Avision
www.avision.com

AVISION INC. | Stock code: 2380

2022 Annual Report

2022 Annual Report

Published on May 12, 2023

Annual report is available at: http:// www.sfi.org.tw | http:// mops.twse.com.tw

I. Spokesperson of Avision Inc.
Name: Chen Shou-Ching
Title: Manager
Tel: (03) 578-2388
Email: sam_chen@avision.com.tw

Deputy Spokesperson of Avision Inc.
Name: Tsou Chia-Hui
Title: HR assistant Manager
Tel: (03) 578-2388
Email: tiffany_tsou@avision.com.tw

II. Address and Contact of the Headquarters/ Plant
Headquarters address: No. 20, Creation Rd. 1, Science Park, Hsinchu, Taiwan 300, R.O.C.
Address of Plant: No. 20, Creation Rd. 1, Science Park, Hsinchu, Taiwan 300, R.O.C.
Tel: (03) 578-2388
Fax: (03) 666-2682

III. Stock Transfer Agency
Name: Register & Transfer Agency Dept. of SinoPac Securities
Address: 3F., No.17, Bo'ai Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
Website: www.sinotrade.com.tw
Tel: (02) 2381-6288

IV. Certificated Public Accountants of Financial Statements for the Most Recent Year
Name: CPAs Chiang Tsai-Yen, Lin Yu-Kuan
Firm Name: PwC Taiwan
Address: 27th Floor No. 333, Keelung Road, Section 1 Xinyi District Taipei 11012 Taiwan(R.O.C.)
Website:www.pwc.tw
Tel: (02) 2729-6666

V. Name and Address of Overseas Securities Trading Agencies and Inquiry Method for Overseas Securities: None.

VI. Company website: http:// www.avision.com.tw

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Eight. Special Disclosures

One. A report to Shareholders

Dear Shareholders, Ladies and Gentlemen,

I. 2022 Business Results

(I) Company Overview

The consolidated operating income of Avision for 2022 was NT$2,832,440 thousand, an increase of 0.15% from 2021. The total combined gains or losses for the current term were losses of NT$59,931 thousand, a decrease of NT$146,619 thousand from 2022. The high-speed document scanners and the self-developed printers introduced by Avision were received well on the market. Better sales results can be expected for 2023. Deficits dropped because of the rising gross profit rate and properly controlled operating expenses. Reduced non-operating expenditure was also a contributor.

(II) Financial income, expenditure, and profitability

In 2022, products of high gross margins increased. For the sale of printers, the approach adopted is to focus on low-profit hardware in the beginning to help increase the market share, followed by consumables in order to bring about reasonable gains. As such, the overall gross profit rate in the early stages of sales of printers would be lower and is expected to gradually climb once the sales of printers climb and users start to purchase additional carbon powder/consumables. In terms of financial management, on the other hand, the focus is placed on the management of assets and liabilities and reinforced management of accounts receivable and inventories in addition to strict control over cash flows.

(III) Overview of Production and Sales

Avision had two production sites in Hsinchu, Taiwan and Suzhou, Mainland China, in 2022. The Suzhou Plant, in particular, is the main production site for printer products. Meanwhile, in light of the macro-environmental changes and diversification of production sites and the supply chain, production has been gradually focused on Hsinchu Plant.

Sales:

The sales of scanners throughout 2022 showed steady growths. Avision printers and copiers grew steadily in terms of sales in Mainland China for the first three quarters. As the anti-pandemic restrictions were slowly lifted in the fourth quarter throughout Mainland China, impacted by the announced lifting of lock-down in many cities, a lot of governmental and private contracts were delayed and sales dropped somewhat to result in the difference between actual sales of printers and the original target set in Mainland China. At present, it is still at the early stage of promotion. According to the demand information provided by customers at present, the sales of printers should be back on track for growths soon.

(IV) Research and Development

Besides constant innovations and advancement in technologies, throughout 2022, Avision spared no efforts to develop high-speed and color laser printers and copiers, among other new products. Its staff will also work all out to reflect the R&D accomplishments on sales as soon as possible so that the Company will render more splendid performance.

II. 2023 Business Outlook

It is expected that the market demand will continue to climb throughout 2023. Avision's goal is to quickly render profits and the substantial action items are:

1. Proactively develop the market of high gross margins for printers and manage risks properly;
2. Proactively explore the markets for printers in Europe and the US and create better sales as part of the plans of the branch offices in Europe and the US;
3. Do a good job in supply chain management and deliver products meeting customers' demand on time;
4. Better manage corporate assets and liabilities so that assets are utilized more efficiently.

III. Future Company Development Strategy, Impacts from External Competition, Regulatory Environment, and Overall Operational Setting

A main goal of Avision for 2023 is to increase the revenue and get rid of deficits. In terms of corporate social responsibilities, on the other hand, as a member of society, Avision already defined related energy-saving and carbon reduction, greenhouse gas emission reduction, and water or other waste reduction policies in the past and has asked cooperation from its suppliers. As far as issues such as environmental protection, safety, and health are concerned, related regulations are followed to jointly contribute to enhanced fulfillment of corporate social responsibilities. For 2023, efforts will continue in the following four aspects while the Company continues to be a responsible good citizen, namely, corporate governance, development of a sustainable environment, protection of public interests, and reinforced disclosure of information and greenhouse gas inventory checks and verifications have been scheduled as part of the sustainable development roadmap. Avision will work hard to be a good corporate citizen and fulfill its social responsibilities while pursuing the best interests for the Company and the natural environment, society, its employees, shares, and suppliers/customers.

Thank you!

Chairman: Sheng Shao-Lan

Two. Company Profile

I. Date of establishment

April 24, 1991

II. Address and telephone of main office/plant

Company address: No. 20, Creation Rd. 1, Science Park, Hsinchu, Taiwan 300, R.O.C.
Address of Plant: No. 20, Creation Rd. 1, Science Park, Hsinchu, Taiwan 300, R.O.C.
Tel:(03) 578-2388

III. Organization and operations

In April, 1991, Chairman Chen Ling, leading a group of high-tech professionals, formed Avision Inc. in Hsinchu Science Park, with a capital size of NT$15 million, devoted to the R&D, manufacture, and marketing of high-performance optical scanners and fax machine components.

When the Company was just established, the government was devoted to promoting the fax machine sector. Avision invested exclusively in the development of the precision optical systems and key fax machine components of the automatic paper-feeding systems. After three years of efforts, mass production of fax machine components successfully began and they were recognized by the main office of XEROX in the US for their compact size and steady quality. The Company hence became the first key fax machine component supplier for XEROX other than its Japanese company and was also chosen by the subsidiary LEXMARK of IBM in the US to be one of its multi-purpose fax machine component suppliers and be a pride of Taiwan.

On the image scanner market where competition is fierce, with its outstanding technical capabilities, Avision developed the first office-only image scanner in the country, which, known for its outstanding technology and optimal quality, has secured ODM contracts with well-known international heavyweights such as FUJITSU and PENDTAX, making the Company the first of its kind in the country to provide the product to large Japanese international companies through ODM.

To ensure the quality and reliability of its products, Avision computerized its material management in 1992, which was ISO 9001-certified in 1993 and the Company became the first image scanner and fax machine component supplier certified by ISO 9001 in the country. In 1994, the Company was recognized by the Institute for Information Industry as an outstanding computerized supplier and was further certified by ISO 14001 and ISO 13485, respectively, in 2000 and 2002. With the introduction of ISO standards, quality has been effectively combined as part of each operating procedure of the Company, which accordingly has helped enhance the overall quality and efficiency.

Besides constantly investing in and developing product technologies, Avision is proactively growing to become an e-company. The Work Flow System was introduced in 1999. In the same year, the Company became the first one to introduce the Oracle ERP system in the science park. Between 2001 and 2010, the MES System, Electronic Procurement System, Product Life Safety Management (PLM), Business Smart Platform System, Advanced Programming System (APS), and BPM System were introduced one after another. Meanwhile, the electronic procurement system was updated. Avision believes that information systems help not only provide decision-making managers with correct information but also transform corporate procedures upon introduction of projects to enhance the overall competitive advantages of the Company.

In order to cope with the constantly growing demand on the market for printers and multi-functional business machines, Avision has been devoted to the R&D of laser printers and multi-functional business machines for more than twelve years. In 2014, Avision completed the development of laser printers (AP510 series) and became the first in Taiwan that had successfully researched, developed, and manufactured printers. At the end of 2016, Avision successfully developed multi-functional business machines (AM30 and AM7850 series) and innovatively combined scanning, printing, and network features in one machine.

Besides continuing to devote itself to operations in the market for laser multi-functional business machines, Avision is developing products that feature higher speeds and are more user-friendly at the output end and is working closely with its partners in jointly developing new products reflective of the demand on the market and that of consumers collected in order to maximize its market share. Avision is now fulfilling market criteria in terms of its technical level and quality of its products. In the future, efforts will also be made to “turn documentation electronic”. Through collaboration with customers and creating its own brand, products designed, developed, and manufactured by Avision will be readily visible in offices in the future.

Avision deeply feels that only constant innovation is the key to success. Avision has been encouraging innovative ideas and investing significant funds in the R&D of products and in enhancing the quality and features of its products. These efforts enable the Company to gradually reach success.

As far as the overall operating environment is concerned, the Company is devoted to multi-functional business machines, which is a promising field where the Company believes, with persistent efforts, will become advanced and popularized. Multi-functional business machines will become part of personal studios and households for personal use. They will absolutely bring about the flourishing developments throughout the sector and contribute to national competitive advantages and will also help the Company and the nation significantly.

The important milestones and honors over the years of the Company are described as follows:

Milestone:

1991	April	Established in Hsinchu Science Park.
	October	Undertook scanner components for the financial sector from IBM.
1992	November	Introduced MIS computerization.
	November	Attended US Comdex Fall exhibition and officially signed the ODM contract with Fujitsu to become the first OEM manufacturer in Taiwan for image scanners of the Japanese company.
1993	February	Officially leased the second workshop to produce products of the AV100 series.
	February	Signed the ODM contract with First International Computer, Inc. for the sale of platform image scanner.
	March	Started to apply the ISO 9001 Quality Management System.
	September	Obtained ISO 9001 quality assurance certification and became the first image scanner and fax machine manufacturer in Taiwan to be certified by ISO 9001.
1994	June	Approved for its application to build its own workshops.
	September	Officially shipped fax machines to XEROX in the US and became the first ODM manufacturer in Taiwan for the sale of scanner read-write heads to XEROX in the US.
	November	Secured the ODM purchase order for the fax machine component FM5 from Lexmark.

1995	March	Ground breaking ceremony for the new plant and new product launch conference where the AV820 platform scanner and AV100 personal scanner were released.
1996	May	New workshops were completed and the Company relocated to the new site.
1998	September	Approved by the Securities and Futures Commission under the Ministry of Finance to go public.
	December	The Company's stock was listed and officially traded at the TWSE.
1999	July	Developed the U-shaped automatic paper-feeding mechanism to be used in combination with the next-generation scanner and digital copier.
	July	Released with the US Lexmark the developed next-generation digital copier.
	August	The workshop expansion project was completed.
	August	Developed the DS600C color digital copier and received purchase orders from heavyweights in the US and Japan.
2000	January	ISO 14001 certified.
2003	July	The PLM project management system officially went online.
	October	The eligibility as "Headquarters" was granted by the Industrial Development Bureau.
2004	November	Released the laser multi-functional business machine, declaring that Avision took the lead by entering the laser multi-functional business machine market.
2005	October	The Ministry of Economic Affairs approved the "Corporate Headquarters".
	November	The self-brand color multi-functional business machine AM6120 was introduced to the market.
2007	January	The Ministry of Economic Affairs approved the "Avision Precision R&D Center".
2012	November	ISO-13485 certified.
2013	June	The first multi-functional business machine "AM7845" spontaneously researched and developed locally in Taiwan was introduced to the market.
2019	December	Secured exclusive dealership for the product "CapsoCam Plus".
2020	January	Secured the import certificate for the authorized "CapsoCam Plus" and obtained the NHI code for coverage as unique medical device.
	September	Included in the payment scope of the national health services in November as duly approved by the Health and Welfare Department.
2021	March	Became the laser printer engineering technical research center for LPH printer heads in Suzhou.
2021	May	ENNOLIFE COVID-19 Antigen Test, a product of collaboration with "ENNOLIFE was approved for "exceptional manufacturing for prevention against the pandemic" by the Food and Drug Administration, Ministry of Health and Welfare of Taiwan to become part of the anti-pandemic team in Taiwan.

