stock-based compensation cost	6(15)	-	2,051	261	-	-	-	2,312
Cash Capital Increase	6(16)	134,000	53,000	-	-	-	-	187,000
BALANCE, DECEMBER 31, 2022		\$668,010	\$55,051	\$261	( \$110,651 )	\$24,261	\$ -	\$636,932
<u>2023</u>								
BALANCE, JANUARY 1, 2023		\$668,010	\$55,051	\$261	( \$110,651 )	\$24,261	\$ -	\$636,932
Net loss for the period		-	-	-	( 48,977 )	-	-	( 48,977 )
Other comprehensive income (loss) for the period		-	-	-	2,279	3,183	( 674 )	4,788
Total comprehensive income (loss) for the period		-	-	-	( 46,698 )	3,183	( 674 )	( 44,189 )
Reclassification of equity instruments measured at fair value through other comprehensive income	6(6)	-	-	-	( 674 )	-	674	-
BALANCE, DECEMBER 31, 2023		\$668,010	\$55,051	\$261	( \$158,023 )	\$27,444	\$ -	\$592,743

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

Chairman:



Manager:



Accounting Officer:



**EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For January 1 to December 31, 2023 and 2022

Unit: NT\$ thousands

	Note	For January 1 to December 31, 2023	For January 1 to December 31, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss before income tax		( \$ 31,224 )	( \$ 81,834 )
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(10) (23)	8,501	5,862
Amortization expense	6(23)	1,783	1,495
Expected credit impairment(gain) losses	7and 12(2)	( 2,063 )	5,635
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(21)	( 22,297 )	32,289
Finance costs	6(9)(12)(22)	5,495	3,494
Interest income		( 4,420 )	( 1,023 )
Dividend income	6(20)	( 1,610 )	( 2,378 )
The share of profits and losses from associates and joint ventures accounted for using the equity method	6(7)	( 558 )	-
Stock-based compensation cost	6(15)	-	2,312
Loss on disposal of property, plant, and equipment	6(21)	-	3
Unrealized loss on financial assets measured at amortized cost		32	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		30,318	( 3,334 )
Notes receivable		( 871 )	( 2,884 )
Accounts receivable		39,282	( 47,212 )
Accounts receivable- related parties		( 13,737 )	381
Other receivables		( 618 )	( 759 )
Other receivables- related parties		( 42,539 )	-
Inventories		27,961	( 62,727 )
Other current assets		( 8,589 )	( 7,126 )
Other non-current assets		426	( 1,595 )
Changes in operating liabilities			
Contract liabilities		( 1,074 )	( 3,462 )
Notes payable		89	11
Accounts payable		4,069	20,598
Accounts payable- related parties		6,194	( 245 )
Other payables		( 1,979 )	875
Other payables- related parties		39,916	-
Provisions		( 5,117 )	( 1,085 )
Other current liabilities		( 2,970 )	3,139
Other non-current liabilities		-	99
Cash flows used in operations		24,400	( 138,401 )
Interest received		4,420	1,023
Dividends received		1,756	2,598
Interest paid		( 5,495 )	( 3,494 )
Net cash flows used in operating activities		25,081	( 138,274 )
<b>Cash flows from investing activities</b>			
Acquisition of investments accounted for using the equity method		( \$ 9,200 )	-
Acquisition of financial assets at fair value through other comprehensive income.		-	( 12,800 )
Acquisition of financial assets at amortized cost		( 3,145 )	( 22,784 )
Disposal of financial assets measured at amortized cost		2,800	-
Acquisition of property, plant and equipment	6(8)(27)	( 8,674 )	( 1,341 )
Disposal of property, plant and equipment		-	28
Disposal of subsidiary	4(3) and 7	22,470	-
Acquisition of intangible assets		( 1,211 )	( 1,646 )
Refundable deposits (paid) refunded		( 1,100 )	615
Net cash flows used in investing activities		1,940	( 37,928 )
<b>Cash flows from financing activities</b>			
Increase in short-term borrowings	6(28)	11,741	( 30,043 )
Guarantee deposits received		16	97
Payment of lease liabilities	6(28)	( 3,510 )	( 1,131 )
Cash Capital Increase	6(16)	-	187,000
Net cash generated by financing activities		8,247	155,923
Effect of exchange rate change		428	( 1,719 )
Increase (decrease) in cash and cash equivalents		35,696	( 21,998 )
Cash and cash equivalents at beginning of period		75,558	97,556
Cash and cash equivalents at end of period		\$ 111,254	\$ 75,558