Honors:

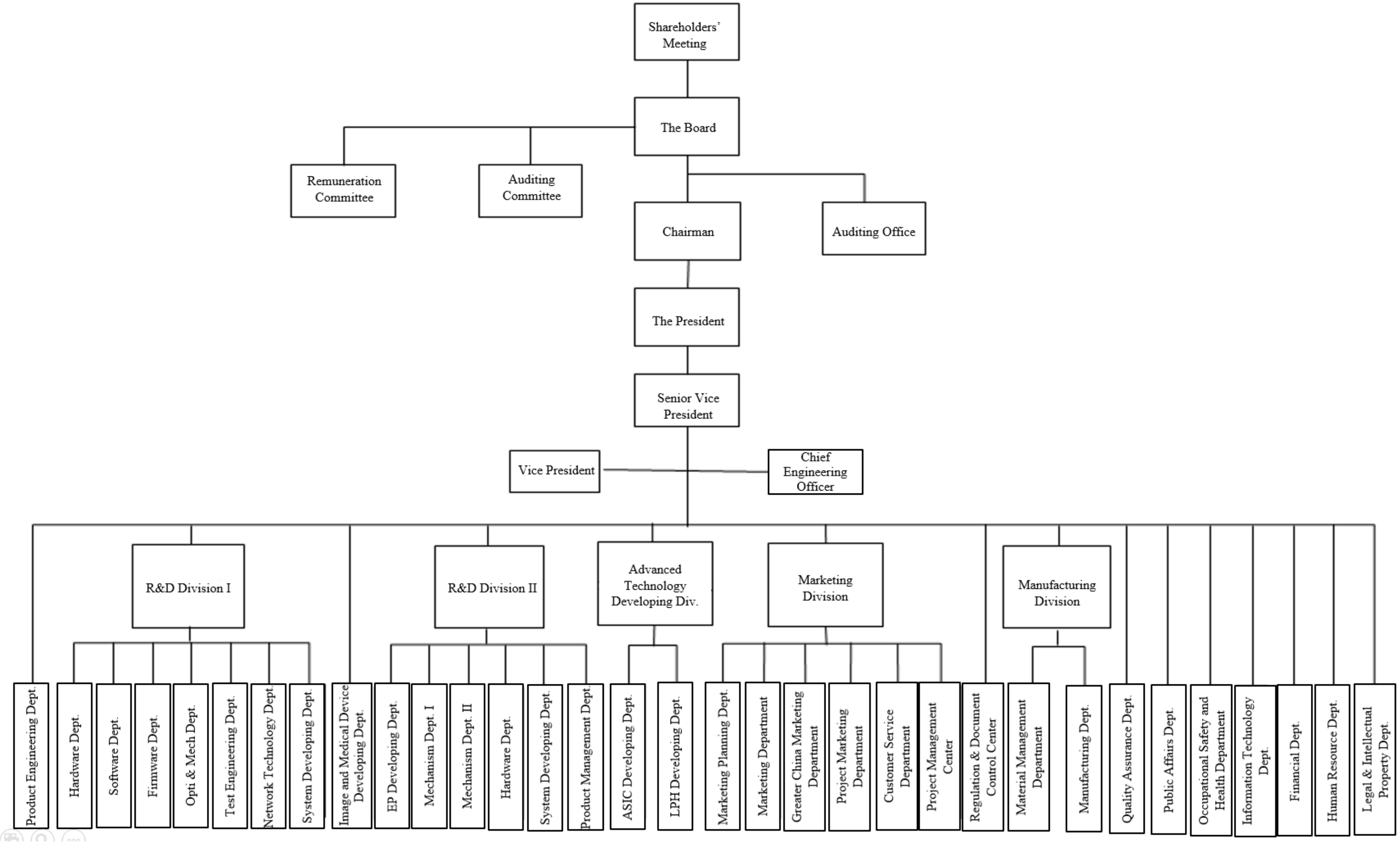
1992	January	“Innovative Technology R&D Plan Sponsorship” of the Hsinchu Science Park for the fax machine component.
1993	December	Honored with “Innovative Technology R&D Plan Sponsorship” of the Hsinchu Science Park for the high-performance document scanner.
1994	October	Honored with “1994 Outstanding Computerized Manufacturer” of the Institute for Information Industry.
1995	February	Honored with “Taiwan Excellence Award” for the AV800 series and AV100 series of products.
	October	100 series of products selected as “Editor’s Choice” in PC Magazine (US).
	December	Honored with Fifth place as outstanding manufacturer in Hsinchu Science Park.
1996	October	Honored with “Taiwan Excellence Award” from the Ministry of Economic Affairs for the AV6240 series of products.
1997	February	AV100C products selected as “Editor’s Choice” by Mac User.
	December	Honored with “Taiwan Excellence Award” for the AV260C series of products.
1998	July	Honored with scan copier rated “the Most Innovative Product” in “PC World”, Singapore.
	December	Honored with scan copier honored with the “Park Innovative Product Award” and AVA3 and DS300 “TAITRA Taiwan Excellence Award”; the fastest-growing company in terms of electronics and information industry in 1998.
1999	May	Honored with “Gold Award” for exporters from the Ministry of Economic Affairs.
	December	Honored with smart digital color copier for the “Taiwan Excellence Award”.
2000	December	Honored with flying color@V2000 for the “Merit Award” as outstanding information and application product in the Information Technology Month of the ROC.
2001	November	Honored with “Industrial Sustainable Development Excellence Award” from the Ministry of Economic Affairs.
2002	July	Honored as a safety and health self-protection unit upon approval after review by the Labor Commission under the Executive Yuan, the first of its kind.
	November	Honored with “Industrial Benchmark” as recognized by the Ministry of Economic Affairs.
2004	May	Honored with UGS 2004 PLM Excellence Award.
	July	Honored with “2003 Excellent Importer/Exporter” Certificate conferred upon by the Bureau of Foreign Trade.
	December	Honored with MF series of the black-and-white multi-functional business machine for the “2005 Taiwan Excellence Award”.
2005	October	Honored with AM3230 series of the black-and-white multi-functional business machine for the “Innovative Product Award” of the Hsinchu Science Park.
2006	June	Honored with AM6120 for “2006 Computex Taipei Best Choice”; “Taiwan Technology 100” of Digital Age Biweekly; AM6120 was

		one of the candidates for the Park's "Innovative Product Award".
2007	December	Honored with "2007 Hsinchu Science Park R&D Efficacy Award".
2008	December	Honored with "2008 Hsinchu Science Park R&D Efficacy Award".
2009	October	Honored with AV50F Portable sheet-fed scanner for the "Innovative Product Award" of Hsinchu Science Park.
2010	December	Honored with AV186+ for the "Outstanding IT Application and Product Award" of the Institute for Information Industry; AV186+, AV176+, and IS15 honored with TAITRA's "Taiwan Excellence Award".
2011	May	Honored with AV220D2M+ for the 2011 Computex Taipei "Best Choice".
	December	Honored with AP510, AV620C2+, AV1860, IS25, and MiWand for the TAITRA's "Taiwan Excellence Award".
2012	May	Honored with MiWand 2 PRO for the Germany "Red dot" and "Computex Taipei Best Choice".
2013	December	Honored with MiWand 2 Wi-Fi PRO for the "Innovative Product Award" of Hsinchu Science Park; ScanQ and MiCube for the "Computex D&I Award"; SC8800 and MiWand 2 Wi-Fi PRO for the TAITRA's "Taiwan Excellence Award"; ScanQ and Mobile COCO 2 Wi-Fi PRO for the "Top 100 Innovative Products" of the Information Technology Month; "2013 Hsinchu Science Park R&D Efficacy Award".
2014	December	Honored with MiCube for the "Top 100 Innovative Products of Information Technology Month", MiCube and ScanQ for the TAITRA's "Taiwan Excellence Award".
2015	December	Honored with ScanQ for the TAITRA's "Taiwan Excellence Award".
2016	May	Honored with AD215 for the "Computex D&I Award".
2018	November	Honored with PaperAir 215 for the TAITRA's "Taiwan Excellence Award 2019".
2019	November	Honored with AP30 High-performance network printer for the "Taiwan Excellence Award 2020".
2019	November	Honored with total spectrum blood analyzer from collaboration with Protectlife for the "Taiwan Excellence Award 2019".

Three. Corporate Governance Report

I. Organization system

(I) Organization System



(II) Responsibilities

Department	Task and Responsibility
R&D Division I and II	Product development, design, qualification, problem analysis and insights. Modeling, die and jig development, trial, modification, and qualification. System integration testing and qualification. Printer/MFP software/firmware development and qualification. New product development planning, specification defining, and cost management.
Advanced Technology Developing Div.	Integration of key core modules and applied modules and development of high-performance ASIC. LPH wafer/chip output cost optimization design and management, wafer cutting outsourcing quality management.
Image and Medical Device Developing Dept.	Design and development, planning, and problem analysis of medical devices/products. Preparation and implementation of medical devices/products test/qualification plans. Production and maintenance of medical devices files and documents. Care and maintenance of medical devices planning capability and related regulatory awareness.
Marketing Planning Department / Project Management Center of Marketing Department	Project management. Product package design, planning, and production. Planning and preparation of user and maintenance handbooks. Customer development and planning and execution of participation in exhibitions. Sales forecast, purchase order implementation, and collection of accounts receivable. After-sales service and product technical support.
Legal & Intellectual Property Dept.	Preparation, review, modification, and consultation of contracts and various legal documents. Company insurance, stamping of documents, company lawsuits and business affairs. Patent application, maintenance, technical advice and trademark application, maintenance, survey and investigation.
Occupational Safety and Health Office	Preparation, planning, supervision, and promotion of safety and health management matters and guidance over implementation provided to related departments.
Public Affairs Dept.	Planning, execution, maintenance, and management of corporate public affairs (general affairs and factory affairs) and environmental protection affairs.
Financial Dept.	Corporate finance control and utilization and stock affairs-related matters.
Human Resource Dept.	Planning and execution of the hiring/screening/education/utilization/retention of human resources.
Information Technology Dept.	Planned, managed, executed and protected the Company’s information, platforms and statements. Planned, managed and protected the communication network, phone switches and MVPN system.
Manufacturing Division	The head of procurement is in charge of the development and management of suppliers and procurement, comparison of quotations, and cost analysis. The head of logistics is in charge of the management and inventory check of shipments, inventories, and materials, the preparation of production plans and tracking the progress, taxation, and imports/exports-related quotations and confirmation of contracts. The head of manufacturing schedules production, keeps track of the production progress and quality control, burns the F/W, HD, FLASH, and CPU required for each model, 5S activities and improvements.

Regulation & Document Control Center	Documentation from kick-off to phase-out of all products. Review and maintenance of master file of production materials and supplies. Control over ISO and technical documents. Application for PLM part number and creation of BOM/EC. Review and creation of EAN/UPC codes.
Product Engineering Dept.	Introduction of trial production of new products and analysis and resolving of engineering issues. Drafted and protected plans for machines trouble shooting put into mass production; made suggestions for improvement. Drafted SOP for different types of machines; prepared, outsourced and calibrated the Test Chart. Designed packaging materials and evaluated costs; designed fixtures and jigs for production.
Quality Assurance Dept.	Maintenance/improvement of various procedures throughout the Company to ensure their integrity and smoothness centering quality system management, confirming the validity of corrective and preventive measures, and ensuring that instruments used within the plant meet instrument calibration management requirements. Helping with the R&D, addressing market demand, and developing and realizing new products centering system reliability. Testing of the specifications according to the drawings of raw materials and regular materials, quality engineering and auditing of raw materials and regular materials/final products.

II. Profiles of the Directors, President, Vice Presidents, Assistant Vice Presidents, and heads of the functions and branches

(I) Director Information

April 30, 2023

Title (Note 1)	Nationality or place of registration	Name	Gender/ Age	Date of election to (assumption of) office	Tenure	Date of initial term to office	Quantity of shareholding at the time of election to office		Number of shares held at present		Holding of shares at present by spouse, underage children.		Holding of shares in the name of a third party		Major experience/education	Additional posts of the Company and other companies at present	Another officer, Director, or Supervisor who is spouse or kin within the 2nd degree			Remarks (Note 2)
							Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Title	Name	Relation	
Chairman	Republic of China	Sheng Shao-Lan	Male 71-80	2021.07.12	3	1991.04.03	12,952,919	6.22	14,117,300	6.62	21,370,178	10.02	-	-	Master of Mechanical Engineering, University of Maryland President, UMAX Computer Corporation	President of the Company	-	-	-	
Director	Republic of China	Chen Yen-Cheng	Male 51-60	2021.07.12	3	2018.06.15	154,389	0.07	860,493	0.40	72,895	0.03	-	-	Graduate Institute of Electrical and Mechanical Engineering, National Tsing Hua University R&D Assistant Vice President, Avision Inc.	R&D Vice President, Avision Inc.	-	-	-	
Director	Republic of China	Wu Yung-Chuan	Male 51-60	2021.07.12	3	2015.06.10	50	-	39	0.00	-	-	-	-	Master of Law, University of Washington Department of Electrical and Mechanical Engineering, National Taiwan University Master's degree	President, OtO Photonics Inc.	-	-	-	
Independent Director	Republic of China	Chen Kuang	Male 71-80	2021.07.12	3	2015.06.10	-	-	-	-	-	-	-	-	Department of Mechanical Engineering, Tatung University Head of Industrial Safety and Health Office, China Steel Machinery Corporation	-	-	-	-	
Independent Director	Republic of China	Tsung Jui-Yao	Male 51-60	2021.07.12	3	2018.06.15	-	-	-	-	-	-	-	-	PhD in Power Mechanical Engineering, National Tsing Hua University Vice Director, Quanta Computer Inc.	President, MegaSmart Technology Inc.	-	-	-	

Independent Director	Republic of China	Wen Mu-Jung	Male 61-70	2021.07.12	3	2021.07.12	-	-	-	-	-	-	-	-	Master in Power Mechanical Engineering, National Tsing Hua University Senior Vice President, UMAX Computer Corporation	Chairman and President, LUMENS DIGITAL OPTICS INC.				
Independent Director	Republic of China	Liang Chiang-Wei	Male 61-70	2021.07.12	3	2021.07.12	-	-	-	-	-	-	-	-	EMBA, National Taiwan University President, CREATIVE SENSOR INC. President, ASIA TECH IMAGE INC.	Independent Director, Ofuna Technology Co., Ltd.				

Note 1: The Company’s Chairman also serves as the President mainly because of the fact that it is a way for him/her to know the operational status of the Company at the same time. Because the Company has been seeking transformation over the past few years, a professional manger with the required product technology and familiar with the market is required so that he/she can better devote himself/herself to successful transformation of the Company. With the Chairman also serving as the President, it boosts the operational efficiency, further smooths the decision-making and execution process, and also facilitates timely strategic operational response on a market that changes occur instantaneously in terms of operation and management.

Countermeasures taken by Avision: A. A total of 4 independent directors; B. 2 managers in current 7 directors and the remaining 5 includes the 4 independent directors and 1 external director. A majority of the directors are not also employees or managers.

(II) Professionalism and Independence of Directors

1. Diversification in the Composition of the Board of Directors

According to Paragraph , Article 14 of the Company's "Corporate Governance Best Practice Principles", to achieve the ideal goal of corporate governance, the Board of Directors shall, in general, possess the following capabilities:

- Operational judgment.
- Accounting and financial analysis.
- Operation and management.
- Crisis management.
- Industrial knowledge.
- International market views.
- Leadership.
- Decision-making.

In order for the Board of Directors to fulfill the above-mentioned goals and to reinforce its efficacy, besides the fact that there may not be more than one-third of the directors who are also managers in the Company, independent directors are hired reflective of the operational pattern and developmental needs in honor of the diversification policy. Currently, the Company has 7 directors in total, including 4 independent directors and they specialize in commerce, legal affairs, financial affairs, accounting, or corporate operations. Among the 4 independent directors are 2 with at least three years in office.

2. Substantial management goals of the Board of Directors' diversification policy and their fulfillment are as follows:

Management objectives	Fulfillment
Number of independent directors exceeding one-third of all directors	Fulfilled
No more than one-third of directors who are also managers in the Company	Fulfilled
Having served no more than 3 terms as independent director	Fulfilled
Adequate diversified professional knowledge and skills	Fulfilled

3. Fulfillment of the diversification policy in the composition of the Board of Directors is as follows:

April 30, 2023

Condition / Name	Does the person have more than five years of experience and the professional qualifications specified below?			Fulfillment of independence												The number of additional posts as Independent Directors with other publicly-traded companies
	A lecturer or a higher position at a public or private school of higher education in the disciplines of commerce, law, finance, accounting, or other specializations required by the business of the Company	A court judge, prosecutor, lawyer, certified public accountant, or other professional or technician required by the business of the Company and having passed the national examinations with issuance of certificates	Work experience in commerce, law, finance, accounting, or others required by the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Sheng Shao-Lan			V				V	V	V		V	V	V	V	V	0
Chen Yen-Cheng			V		V	V	V	V	V	V	V	V	V	V	V	0
Wu Yung-Chuan			V	V	V	V	V	V	V	V	V		V	V	V	0
Chen Kuang			V	V	V	V	V	V	V	V	V	V	V	V	V	0
Tsung Jui-Yao			V	V	V	V	V	V	V	V	V	V	V	V	V	0
Wen Mu-Jung			V	V	V	V	V	V	V	V	V	V	V	V	V	0
Liang Chiang-Wei			V	V	V	V	V	V	V	V	V	V	V	V	V	1

Note: When any of the following conditions is met for each director during the two years prior to and during their tenure, put "✓" in the box beneath the code for each condition.

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

(2) Not a Director, Supervisor of the Company or its affiliate (except holding the positions of Independent Directors of the Company who also act as Independent Directors its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable laws and regulations of the local country).

(3) Not a natural person who holds more than 1% of the outstanding shares issued by the Company to the person, spouse, underage children or in the name of a third party, or is among the top 10 shareholders.

(4) Not the spouse, kin within the 2nd degree or next of kin within the 3rd degree of the managers as stated in (1), or persons stated in (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder directly holding at least 5% of the circulating shares of the Company or that ranks Top 5 in shareholding ratio or that assigns a representative to serve as director or supervisor of the Company according to Paragraph 1 or 2, Article 27 of the Company Act (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
(6) Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is controlled by the same person (The same does not apply, however, to independent directors set up by the Company or its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
(7) Not a director (or governor), supervisor, or employee of another company or institution whose chairman, president, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
(8) Not a director (or governor), supervisor, or manager, or shareholder holding at least 5% of shares of a specific company or institution that is financially or commercially related to the Company (The same does not apply, however, if the said specific company or institution holds at least 20% yet less than 50% of the circulating shares of the Company and to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
(9) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT$500,000 in the most recent two years, to the Company or its affiliate, nor is an owner, partner, director (or governor), supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies. Except for members of the remuneration committee, public acquisition review committee, or mergers and acquisitions special committee performing their assigned duties under the Securities and Exchange Act or the Business Mergers and Acquisitions Act and other applicable laws and regulations.
(10) Not a spouse or kin within the 2nd degree to another Director.
(11) None of the conditions under Article 30 of the Company Act.
(12) Not a governmental or juridical person or a representative as defined in Article 27 of the Company Act.

(III) Information about President, Vice Presidents, Assistant Vice President, and Heads of various departments and branches

April 30, 2022

Title	Nationality	Name	Gender	Date of election to (assumption of) office	Number of shares held		Current shares held by spouse, underage children		Holding of shares in the name of a third party		Major experience/education	Additional posts with other companies	A manager who is spouse or kin within the 2nd degree.			Remarks (Note 1)
					Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %			Title	Name	Relation	
The President	Republic of China	Sheng Shao-Lan	Male	1990.08.29	14,117,300	6.62	21,370,178	10.02	-	-	Master of Mechanical Engineering, University of Maryland President, UMAX	Chairman, Avision Inc. (Suzhou)	-	-	-	
Senior Vice President	Republic of China	Chou Chung-Li	Male	1990.08.29	6,324,638	3.34	-	-	-	-	Master of Science in Computer Science, New York University Person in Charge, DJ Technology	None.	-	-	-	
Vice President	Republic of China	Chen Yen-Cheng	Male	2007.03.26	860,493	0.40	72,895	0.03	-	-	Graduate Institute of Electrical and Mechanical Engineering, National Tsing Hua University	None.	-	-	-	
Vice President	Japan	Gotoda Katsuhiko	Male	2007.04.02	189,113	0.09	-	-	-	-	Department of Physics, Kwansei Gakuin University T&M Corporation	None.	-	-	-	
Vice President	Republic of China	Kuo Chen	Male	2021.03.29	318	0.00	1,334,007	0.63	-	-	Department of Electrical and Mechanical Engineering, National Tsing Hua University President, Avision Europe Gmbh	President, Avision Europe Gmbh	-	-	-	
Assistant Vice President	Republic of China	Shih Po-Sheng	Male	2021.04.19	200,896	0.09	-	-	-	-	Department of Electrical and Mechanical Engineering, National Tsing Hua University	None.	-	-	-	
Manager of Financial Dept. (Note 2)	Republic of China	Kuo Lung-Chang	Male	2021.09.03	802	0.00	364	0.00	-	-	Master in Finance and Accounting and Administration, University of Wales Vice President, Finance, PHARMACORE BIOTECH CO., LTD.	None.	-	-	-	
Manager of Financial Dept.	Republic of China	Chen Shou-Ching	Male	2023.03.23	-	-	-	-	-	-	Department of Accounting, Tunghai University Manager of Finance, AIPTEK International Inc. Manager of Finance, TM TECHNOLOGY, INC.	None.	-	-	-	

Note 1: The Company's Chairman also serves as the President mainly because of the fact that it is a way for him/her to know the operational status of the Company at the same time. Because the Company has been seeking transformation over the past few years, a professional manager with the required product technology and familiar with the market is required so that he/she can better devote himself/herself to successful transformation of the Company. With the Chairman also serving as the President, it boosts the operational efficiency, further smoothes the decision-making and execution process, and also facilitates timely strategic operational response on a market that changes occur instantaneously in terms of operation and management. Countermeasures taken by Avision: A. A total of 4 independent directors; B. 2 managers in current 7 directors and the remaining 5 includes the 4 independent directors and 1 external director.

Note 2: Manager Kuo Lung-Chang resigned on March 1, 2023.