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

Chairman:



Manager:



Accounting Officer:



(Attachment VI)

**Director candidate list**

Candidate Name	Gender	Shareholding	Education	Experience	Current Position
Chuang, Yung-Shun	Male	10,655,686	Honorary Doctorate in Engineering National Taiwan University of Science and Technology	Chairman of AAEON Technology Inc.  Chairman of Everfocus Electronics Coporation .	Chairman of AAEON Technology Inc.  Chairman of Everfocus Electronics Coporation .
Tsao, Hui Ming	Female	1,707,541	Electrical Engineering Institute of National Taiwan University	General Manager of Everfocus Electronics Coporation .	Everfocus Electronics (Japan) Company – Director  Cat Logistics Automation Co., Ltd. - Supervisor
CHIH SHIN INVESTMENT CORPORATION  Representative Director:  Chen, Ching-Kuhn	Male	3,768,021	Master of Management Science from National Chiao Tung University	Certified Public Accountant (CPA) License  Lecturer at the Department of Finance, Tamkang University	Partner Accountant at Jiaxin United Certified Public Accountants Firm
CHIH SHIN INVESTMENT CORPORATION  Representative Director:  Lee, Chieh-Hsi	Male	3,768,021	Ph.D. in Information Engineering from the University of Southern California	General Manager of Collins Co., Ltd.	General Manager of Collins Co., Ltd.
Jui Hai Investment Co., Ltd.	-	338,295	NA	NA	NA

## Independent Director candidate list

Candidate Name	Gender	Shareholding	Education	Experience	Current Position	Have served consecutively as an independent director for three terms? / Reason
Huang,Hsu-Nan	Male	0	Doctoral Degree in Management Science from National Chiao Tung University	<p>Dean of the College of Management at Ming Chuan University</p> <p>Director of the Graduate Institute of Management at Ming Chuan University</p> <p>Associate Professor, Department of Business Administration, National Yunlin University of Science and Technology</p> <p>Deputy Research Fellow/Team Leader, Economic Construction Commission, Executive Yuan</p> <p>Director, Taiwan Institute of Efficiency and Productivity</p> <p>"Executive Supervisor, Taiwan Global Trade and Logistics Development Association</p> <p>Evaluation Committee Member, Higher Education Evaluation Center</p> <p>Evaluation Committee Member, Taiwan Evaluation Association</p>	<p>King Core Electronics Inc.- Independent Director</p> <p>SUNSINO DEVELOPMENT ASSOCIATE INC.- Director(Legal Representative)</p> <p>Professor and Director of the Small and Medium Enterprise Innovation Incubation Center, Ming Chuan University</p> <p>Institute for Financial and Economic Legislation Promotion- Director</p> <p>Litemax Electronics Inc.- Director</p> <p>LE YOUNG CONSTRUCTION CO., LTD.- Supervisor</p> <p>Xac Automation Corp.- Independent Director</p> <p>Everfocus Electronics Coporation .- Independent Director</p> <p>TOP UNION ELECTRONICS CORPORATION –</p>	No

					Independent Director	
Lee ,Chen -An	Male	18,629	Master of Business Automation and Management at Taipei University of Technology	Vice General Manager of Manufacturing Center at J LITEMAX ELECTRONICS INC., Manager of Manufacturing Center at AAEON Technology Inc., Audit Manager	Everfocus Electronics Coporation . - Independent Director	No
Guo,Kuhn-Zheng	Male	0	Department of Business Administration, National Chengchi University	Director of KING CORE ELECTRONICS INC., Supervisor (Legal Representative) of KING CORE ELECTRONICS (Suzhou) Co., Ltd., Chairman of Shenzhen Zhenqi Electronic Components Co., Ltd. (Representative Director)	KING CORE - Director ELECTRONICS INC., -Supervisor (Legal Representative) of KING CORE ELECTRONICS (Suzhou) Co., Ltd., Chairman of Shenzhen Zhenqi Electronic Components Co., Ltd. (Representative Director)	No

(Attachment VII)