(IV) Remuneration to directors and independent directors - the name and how the remuneration is paid shall be disclosed separately

December 31, 2022 Unit: NTD thousand

Title	Name	Remuneration to the Directors								Ratio of the total of A, B, C and D to net income after tax (Note 10)		Remuneration to Directors who are also employees								Ratio of the Sum of Items A, B, C, D, E, F, and G to net income after tax (Note 10)		Remuneration from investees other than subsidiaries or from the parent company (Note 11)
		Remuneration (A) (Note 2)		Pension and severance pay (B)		Remuneration to Directors (C) (Note 3)		Business execution expenses (D) (Note 4)				Remuneration, bonus, and allowance (E) (Note 5)		Severance and pension (F)		Employee remuneration (G) (Note 6)						
																The Company		All companies listed in the financial statements (Note 7)				
		The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	Amount of cash	Amount of stock	Amount of cash	Amount of stock	The Company	All companies listed in the financial statements (Note 7)	
Chairman	Sheng Shao-Lan	-	-	-	-	-	-	-	-	-	-	2,211	2,211	-	-	-	-	-	-	2,211	2,211	None.
Director	Chen Yen-Cheng	-	-	-	-	-	-	-	-	-	-	1,739	1,739	-	-	-	-	-	-	1,739	1,739	None.
Director	Wu Yung-Chuan	-	-	-	-	2	2	-	-	-	-	-	-	-	-	-	-	-	-	2	2	None.
Independent Director	Chen Kuang	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None.
Independent Director	Tsung Jui-Yao	-	-	-	-	2	2	-	-	-	-	-	-	-	-	-	-	-	-	2	2	None.
Independent Director	Wen Mu-Jung	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None.
Independent Director	Liang Chiang-Wei	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None.

1. Besides those disclosed in the above table, remuneration paid to directors in the most recent year for the services provided (such as working as a consultant who is not an employee at the parent company/all affiliates/reinvested busine included in the financial statements): 600 thousand.

Remuneration bracket

Remuneration bracket for individual Directors of the Company	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the Consolidated Statement (Note 9) H	The Company (Note 8)	All companies included in the Consolidated Statement (Note 9) I
Less than NTD1,000,000	Sheng Shao-Lan, Chen Yen-Cheng, Wu Yung-Chuan, Chen Kuang, Tsung Jui-Yao, Wen Mu-Jung, Liang Chiang-Wei	Sheng Shao-Lan, Chen Yen-Cheng, Wu Yung-Chuan, Chen Kuang, Tsung Jui-Yao, Wen Mu-Jung, Liang Chiang-Wei	Wu Yung-Chuan, Chen Kuang, Tsung Jui-Yao, Wen Mu-Jung, Liang Chiang-Wei	Wu Yung-Chuan, Chen Kuang, Tsung Jui-Yao, Wen Mu-Jung, Liang Chiang-Wei
NT$1,000,000 (inclusive)~ NT$2,000,000 (exclusive)			Chen Yen-Cheng	Chen Yen-Cheng
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)			Sheng Shao-Lan	Sheng Shao-Lan
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)				
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)				
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)				
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)				
More than NTD100,000,000				
Total	7	7	7	7

Note 1: If a director is also the President or Vice President, this table and Table (V) below should also be completed.

Note 2: The remuneration to directors in the most recent year (including salaries to directors, differential pays, severance pays, various types of bonuses, and rewards, etc.).

Note 3: The remuneration to directors assigned as approved by the Board of Directors in the most recent year.

Note 4: Related operational expenditure incurred by directors in the most recent year (including transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind).

Note 5: The salaries, differential pays, severance pays, various types of bonuses, rewards, transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind, among others to directors who are also employees in the most recent year (including the President, Vice President, other managers, and employees).

Note 6: For directors who are also employees in the most recent year (including the President, Vice President, other managers, and employees), to receive the remuneration to employees (including stock and cash), the value of employee rewards assigned as approved by the Board of Directors in the most recent year shall be disclosed. 2021 saw accumulated deficits and hence no remuneration is allocated for employees.

Note 7: The total value of various types of remuneration paid to the Company's directors by all companies (including the Company) in the consolidated statement shall be disclosed.

Note 8: For the total value of various remuneration paid to each director by the Company, disclose the name of the director in the respective bracket.

Note 9: The total value of various types of remuneration paid to each of the Company's directors by all companies (including the Company) in the consolidated statement shall be disclosed; the name of the director shall be disclosed in the bracket he/she belongs.

Note 10: The Company adopts the International Financial Reporting Standard. After-tax net profit refers to that shown in the Parent Company-only Financial Statements in the most recent year.

Note 11:
a. For this field, the value of related remuneration from re-invested businesses other than the subsidiaries or the parent company that the Company's directors received should be provided.
b. If the Company's directors received related remunerations from re-invested businesses other than the subsidiaries or the parent company, such remunerations shall be consolidated in Field I of the bracket table and the field name shall be changed to "parent company and all re-invested businesses."
c. Remuneration is the compensation, rewards (including employees, directors, and supervisors), and payments from performing tasks received by the Company's directors for serving as director, supervisor, or manager in a re-invested business other than the subsidiaries or the parent company.

* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purpose.

(5) Remuneration to President and Vice Presidents - how their names and remuneration are disclosed: December 31, 2022 Unit: NTD thousand

Title	Name	Salaries (A) (note 2)		Pension and severance pay (B)		Bonus and special expenditure, etc. (C) (note 3)		Amount of remuneration to employees (D) (note 4)				Ratio of the total of A, B, C and D to net income after tax (%) (note 8)		Remuneration from investees other than subsidiaries or from the parent company (Note 9)
		The Company	All companies listed in the financial statements (note 5)	The Company	All companies listed in the financial statements (note 5)	The Company	All companies listed in the financial statements (note 5)	The Company		All companies listed in the financial statements (Note 5)		The Company	All companies listed in the financial statements (note 5)	
								Amount of cash	Amount of stock	Amount of cash	Amount of stock			
The President	Sheng Shao-Lan	1,891	1,891	-	-	320	320	-	-	-	-	2,211	2.211	None.
Senior Vice President	Chou Chung-Li	274	274	-	-	51	51	-	-	-	-	325	325	None.
Vice President	Chen Yen-Cheng	1,509	1,509	-	-	230	230	-	-	-	-	1,739	1,739	None.
Vice President	Gotoda Katsuhiko	2,275	2,275	-	-	360	360	-	-	-	-	2,635	2,635	None.
Vice President	Kuo Chen	656	656	-	-	80	80	-	-	-	-	736	736	None.

Remuneration bracket

Range of Remuneration Paid to the President and Vice Presidents of the Company	Names of President and Vice Presidents	
	The Company (Note 6)	All companies included in the Consolidated Statement (Note 7)
Less than NTD1,000,000	Chou Chung-Li, Kuo Chen	Chou Chung-Li, Kuo Chen
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Chen Yen-Cheng	Chen Yen-Cheng
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (exclusive)	Sheng Shao-Lan, Gotoda Katsuhiko	Sheng Shao-Lan, Gotoda Katsuhiko
NT$ 3,500,000 (inclusive) ~ NT$ 5,000,000 (exclusive)		
NT$ 5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)		
NT$10,000,000 (inclusive)–NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive)–NT$100,000,000 (exclusive)		
More than NTD100,000,000		
Total	5	5

Note1: Names of President and Vice Presidents shall be listed separately. If a director is also the President or Vice President, this table and Table (IV) above should also be completed.
Note2: The salaries, differential pays, and severance pays of the president and the vice president in the most recent year shall be provided.
Note3: Various types of bonuses, rewards, transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind paid to the president and vice president in the most recent year and other remuneration shall be provided. In addition, the value of compensation recognized according to IFRS2 "share-based payment", including employee stock option certificate, restricted employee shares, and shares subscribed upon increased capital in cash, shall be included in the calculation of remuneration, too.
Note4: The remuneration to the President and Vice President approved by the Board of Directors and distributed in the most recent year (including stock and cash). The Company adopts the International Financial Reporting Standard. After-tax net profit refers to that shown in the Parent Company-only Financial Statements in the most recent year. 2021 saw accumulated deficits and hence no remuneration is allocated for employees.

Note5: The total value of various types of remuneration paid to the Company's president and vice president by all companies (including the Company) in the consolidated statement shall be disclosed.

Note6: For the total value of various types of remuneration paid to each president and vice president by the Company, disclose the name of the president and vice president in the respective bracket.

Note7: The total value of various types of remuneration paid to each of the Company's president and vice president by all companies (including the Company) in the consolidated statement shall be disclosed; the name of the president and vice president shall be disclosed in the bracket he/she belongs.

Note8: The Company adopts the International Financial Reporting Standard. After-tax net profit refers to that shown in the Parent Company-only Financial Statements in the most recent year.

Note9:
a. For this field, the value of related remuneration from re-invested businesses other than the subsidiaries or the parent company that the Company's President and Vice President received should be provided.
b. If the Company's president and vice president received related remuneration from re-invested businesses other than the subsidiaries, such remuneration shall be consolidated in Field E of the bracket table and the field name shall be changed to "parent company and all re-invested businesses."
c. Remuneration is the compensation, rewards (including employees, directors, and supervisors), and payments from performing duties at work received by the Company's President and Vice President for serving as director, supervisor, or manager in a re-invested business other than the subsidiaries or the parent company.

* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purpose.

(VI) Remuneration to Top 5 officials with the highest remuneration of the Company - the name and how the remuneration is paid shall be disclosed separately: (Note 1)

December 31, 2022 Unit: NTD thousand

Title	Name	Salaries (A) (note 2)		Pension and severance pay (B)		Bonus and special expenditure, etc. (C) (note 3)		Amount of remuneration to employees (D) (note 4)				Ratio of the total of A, B, C and D to net income after tax (%) (note 6)		Remuneration from investees other than subsidiaries or from the parent company (Note 7)
								The Company		All companies listed in the financial statements (Note 5)				
		The Company	All companies listed in the financial statements (note 5)	The Company	All companies listed in the financial statements (note 5)	The Company	All companies listed in the financial statements (note 5)	Amount of cash	Amount of stock	Amount of cash	Amount of stock	The Company	All companies listed in the financial statements	
Vice President	Gotoda Katsuhiko	2,275	2,275	-	-	360	360	-	-	-	-	2,635	2,635	None.
The President	Sheng Shao-Lan	1,891	1,891	-	-	320	320	-	-	-	-	2,211	2,211	None.
Assistant Vice President	Shih Po-Sheng	1,668	1,668	-	-	308	308	-	-	-	-	1,976	1,976	None.
General Manager	Kuo Lung-Chang	1,311	1,311	-	-	282	282	-	-	-	-	1,593	1,593	None.
Vice President	Chen Yen-Cheng	1,509	1,509	-	-	230	230	-	-	-	-	1,739	1,739	None.

Note1: The so-called “Top 5 department heads with the highest remuneration” refer to managers in the Company. As for the criteria for determining if someone is a manager, the scope of application for the term “manager” as specified in the Taiwan Finance Certificate III No. 0920001301 letter dated March 27, 2003 from the Securities and Futures Bureau, Ministry of Finance. As for the rules for determining “Top 5 with the highest remuneration”, it is based on the sum of salary, retirement and pension, bonus and special expenditure of all companies included in the Consolidated Financial Statement and the employee remuneration received as the managers in the Company (that is, the sum of A, B, C, and D) and the highest five are chosen. If a director is also one of the department heads mentioned above, this table and the table (1-1) above should be completed.

Note2: The salary, differential pay, and severance pay of the Top 5 department heads with the highest remuneration in the most recent year.

Note3: The various types of bonuses, rewards, transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind paid to Top 5 department heads with the highest remuneration in the most recent year and other rewards. When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate in the note related compensation payable by the Company to the driver, which, however, is not included as part of the remuneration. In addition, the value of compensation recognized according to IFRS 2 “share-based payment”, including employee stock option certificate, restricted employee shares, and shares subscribed upon increased capital in cash, shall be included in the calculation of remuneration, too.

Note4: Employee remuneration (including stock and cash) distributed to Top 5 department heads with the highest remuneration in the past year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed in the most recent year and calculate proportionally and Table 1-3 shall be completed, too.

Note5: The total value of the various types of remunerations paid to Top 5 department heads with the highest remuneration of the Company by all companies (including the Company) included in the Consolidated Statement shall be disclosed.

Note6: After-tax net profit refers to that shown in the parent company-only or individual financial statement in the most recent year.

Note7:
a. For this field, the value of related remuneration from re-invested businesses other than the subsidiaries or the parent company that the Top 5 department heads with the highest remuneration of the Company received shall be specified. (If none, indicate “N/A”.)
b. Remuneration is the compensation, rewards (including employees, directors, and supervisors), and payments from performing tasks received by the Company’s Top 5 department heads with the highest remuneration of the Company for serving as director, supervisor, or manager in a re-invested business other than the subsidiaries or the parent company.

* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purpose.

(VII) Names of Managers Entitled to Remuneration to Employees and Distribution Status: None

December 31, 2022

	Title (note 1)	Name (note 1)	Amount of stock	Amount of cash	Total	Ratio of sum to net profit after tax (%)
Managers	The President	Sheng Shao-Lan	-	-	-	-
	Senior Vice President	Chou Chung-Li				
	Vice President	Chen Yen-Cheng				
	Vice President	Gotoda Katsuhiko				
	Vice President	Kuo Chen				
	Manager of Financial Dept.	Kuo Lung-Chang (Note 4)				
	Manager of Financial Dept.	Chen Shou-Ching (Note 5)				

Note1: Individual names and titles shall be disclosed yet the distribution of profits may be disclosed in a summary.

Note2: Employee remuneration (in stock and in cash) distributed to managers as approved by the Board of Directors in the most recent year. The Company adopts the International Financial Reporting Standard. After-tax net profit refers to that shown in the Parent Company-only Financial Statements in the most recent year. 2019 saw deficits after tax and hence it is not applicable.

Note3: The scope of application for managers is based on the Taiwan Finance Certificate III No. 0920001301 letter dated March 27, 2003. It is as follows:

(1) President and equivalent
(2) Vice President and equivalent
(3) Assistant Vice President and equivalent
(4) Head of Financial Dept.
(5) Head of Accounting Department
(6) Other people entitled to manage affairs and sign on behalf of the Company

Note4: Manager Kuo Lung-Chang resigned on March 1, 2023.

Note5: General Manager Chen Shou-Ching assumed office on March 1, 2023.

(VIII) Analysis of the proportion of total remuneration paid to the Company's directors, President and Vice President by the Company and all the companies listed in the consolidated financial statements in the most recent two years to the Net Income After Tax in the Parent Company-only Financial Statements

Unit: NT$thousand; %

Item / Year	Total remuneration Paid to Directors, President, and Vice Presidents		Ratio of sum to net profit in the Parent-Company only Financial Statements	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
2021	8,039	8,039	-	-
2022	7,646	7,646	-	-

Note: 2022 and 2021 saw deficitis after tax.

(IX) Policies, standards and packages for payment of remuneration as well as the procedures followed for determining remuneration, and their linkages to business performance and future risk.

In cases of profits for the year, the Company shall set aside 6% to be the remuneration to employees and no more than 2% to be that to directors. However, where the Company still has accumulated losses, amount shall be reserved for making up the accumulated loss first. The remuneration to employees may be in the form of stock or cash and the recipients may be affiliated employees meeting certain criteria that are to be set by the Board of Directors. The distribution of remuneration to employees and that to directors shall be supported by approval from a majority of attending directors that account for two-thirds or more of all directors in the meeting and shall be presented during the shareholders' meeting.

The remuneration to the Company's directors is based on the above-said requirements. That is, no more than 2% is to be set aside with profits of the current year minus accumulated deficits as the remuneration to directors and it may only be distributed after it is reported during the Shareholders' Meeting.

Due to the fact that the Company has been suffering deficits over the past few years, no remuneration to directors has been distributed. In other words, actual remuneration distributed in excess of the above-said upper limit did not occur and therefore no abnormality or over-paid conditions occurred, either.

The remuneration to the President and the Vice President(s) in the most recent two years consists of salary and bonus, which are based on the applicable requirements in the Personnel Rules of the Company. The remuneration to employees, on the other hand, has not been distributed, either, due to the deficits borne by the Company over the past few years.

III. The pursuit of corporate governance

(I) Information on the Operational Status of the Board of Directors

The Board of Directors met a total of 8 times (A) on2022 and the attendance is given below:

Title	Name	Number of times actually attending (observing) (B)	Attendance by proxy	Attendance (B/A)(%)	Remarks
Chairman	Sheng Shao-Lan	7	1	87.50%	Re-elected in 2021.07.12
Director	Chen Yen-Cheng	7	1	87.50%	Re-elected in 2021.07.12
Director	Wu Yung-Chuan	7	1	87.50%	Re-elected in 2021.07.12
Independent Director	Chen Kuang	8	0	100.00%	Re-elected in 2021.07.12
Independent Director	Tsung Jui-Yao	8	0	100.00%	Re-elected in 2021.07.12
Independent Director	Liang Chiang-Wei	8	0	100.00%	Newly-elected in 2021.07.12
Independent Director	Wen Mu-Jung	7	1	87.50%	Newly-elected in 2021.07.12

Additional information:

1. If the operations of the Board of Directors is under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified.
   (1) Matters specified in Article 14-3 of the Securities and Exchange Act.

   (2) In addition to the aforementioned issues, other resolutions of the Board with adverse or qualified opinions from the Independent Directors with recorded or written declaration.

The Board	Content of the motions	Resolution	Objection or reservation by independent directors
The 11th meeting of the 11th term 2022.03.18	Capital increase in cash	The proposal was approved as is unanimously.	None.
	The Company intended to revise some of the "Articles of Incorporation".	The proposal was approved as is unanimously.	None.
	The Company intended to revise some articles of the "Board Directors Election Regulations".	The proposal was approved as is unanimously.	None.
	Company intended to revise some articles of the "Procedure for the Acquisition or Disposal of Assets"	The proposal was approved as is unanimously.	None.
	Whether or not there is "disguised funds financing that needs to be declared as funds lent to others" for the Company's accounts receivable.	The proposal was approved as is unanimously.	None.

The Board	Content of the motions	Resolution	Objection or reservation by independent directors
The 12th meeting of the 11th term 2022.05.05	The Company intended to organize private placement for issuance of common stock shares.	The proposal was approved as is unanimously.	None.
The 13th meeting of the 11th term 2022.05.12	Whether or not there is “disguised funds financing that needs to be declared as funds lent to others” for the Company’s accounts receivable.	The proposal was approved as is unanimously.	None.
	Review of the distribution of remuneration to directors, that to employees for 2021.	The proposal was approved as is unanimously.	None.
The 14th meeting of the 11th term 2022.06.15	Matters concerning the pricing of first private placement common stock shares and issuance of new shares for 2022.	The proposal was approved as is unanimously.	None.
The 15th meeting of the 11th term 2022.8.10	Whether or not there is “disguised funds financing that needs to be declared as funds lent to others” for the Company’s accounts receivable.	The proposal was approved as is unanimously.	None.
	Distribution of the remuneration to managers and employees for 2021.	The proposal was approved as is unanimously.	None.
The 16th meeting of the 11th term 2022.11.10	Whether or not there is “disguised funds financing that needs to be declared as funds lent to others” for the Company’s accounts receivable.	The proposal was approved as is unanimously.	None.
The 17th meeting of the 11th term 2022.11.23	Intended setup of the record date for capital increase in cash and share subscription price for 2022.	The proposal was approved as is unanimously.	None.
	The Company intended to revise some articles of the “Rules of Procedure for Board of Directors’ Meetings”.	The proposal was approved as is unanimously.	None.
	The Company intended to revise some articles of the “Operating Procedure for Handling Major Internal Information to Prevent against Insider Trading”.	The proposal was approved as is unanimously.	None.
	Proposal on employee share subscription of managers and/or directors for 2022 capital increase in cash with issuance of new shares.	The proposal was approved as is unanimously.	None.
	Distribution of year-end bonus to managers for 2021.	The proposal was approved as is unanimously.	None.
The 19th meeting of the 11th term 2023.03.23	Appointment of the financial officer and the accounting officer.	The proposal was approved as is unanimously.	None.
	Director compensation and remuneration structure and criteria.	The proposal was approved as is unanimously.	None.
	Current manager compensation and remuneration structure and criteria.	The proposal was approved as is unanimously.	None.
	2023 salary adjustment for managers.	The proposal was approved as is unanimously.	None.

The Board	Content of the motions	Resolution	Objection or reservation by independent directors
	Review of the proposal for the 2022 remunerations of directors and employees.	The proposal was approved as is unanimously.	None.
	Revision of some of the Company's "Articles of Incorporation".	The proposal was approved as is unanimously.	None.
	Revision of some articles of the Company's "Rules of Procedure for Shareholders' Meetings".	The proposal was approved as is unanimously.	None.
	Revision of some articles of the Company's "Audit Committee Organic Rules".	The proposal was approved as is unanimously.	None.
	Whether or not there is "disguised funds financing that needs to be declared as funds lent to others" for the Company's accounts receivable.	The proposal was approved as is unanimously.	None.
	The Company intended to organize private placement for issuance of common stock shares.	The proposal was approved as is unanimously.	None.
	Discontinuation of private placement of common stock shares approved in the 2022 General Shareholders' Meeting upon expiration.	The proposal was approved as is unanimously.	None.

2. In the event of directors' recusal from proposals, the name of director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified:

Name of Director	Content of the motions	Reason for the recusal	Participation in voting	Remarks
Sheng Shao-Lan Chen Yen-Cheng	Distribution of the remuneration to managers and employees for 2021.	Conflicting interest	Did not take part in voting	The 15th meeting of the 11th term
Sheng Shao-Lan Chen Yen-Cheng	Current manager compensation and remuneration structure and criteria.	Conflicting interest	Did not take part in voting	The 19th meeting of the 11th term
Sheng Shao-Lan Chen Yen-Cheng	2023 salary adjustment for managers.	Conflicting interest	Did not take part in voting	The 19th meeting of the 11th term

3. Information such as the evaluation cycle and duration, and scope, approach, and content of the evaluation that shall be disclosed by the Company regarding the self (or peer) review of the Board of Directors: On March 27, 2020, the Board of Directors approved the preparation of the "Board of Directors Self-review or Peer Review Guidelines" and began performance evaluations in 2020.

Frequency of evaluation	Period for evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Once a year	Completed before the end of the first quarter of the coming year.	The scope of evaluation of the Company's Board of Directors includes the performance evaluations of the overall Board of Directors, individual directors and the functional committees.	The evaluation methods included internal board self-evaluation, board members' and the functional committee's self-evaluations. After these evaluations, the evaluation results were archived by the organizations discussing matters of the Company.	The Board of Directors performance evaluation covers the following five major aspects: 1. Involvement in corporate operations. 2. Improved decision-making quality of the Board of Directors. 3. Composition and structure of Board of Directors. 4. Election of its directors and continuing education for them. 5. Internal Control Measures included in the board director (self or peer) performance evaluation shall at least cover the following six major aspects: 1. Keeping track of corporate goals and missions. 2. Awareness of duties as a director. 3. Involvement in corporate operations. 4. Management of internal relations and communication. 5. Director's professionalism and continuing education. 6. Internal control. Measures included in the functional committee performance evaluation shall at least cover the following five major aspects: 1. Involvement in corporate operations. 2. Awareness of the duties of the functional committee. 3. Improved decision-making quality of the functional committee. 4. Composition and election of members of functional committees. 5. Internal control.

4. Targets for enhancing the function of Board of Directors in current year and the in the most recent year, and implementation assessment: The Company already set up independent directors, the Audit Committee, and the Compensation and Remuneration Committee in June 2015 to help the Board of Directors by fulfilling their supervisory duties. Respective committees also periodically reported to the Board of Directors their activities and decisions. They help the Board of Directors make decisions through professional division of labor and super-independent stance.