## Statement of Director (including Independent Director) Candidate Non-Compete Release Details

Title of Candidate	Name	Scope of Non-competition Release
Director	Chuang, Yung-Shun	AAeon Technology Inc., -chairman(Legal Representative) Yen You Investment Co., Ltd., -chairman(Legal Representative) AAeon Technology (SU ZHOU) INC., - chairman(Legal Representative) Yen Sin Investment Co., Ltd., -chairman ONYX Healthcare Inc., - chairman Onyx Healthcare (Shanghai) Inc.,- chairman(Legal Representative) AAeon Technology Inc., MACHVISION, INC.,- director Machvision (Dongguan) Testing Equipment Co., Ltd., - director TOP UNION ELECTRONICS CORPORATION – director TOP UNION ELECTRONICS (Suzhou) CORPORATION, - director XAC AUTOMATION CORP- director(Legal Representative) CHC Healthcare Group, - director ATECH OEM INC.- director LITEMAX ELECTRONICS INC.- director King Core Electronics Inc.,- director SUNENGINE CORPORATION LTD.,- director(Legal Representative) ALLIED BIOTECH CORP.,- director Fu Li Investment Co., Ltd. – chairman Feng Xin Venture Capital Co., Ltd., - director(Legal Representative) Outstanding Electronics Manufacturer(Danyang) Co., Ltd.- director Outstanding Electronics Manufacturer(Danyang) Co., Ltd.- director and General Manager iHELPER Inc., - director(Legal Representative) IBASE TECHNOLOGY INC., - director(Legal Representative)

		<p>Winmate Inc.- director(Legal Representative)</p> <p>TAIFLEX SCIENTIFIC CO., LTD.- independent director</p> <p>JETWAY INFORMATION CO., LTD- chairman(Legal Representative)</p> <p>PROTECTLIFE INTERNATIONAL BIOMEDICAL INC- director(Legal Representative)</p> <p>AAEON TECHNOLOGY (Europe) B.V., - director</p> <p>AAEON TECHNOLOGY SINGAPORE PTE. LTD., - director</p> <p>AAEON TECHNOLOGY GMBH, - director</p> <p>AAEON Electronics Inc.- director</p> <p>Allied Oriental International Ltd.,- director</p> <p>Mcfes Group Inc., - director</p> <p>ONYX Healthcare USA, Inc., - director</p> <p>ONYX Healthcare Europe B.V., - director</p> <p>LitemaxTechnology, Inc., - director</p>
Director	Tsao,Hui Ming	Cat Logistics Automation Co., Ltd. - Supervisor
Representative Director:	Chen,Ching-Kuhn	<p>Collins Co., Ltd- Representative Director</p> <p>Allied Biotech Corp.- Independent Director</p>
Representative Director:	Lee,Chieh-Hsi	<p>General Manager of Collins Co., Ltd.</p> <p>Chairman of Minoshin International CO., LTD.</p> <p>General Manager of THRoute Corporation</p>
Independent Director	Huang,Hsu-Nan	<p>King Core Electronics Inc.- Independent Director</p> <p>Xac Automation Corp.- Independent Director</p> <p>Sunsino Denelopent Associate Inc. – Director</p> <p>Litemax Electronics Inc.- Director</p> <p>LE YOUNG CONSTRUCTION CO., LTD.- Supervisor</p> <p>Xac Automation Corp.- Independent Director</p>
Independent Director	Guo,Kuhn-Zheng	<p>Director of King Core Electronics Inc., Supervisor (Legal Representative) of King Core Electronics (Suzhou) Co., Ltd.,</p> <p>Chairman of Shenzhen Zhenqi Electronic Components Co., Ltd. (Representative Director)</p>



# **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

(Attachment IX)

### 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. CB01010 Mechanical Equipment Manufacturing
2. CC01080 Electronic Components Manufacturing
3. E604010 Machinery Installation
4. E603050 Automatic Control Equipment Engineering
5. F113010 Wholesale of Machinery
6. F213080 Retail Sale of Other Machinery and Equipment
7. F119010 Wholesale of Electronic Materials
8. F219010 Retail Sale of Electronic Materials
9. I501010P roduct Designing
10. E605010 Computer Equipment Installation
11. EZ05010 Instrument and Meters Installation Engineering
12. I301010 Software Design Services
13. E601010 Electric Appliance Construction
14. E603010 Cable Installation Engineering
15. F401010 International Trade
16. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
17. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
18. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article II-I: 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-I: 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-I. 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.

XVIII. 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.

## Status of Shareholding by Directors of the Company:



### 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	Hsueh-Yu Lo	0
Independent director	Chen-An Li	18,629

(Note) Book closure date: April 23, 2024.