(II) Information on the Operational Status of the Audit Committee

The Company's Audit Committee consists of all independent directors. It meets on a quarterly basis and communicates in writing with the CPAs to precisely supervise corporate operations and control risks.

Main responsibilities of the Company's Auditing Committee include:

1. Review financial statements for respective quarters.
2. Prepare or modify the internal control system and related
3. Review the validity of the internal control system
4. Matters involving the interests of the directors
5. Trading of major assets or derivatives
6. Major lending of funds, endorsements, or guarantees
7. Raising, issuance, or private placement of equity securities
8. Evaluation of the assignment, dismissal, compensation, and independence of CPAs
9. Appointment or dismissal of financial, accounting, or internal audit officer
10. Other important matters as specified by the Company or the competent authority

The Auditing Committee met a total of 8 times (A) in 2022; attendance of independent directors is given below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Chen Kuang	8	0	100.00%	Re-elected in 2021.07.12
Independent Director	Tsung Jui-Yao	8	0	100.00%	Re-elected in 2021.07.12
Independent Director	Liang Chiang-Wei	8	0	100.00%	Newly-elected in 2021.07.12
Independent Director	Wen Mu-Jung	7	1	87.50%	Newly-elected in 2021.07.12

Additional information:

1. If the Audit Committee meets one of the following conditions, the date and session number of the meeting of the Audit Committee, proposal contents, independent directors' dissenting opinions, reservation, or major recommendations, the resolution made by the Audit Committee and the Company's reactions towards the Audit Committee's opinions shall be specified
   (1) Matters specified in Article 14-5 of the Securities and Exchange Act: Not applicable.
   (2) In addition to the above issues, other issues not passed by the Auditing Committee but passed by the Board with the consent of more than two thirds of the Directors: Not applicable.
2. For the recusal upon conflicts of interest among independent directors, the name of the independent director, details of the proposal, reason for the recusal, and participation in the voting process or not shall be described: Not applicable.

3. Communication between independent directors and the Internal Audit Officer and CPAs:

   Communication method between independent directors and the Internal Audit Officer and CPAs

   (1) The Internal Audit Officer of the Company periodically reports the audit operations to the independent directors in the Audit Committee meeting and communicates with the members on the results included in the Audit Report and how the implementation status may be followed up.

   (2) The CPAs of the Company communicates with independent directors during the quarterly Audit Committee meeting based on the results from written review or audits of the Company's and its subsidiaries' financial statements or the review or audit findings.

4. Summary of historical communications between independent directors and the Internal Audit Officer

   The Company's independent directors performed optimally in the communication of the implementation and efficacy of audit operations. Major matters communicated in 2022 and 2023 up to the date when this Prospectus was prepared are summarized as follows

Date (Session)	Focus of the communication
March 18, 2022 The 5th meeting of the 3th term	1. Audit matters and deficiency tracking and correction between December 2021 and February 2022. 2. 2021 "internal control system effectiveness evaluation" and "internal control system statement".
May 12, 2022 The 7th meeting of the 3th term	Audit matters and deficiency tracking and correction between March 2022 and April 2022.
August 10, 2022 The 9th meeting of the 3th term	Audit matters and deficiency tracking and correction between May 2022 and June 2022.
November 10, 2022 The 10th meeting of the 3th term	Audit matters and deficiency tracking and correction between July 2022 and September 2022.
March 23, 2023 The 13th meeting of the 3th term	1. Audit matters and deficiency tracking and correction between October 2022 and December 2022. 2. 2022 "internal control system effectiveness evaluation" and "internal control system statement".

5. Summary of historical communications between independent directors and the CPAs
Major matters communicated in 2022 and up to the date when this Prospectus was prepared between the independent directors and the CPAs are summarized as follows:

Date (Session)	Focus of the communication
March 18, 2022 The 5th meeting of the 3th term	Report of Audit Results of 2021 Consolidated and Parent Company-only Financial Reports.
May 12, 2022 The 7th meeting of the 3th term	Report of review results of Consolidated Financial Reports for the first quarter of 2022.
August 10, 2022 The 9th meeting of the 3th term	Report of review results of Consolidated Financial Reports for the second quarter of 2022.
November 10, 2022 The 10th meeting of the 3th term	Report of review results of Consolidated Financial Reports for the third quarter of 2022.
December 28, 2022 The 12th meeting of the 3th term	1. Evaluation of CPAs to be delegated for 2023 Financial Reports, their compensation and independence. 2. The Chairman is authorized to determine within the scope of his/her power the compensation for CPAs of 2023 Financial Reports.
March 23, 2023 The 13th meeting of the 3th term	Report of Audit Results of 2022 Consolidated and Parent Company-only Financial Reports.

The Company's independent directors may investigate corporate operations and financial standing at any time and may ask the Board of Directors or the manager to submit a report and may contact the CPAs if necessary.

(III) Continuing education of directors
Continuing education of directors for 2022 is as follows:

Title	Name	Date inaugurated	Date of training		Organizer	Name of course taken	Hours of training
			Start	End			
Chairman	Sheng Shao-Lan	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	The directors shall understand the securities laws/regulations and share major information cases	3
Chairman	Sheng Shao-Lan	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Impacts of the latest tax law reform upon corporate business operations and countermeasures	3
Director	Chen Yen-Cheng	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	The directors shall understand the securities laws/regulations and share major information cases	3
Director	Chen Yen-Cheng	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Impacts of the latest tax law reform upon corporate business operations and countermeasures	3
Director	Wu Yung-Chuan	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	The directors shall understand the securities laws/regulations and share major information cases	3
Director	Wu Yung-Chuan	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Impacts of the latest tax law reform upon corporate business operations and countermeasures	3

Independent Director	Chen Kuang	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	The directors shall understand the securities laws/regulations and share major information cases	3
Independent Director	Chen Kuang	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Impacts of the latest tax law reform upon corporate business operations and countermeasures	3
Independent Director	Tsung Jui-Yao	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	The directors shall understand the securities laws/regulations and share major information cases	3
Independent Director	Tsung Jui-Yao	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Impacts of the latest tax law reform upon corporate business operations and countermeasures	3
Independent Director	Liang Chiang-Wei	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	The directors shall understand the securities laws/regulations and share major information cases	3
Independent Director	Liang Chiang-Wei	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Impacts of the latest tax law reform upon corporate business operations and countermeasures	3
Independent Director	Wen Mu-Jung	2021.06.18	2022.07.27	2022.07.27	Taiwan Stock Exchange Corporation and Taipei Exchange	Thematic promotion meeting on sustainable development paths and industries	2
Independent Director	Wen Mu-Jung	2021.06.18	2022.10.31	2022.10.31	Taiwan Corporate Governance Association	Talk about how to effectively maintain brand value with trademark cases	3
Independent Director	Wen Mu-Jung	2021.06.18	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	The directors shall understand the securities laws/regulations and share major information cases	3

(IV) Involvement of Managers in Continuing Education on Corporate Governance

Continuing education of managers on corporate governance in 2022 is as follows:

Title	Name	Date of training		Organizer	Name of course taken	Hours of training
		Start	End			
Audit	Hsu Sheng-Ya	2022.03.28	2022.03.28	The Institute of Internal Auditors	Eight major perspectives for compliance with labor laws and regulations	6
	Hsu Sheng-Ya	2022.06.09	2022.06.09	Republic of China Accounting Research and Development Institute	Development trend of internet technologies for internal audit thinking and internal auditors' new thinking upon the advent of metaverse	6
	Chang Ssu-Fang	2022.06.09	2022.06.09	Republic of China Accounting Research and Development Institute	Development trend of internet technologies for internal audit thinking and internal auditors' new thinking upon the advent of metaverse	6
	Chang Ssu-Fang	2022.07.07	2022.07.07	Republic of China Accounting Research and Development Institute	Latest anti-fraud practices for compliance with the Amendment to the "Internal Control Criteria" and "information security" laws	6
	Chang Ssu-Fang	2022.09.22	2022.09.22	The Institute of Internal Auditors	Analysis of "Corporate Policy on Independently Preparing Financial Statements" and Practical Highlights of Internal Audit and Internal Control	6
Manager of Financial Dept.	Kuo Lung-Chang	2022.11.17	2022.11.18	Republic of China Accounting Research and Development Institute	Continuing Education Program for Accounting Officers of Securities Issuers, Securities Dealers, and Stock Exchanges	12

(V) 2022 Liability Insurance for the Company's Directors:

The insured	Insurance company	Coverage	Start/End dates of coverage
All Directors	CHUBB	US$ 5 million	2021.12.16~2022.12.16
All Directors	CHUBB	US$ 4 million	2022.12.16~2023.12.16

(VI) The pursuit of corporate governance and the divergence from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons

<table>
<tr><th rowspan="2">Items of evaluation</th><th colspan="3">The operation</th><th rowspan="2">Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>I. Does the Company establish and disclose its corporate governance best-practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies?</td><td>V</td><td></td><td>The Corporate Governance Best Practice Principles are already disclosed on the corporate website.</td><td>They answer to the government's Best Practice Principles.</td></tr>
<tr><td>II. Shareholding structure and shareholders' rights
(I) Does the Company establish internal operating procedures for handling shareholder suggestions, questions, disputes or lawsuits and implement the procedures?
(II) Does the Company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?
(III) Has the Company established and implemented risk management and firewall mechanisms with its associated enterprises?
(IV) Has the Company established internal rules against insiders trading with undisclosed information?</td><td>V
V
V
V</td><td></td><td>(I) There is a specialist in the Company to address advice, concerns, and disputes of shareholders.
(II) The Company already authorized the Registrar of SinoPac Securities to take care of stock-related affairs in order to keep track of primary shareholders of the Company at all times.
(III) The Company has defined the Subsidiaries Governance Regulations, the Operating Procedure for Lending of Funds and Endorsement/Guarantee, and the Procedure for the Acquisition or Disposal of Assets, among others, in order to impose proper risk management control and set up the firewall.
(IV) The Company has established its operating guidelines for handling of internal information and for preventing against insider trading.</td><td>They answer to the government's Best Practice Principles.</td></tr>
<tr><td>III. Composition and Responsibilities of the Board of Directors
(I) Has the Board of Directors developed diversification policies, substantial management goals and how are they enforced?
(II) Does the Company voluntarily establish other functional committees in addition to the Compensation and Remuneration Committee and the Audit Committee that are established as required by laws?
(III) Has the Company established standards and method for evaluating the performance of the Board of Directors, and does the Company implement the performance evaluation periodically and submit results of the performance evaluation to the Board of Directors, and use them for reference while deciding compensation and rewards for individual directors and nominating them for a second term in office?</td><td>V
V
V</td><td></td><td>(I) The Company stated to have independent directors in 2015 for reinforced operations of the Board of Directors. The diversification policy is adopted for the composition of the Board of Directors. Directors are from different sectors, with different backgrounds (R&D, manufacturing, law, marketing, finance/accounting, among others). There are now 5 directors, including 2 independent directors.
(II) Besides setting up the Compensation and Remuneration Committee and the Audit Committee, the Company will form other functional committees as needed to support corporate operations.
(III) The Company established its guidelines for self or peer reviews of the Board of Directors in March 2020. The annual performance evaluation takes place according to the evaluation procedure and indicators defined under the said guidelines at the end of each year and the evaluation results are to be brought forth during the Board of Directors meeting in the first quarter of the coming year.
The Board of Directors performance evaluation items considered and defined by the Company covers five major domains and the evaluation of its members</td><td>They answer to the government's Best Practice Principles.</td></tr>
</table>

<table>
<tr><th rowspan="2">Items of evaluation</th><th colspan="3">The operation</th><th rowspan="2">Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(IV) Does the Company regularly implement assessments on the independence of CPAs?</td><td>V</td><td></td><td>covers six major domains.
The executive unit collects related information of the activities engaged in by the Board of Directors and respective directors at the end of each year and distributes the “Board of Directors Performance Self-Assessment Questionnaire”, the “Directors Self-Assessment Questionnaire”, and the “Functional Committee Performance Self-Assessment Questionnaire” and then collects the completed questionnaires in order to record the results according to the scoring criteria for respective indicators and submit them to the Board of Directors for discussing possible improvements. The Board of Directors Self and Peer Reviews of 2022 were completed in the first quarter of 2023 and the results were reported to the Board of Directors on March 23, 2023. They will also be referred to while deciding the compensation and remuneration to respective directors and their nomination for subsequent terms.
(IV) The Company has its Financial Dept. to evaluate the independence and suitability of its CPAs at least once a year against respective indicators. The evaluation results of 2022 were already submitted to the Audit Committee on December 18, 2022 and to the Board of Directors on December 18, 2022 and were approved. CPAs Chiang Cai-Yen and Lin Yu-Kuan of Pricewaterhouse Coopers (PwC) both fulfilled the independence and suitability criteria.
Evaluation indicators:
1. No absence of replacement for seven years has occurred as of the latest certification.
2. No material financial interest with the authorizer.
3. Avoidance of any inappropriate relationship with the authorizer.
4. The CPA shall have his/her assistants precisely adhere to honesty, fairness, and independence.
5. No audits and certification may be done on the financial statements for the two years prior to practice.
6. The name of the CPA may not be used by any other person.
7. The CPA does not hold shares of the Company and its affiliates.
8. There are no money borrowings with the Company and its affiliates.
9. There are no joint investments or sharing of interests with the Company or its affiliates.
10. The CPA is not working part-time on a regular basis for the Company or its affiliates and receiving fixed compensation and remuneration.
11. The CPA is not involved in the managerial functions such as decision-making of the Company or its affiliates.</td><td></td></tr>
<tr><td>IV. For TWSE/TPEx-listed companies, is there an exclusive (combined) unit or person for corporate governance to take charge of related matters (including without limitation providing directors and supervisors with materials required for them to carry out their tasks,</td><td>V</td><td></td><td>The Company has a specialist to take charge of corporate governance-related affairs.
https://www.avision.com/motion.asp?menuid=10163&lgid=1&siteid=100407</td><td>They answer to the government’s Best Practice Principles.</td></tr>
</table>

Items of evaluation	The operation			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons
	Yes	No	Summary description	
taking care of Board of Directors' meetings and shareholders' meetings as required by law, registering the company and changing registered information, preparing minutes of Board of Directors' meetings and shareholders' meetings)?				
V. Does the Company establish the channels for communication with interested parties (including but not limited to shareholders, employees, customers and suppliers), and set up special space for interested parties on the official website, and properly respond to the important corporate social responsibility issues concerned by interested parties?	V		The Company has an exclusive section on its website to address questions from stakeholders. https://www.avision.com/motion.asp?menuid=10163&lgid=1&siteid=100407	They answer to the government's Best Practice Principles.
VI. Does the Company appoint professional stock affairs agency to deal with the affairs of the Board of Shareholders?	V		The Company has authorized the Registrar of SinoPac Securities to handle stock-related affairs. https://www.avision.com/motion.asp?menuid=10163&lgid=1&siteid=100407	They answer to the government's Best Practice Principles.
VII. Disclosure of Information				They answer to the government's Best Practice Principles.
(I) Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance status?	V		(I) The Company has set up an exclusive section on its website where information regarding its financial, business and corporate governance is disclosed.	
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of ae spokesman system, and videotaping institutional investor conferences)?	V		(II) The Company does not have an English website yet now, but it has someone to take charge of collecting and disclosing information about the Company, enforcing the spokesperson system, and updating information on investor conferences on its Chinese website.	
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		V	(III) The Company now announces and declares its annual financial reports within three months after the end of a fiscal year and announces and declares its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	
VIII. Is there any other essential information that would help understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the directors and supervisors)?	V		(I) Employee rights and employee care: Please refer to "Labor-Management Relations" herein. (II) Investor relations, supplier relations, and rights of stakeholders: Please refer to "Fulfillment of Social Responsibilities" herein. (III) Continuing education of directors: Please refer to "2022 Continuing Education of Directors" herein." (IV) Implementation of risk management policies and risk measurement standards: Please refer to "Analysis and Assessment of Risk Matters" herein. "	They answer to the government's Best Practice Principles.
IX. The state of corrective action taken in response to the corporate governance evaluation result announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and issues requiring special effort for improvement and related measures in the most recent year. Based on its 2022 (the 9th term) corporate governance evaluation results published by the corporate governance center, the Company was ranked TOP 81%~100% among the TWSE-listed companies. In the future, constant improvements and enhancements will be further made in respect of the indexes not fulfilled as suggested by the evaluation results.				

(VII) Composition, Responsibilities, and Operation of the Compensation and Remuneration Committee

1. The composition of this Committee is determined by the Board of Directors. Among the 3 members, 1 will be the convener.
2. According to the Company's "Compensation and Remuneration Committee Organic Rules", the responsibilities of the Compensation and Remuneration Committee are:
   (1) Establish and periodically reflect upon the performance evaluation and remuneration policy, system, standards and structure for Directors and managers.
   (2) Regularly review and determine the compensation and remuneration of the directors and managers.

3. Profile of Members of the Compensation and Remuneration Committee
   The composition of this Committee is determined by the Board of Directors. Among the 3 members, 1 will be the convener. Their responsibilities are to define and regularly review policies, systems, standards, and structures related to the performance evaluation and the compensation and remuneration of directors and managers and periodically evaluate and determine the compensation and compensation of directors and managers. The composition of the Compensation and Remuneration Committee is as follows:

<table>
<tr><th colspan="2">Criteria
Identity (Note 1) / Name</th><th>Professional
ications and Experience
(Note 2)</th><th>Independence Status
(Note 3)</th><th>The number of public companies where the person also holds positions in their remuneration committees.</th></tr>
<tr><td>Independent Director (Convener)</td><td>Tsung Jui-Yao</td><td rowspan="3">The Company's Remuneration Committee has 3 independent directors. For professional qualifications and experience of the committee members, please refer to (I) Profiles of the Directors on Page 11 of this annual report.</td><td rowspan="3">1. All independent directors of the Company satisfy the requirements for independence.
2. Whether the independent directors, their spouses or relatives within the second degree of kinship act as directors, supervisors or employees of the Company or its affiliates: No.
3. The number of shares held by the independent directors, their spouses or relatives within the second degree of kinship (or in others' names) and corresponding shareholding ratio in the Company: None.
4. Whether they serve as directors, supervisors or employees in those companies having specific relationships with the Company (for the appointment of independent directors for a public entity, refer to Subparagraph 5~8, Paragraph 1, Article 3 of the Measures to be followed: No.
5. Amount of remuneration obtained from the Company or its affiliates for rendering commercial, legal, accounting and other services in the most recent two years: Not applicable.</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Chen Kuang</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Wen Mu-Jung</td><td>0</td></tr>
</table>

4. Information on the Operational Status of the Compensation and Remuneration Committee

(1) Currently, the Company's Compensation and Remuneration Committee consists of 3 members. All of them meet the regulatory professionalism and independence criteria. Mr. Tsung Jui-Yao is the current convener and chairperson of meetings. The Committee meets at least twice a year.

(2) In 2022 and up to the date when this Prospectus was printed, the Committee already met 4 times (A). Eligibility and attendance of the members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)(Note)	Remarks
Convener	Tsung Jui-Yao	4	0	100	
Members	Chen Kuang	4	0	100	
Members	Wen Mu-Jung	4	0	100	

(3) Matters being discussed by the Compensation and Remuneration Committee and the decisions made:

Date	Term	Content of the motions	Member opinions
2022.03.29	The 4th meeting of the 5th term	- Reviewed director compensation and remuneration structure and criteria. - Reviewed current manager compensation remuneration structure and criteria. - Reviewed the distribution of remuneration to directors/supervisors and that to employees for 2021. - Reviewed the 2022 salary adjustment for managers; no adjustment is intended.	Approved by all members
2022.08.05	The 5th meeting of the 5th term	- Review of the proposal for the remuneration of newly appointed "Managerial Officers" of the Company. - Review of the proposal for the Company's 2021 distribution of remunerations of managerial officers and employees.	Approved by all members
2022.11.22	The 6th meeting of the 5th term	- Review of the proposal on employee share subscription of managers and/or directors for 2022 capital increase in cash with issuance of new shares. - Review of the proposal on distribution of year-end bonus to managers for 2022.	Approved by all members
2023.03.16	The 7th meeting of the 5th term	- Review of the proposal for the remuneration of newly appointed "Managerial Officers" of the Company. - Reviewed director and supervisors' compensation and remuneration structure and criteria. - Reviewed current manager compensation and remuneration structure and criteria. - Reviewed the proposal for the 2022 remunerations of directors and employees - Reviewed 2022 salary adjustment proposal for managers of the Company. - Review of the proposal for the remuneration of newly appointed "Managerial Officers" of the Company. - Reviewed director and supervisors' compensation and remuneration structure and criteria. - Reviewed current manager compensation and remuneration structure and criteria. - Reviewed the proposal for the 2022 remunerations of directors and employees. - Reviewed 2022 salary adjustment proposal for managers of the Company.	Approved by all members

Additional information:

I. In the event that the Board of Directors does not adopt or revises advice from the Compensation and Remuneration Committee, the date, session number, details of proposals, decisions made by the Board of Directors, and how the Company addressed opinions from the Compensation and Remuneration Committee shall be stated (in the event that the compensation and remuneration approved by the Board of Directors are better than as advised by the Compensation and Remuneration Committee, the difference and the reason shall be specified): **Not applicable.**

II. For decisions made by the Compensation and Remuneration Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Compensation and Remuneration Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: **Not applicable**.

Note:

(1) If a member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the Remarks column, and their attendance (%) shall be calculated with the number of meetings attended by the member divided by the number of committee meetings held during their term of office.

(2) Before the end of the year, if there is an election of the committee members, the new and old members shall be entered, and the old, new, or re-elected status and the election date of each member shall be indicated in the Remarks column. The attendance (%) shall be calculated with the number of meetings attended by each member divided by the number of committee meetings held during their term of office.

(VIII) Promotion of Sustainable Developments

Corporate Social Responsibility Best Practice Principles

The corporate social responsibility of the Company can be classified into the commitment to employees' welfare, commitment to the society and commitment to the environment.

1. Environmental protection, safety and health management

With regard to the promotion of environmental protection, safety and health activities of the Company, in addition to compliance with the relevant domestic regulatory requirements, the Company also adopts generally accepted international standards. The environmental protection, safety and health policies of the Company include compliance with relevant laws, prevention of pollution, reasonable and effective use of various resources, prevention of occurrence of accidents, promotion of employees' safety and health, protection of company assets, providing a working environment capable of achieving welfare for all employees and local communities.

The Company has obtained the environmental management system (ISO 14001:2015) certification. For the safety and health management, in addition to satisfying the obligation for compliance with domestic related laws and regulations, the Company also upholds the continuous improvement philosophy according to the occupational safety and health management system (CNS(ISO) 45001:2018) to actively implement pollution prevent, energy and resource saving, waste reduction, safety and health management, fire explosion prevention and other hazards prevention, and also proposes and executes improvement solutions, in order to reduce potential environmental, safety and health risks.

The Company is committed to engage in understanding and communication with suppliers and contractors with respect to the environmental protection, safety and health issues, in order to encourage them to improve the environmental protection, safety and health performance. For contractors contracting high risk works, construction personnel are required to complete professional and technical certifications in order to perform works.

(1) Environmental protection

Greenhouse gas inspection and emissions reduction: The Company has established plans to satisfy future domestic and foreign requirements or regulations, and also cooperates and complies with such requirements. The plan can be mainly classified into:

a. Air and water pollution prevention;
b. Water resource saving;
c. Waste management resource recycle: Various control measures are implemented according to sources;
d. Other environmental protection related plans;
   - The Company continues to promote “Green Purchase”.
   - The Company continues to promote product qualifying Environmental Protection Agency’s Green Mark product certification and “Energy Star” mark certification.
   - The Company utilizes the intranet and bulletin board to convey environmental protection related information and data, in order to increase the environmental protection awareness of employees, and to encourage employees to use office supplies or equipment equipped with the Green Mark.
e. Since 2009, the Company has applied for the product Green Mark use certificates with the Environmental Protection Agency, Executive Yuan, and a total of 15 valid certificates have been obtained up to the present day;

f. Environmental protection regulatory compliance record: The Company had no record of violation of environmental protection laws for 2021 and 2022.

(2) Safety and health

a. Safety and health management**:** According to the occupational safety and health management system (CNS(ISO) 45001:2018) advanced management architecture, through the philosophy of Plan, Do, Check, Act (P-D-C-A) and continuous improvement, the objectives of prevention of accidents, promotion of employees' safety and health and protection of company assets are achieved.

- Establish accident response procedure, and establish safety management mechanism.
- Entrust professional institution to perform inspection periodically or annually.
- For health management, in addition to occupational health related matters, the Company also promotes workplace health promotional activities, and establishes company-level epidemic control organization, in order to implement epidemic control plan and anti-epidemic measures for major infectious diseases of SARS, Avian influenza, H1N1 and COVID-19, etc., in order to reduce operational risk.

b. Working environment and employee safety protection: The Company implements environmental protection, safety and health policies and is committed to the compliance with relevant laws, and also continues to promote pollution prevention, resource recycle and reuse, industrial waste reduction and reasonable use of resources, in order to jointly achieve a safe and comfortable working environment.

The Company's safety and health management operation method includes:

b-1. Hardware safety facilities used by the manufacturing, warehouse, factory affairs, information technology and general departments.

b-2. General safety management, training and audit.

b-3. Operating environment measurement (once every six months).

b-4. Emergency response.

b-5. Employee health promotion: The Company has obtained the Healthy Workplace Autonomous Certification Health Promotion Mark issued by the Health Promotion Administration in 2012, and the extension of the application was approved in 2019.

b-6. Supplier and contractor management.

Corporate social responsibility actual implementation status:

Direction	Status of implementation
Social welfare	1. The Company periodically donates subsidy to Boyo Social Welfare Foundation every year, in order to contribute efforts to remote education and learning. 2. Cooperate with social community services. Associates of the Company organize and take part in the "Life Saving by Shoe Selling", annual purchases and other activities. 3. Organize various social welfare service events irregularly, such as blood donation, health promotion and health activities. 4. Promote green environmental protection, waste classification and environmental symbiosis. 5. In response to the government's laws and regulations, the Group employs disabled employees according to the People with Disabilities Rights Protection Act.
Environmental protection	1. The office promotes electronic and paperless office operations, and employees are encouraged to use email, document electronic scanning for file saving method, in order to reduce the paper use quantity and to accelerate the achievement of the objective of paperless operation. 2. Office equipment and resource recycle and reuse to reduce generation of wastes, such as: usable office scrapped and recycled resources are donated to social welfare groups, such as: office furniture, refrigerator, information computer equipment, etc., in order to prevent waste of resource and to reduce burden on the ecology of the Earth. 3. Logistics operation further uses packaging materials that are made of recyclable and regenerated materials or naturally degradable materials, along with the reduction of use of non-green environmental protection materials, in order to protect the environmental ecology.
Human rights	1. The Group values the rights and interests of stakeholders, and has established the stakeholders section on the Company's website, in order to provide proper communication platform. 2. For stakeholders, the Group actively understands the reasonable expectations and needs of the stakeholders. Regardless of questions, complaints or recommendations of internal/external issues for the economic, social and environmental aspects, the Group upholds the principle of good faith to handle such matters properly and provides feedback or improvement solution, in order to achieve effective communication. 3. Fulfill corporate social responsibilities and protect human rights. The Group has also formulated human rights policies suitable for the Company's employees. It fairly and equally treats and respects all employees, providing them with appropriate and safe work environment. On the premise of looking after employees, offer group insurances and related benefits beyond laws and regulations. On this year's consecutive national holidays, the Company will not arrange overtime work so that the employees will carry out their work more flexibly and effectively.

Sustainable Development Implementation Status and Reasons for Deviation from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies"

<table>
<tr><th rowspan="2">Implementation Items</th><th colspan="3">Status of implementation (Note 1)</th><th rowspan="2">Reasons for Deviation from the Sustainable</th></tr>
<tr><th>Ye</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td>I. Has the company established the governance structure for promoting the sustainable development, and has set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of director authorize the senior management for handling such mater, and the supervision status of the board of directors?</td><td>V</td><td></td><td>The Company designates the Administrative Management Division to be the adjunct unit responsible for the implementation of sustainable development. In the future, the Company will continue to implement sustainable development.
<table>
<tr><th>Member</th><th>Task and Responsibility</th></tr>
<tr><td>Environmental safety and health</td><td>Integrate and promote the Company's environmental protection, pollution control, safety and health, resource saving, relevant regulatory communication and greenhouse gas management related works.</td></tr>
<tr><td>Legal</td><td>Legal compliance, intellectual property, confidential information of the Company.</td></tr>
<tr><td>Human Resources</td><td>Talent recruitment and retention, salary and welfare, employee physical/mental health and safety, educational training and development, communication and interest/right protection, complaint filing mechanism.</td></tr>
<tr><td>Customer Service</td><td>Improve service quality and customer satisfaction, obtain customer trust, protect customer privacy.</td></tr>
<tr><td>Finance</td><td>Information disclosure, dividend policy, taxation related, proper handling of issues concerned by investors, assistance to enhance functions of the board of directors, focus on shareholders' rights and interests.</td></tr>
<tr><td>Manufacturing</td><td>Manufacturing process related works, including hazardous substance management, resources; supplier management, green purchase management, conflict minerals.</td></tr>
<tr><td>Quality Assurance</td><td>Product quality and product recall management mechanism</td></tr>
<tr><td>R&D</td><td>Promote innovative works of green products related technical research and development.</td></tr>
</table>
</td><td>Comply with the provisions of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>II. Has the Company conducted risk assessment on the environment, society and corporate governance issues related to the company's operation according to the materiality principle, and has the company established relevant risk management policy or strategy? (Note 3)</td><td>V</td><td></td><td>The Company has established the Sustainability Development Best Practice Principles, and report is provided to the board of directors periodically for review.</td><td>Comply with the provisions of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Implementation Items	Status of implementation (Note 1)			Reasons for Deviation from the Sustainable
	Ye	No	Summary (Note 2)	
III. Environmental issues (I) Has the Company established an appropriate environmental management system in accordance with its industrial characteristics? (II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment? (III) Has the Company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company adopted responsive actions on climate related issues? (IV) Has the Company statistically analyzed the greenhouse gas emission, water usage and waste total weight over the past years, and has the company established policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage or other waste management?	 V V V V		 (I) The Company has obtained the environmental management system (ISO 14001) certification, and actively proposes improvement solutions for pollution control, energy saving and waste reduction, etc. In addition, the Company also actively promotes the philosophy of paperless operation and care of the Earth. The Company has established the Taiwan Occupational Safety and Health Management System (TOSHMS) to perform the occupational safety and health management. In addition to the maintenance or improvement of operating environment to satisfy the safety and health requirements, the Company also implements workplace health improvement activities in order to promote the health improvement of employees. (II) The Company is committed to the improvement of the source, increase the utilization of various resources, in order to achieve the goal of reduction of raw materials and wastes, thereby reducing environmental impacts. (III) The Company values the impacts of corporate change on the corporate and global environmental development, and is committed to the implementation of energy saving and carbon reduction measures. The design of the manufacturing process aims to reduce energy consumption as much as possible, and for all office operations, the Company continues to promote paperless operation in order to reduce energy waste and use. (IV) Presently, the Company has statistically analyzed the greenhouse gas emissions, water usage and waste total weight over the past years, and the Company will improve progressively. In addition, the Company also records the establishment of policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage and records in the annual report as well as publishes on the Company's website annually. https://www.avision.com/motion.asp?siteid=100407&lgid=1&menuid=10194&manager=100567	Comply with the provisions of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
IV. Social topics (I) Has the Company established relevant management policies and procedures in accordance with applicable laws and the international human rights conventions?	 V		 (I) The Company complies with labor related laws and international human rights conventions. In addition, the Company has established the work rules and relevant personnel management regulations with content specifying the protection of basic rights and interests of employees, including prohibition of child labor, gender equality, right to work and prohibition of any illegal discrimination.	Comply with the provisions of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Implementation Items	Status of implementation (Note 1)			Reasons for Deviation from the Sustainable
	Ye	No	Summary (Note 2)	
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave and other welfare etc.), and has the company appropriately reflected the operation performance or outcome in the remuneration of employees?	V		(II) The Company has established the work rules and relevant personnel management regulations. The content of such rules and regulations include the basic wage, working hours, leave, pension payment, labor and health insurance payment, occupational disaster compensation etc. for employees of the Company in compliance with relevant regulations of the Labor Standards Act. In addition, the Company has established the Employee Welfare Committee. With the operation of the Welfare Committee generated via the employee election, various welfare affairs are handled. The remuneration policy of the Company is in positive correlation with the individual competency, contribution to the Company, personal performance and business operation.	
(III) Has the Company provided a safe and healthy work environment for employees, and implemented education on occupational safety and health for employees regularly?	V		(III) The Company provides a safe workplace to employees and ensures the compliance with relevant regulations. In addition, the Company has established the safety and health work rules in order to prevent occupational accidents. Emergency response drills are organized periodically (twice annually), and health examination for all employees is organized once every two years. The internal of the Company irregularly promotes various health improvement activities, such as weight reduction and aerobic exercise course, health seminar, and the Company also encourages employees to participate in various external sports and exercise activities, in order to protect the physical and mental health of employees.	
(IV) Has the Company established a plan for the training of effective career development and planning of employees?	V		(IV) The Company has established comprehensive education and training, in order to assist employees to develop diverse occupational competency.	
(V) Has the Company complied with laws and international standards concerning customer health and safety of products and services, customer privacy, marketing and labeling of products and services, and has the Company established policies and reporting procedure related to consumer right and benefit protection?	V		(V) The Company's sales and labeling of products and services comply with relevant regulations and international standards. For products sold by the Company, declaration of conformity is issued according to the customer demands, including the compliance with international regulations and standards of CE, FCC, VCCI, UL and EU REACH regulations, RoSH environmental protection regulations, WEEE standard, EuP directive, halogen-free requirements. In addition, for customer privacy, the Company also complies with the non-disclosure agreement and the Personal Data Protection Act. Furthermore, the Company has established the customer service unit and stakeholders section in order to protect the rights and interests of consumer and to provide the complaint filing channel.	
(VI) Has the Company established supplier management policy, requested suppliers to comply with relevant regulations concerning the issues of the environmental protection, occupational safety and health or labor rights, and the implementation status thereof?	V		(VI) During purchase, the Company purchases from qualified suppliers in priority according to the requirements, and performs the procedures of price inquiry, comparison and negotiation, in order to ensure the reasonableness of the purchase price. The Company also maintains proper communication channel with suppliers in order to protect the reasonable rights and interests of both parties under the principle of mutual trust and benefits.	

Implementation Items	Status of implementation (Note 1)			Reasons for Deviation from the Sustainable
	Ye	No	Summary (Note 2)	
V. Has the company stipulated standards or guidelines according to the internationally accepted report, prepared corporate social responsibility report etc. and reports for disclosing non-financial information of the Company? Is the aforementioned report subject to the validation or guarantee by a third-party accreditor?		V	(I) The Company publishes information related to the corporate social responsibilities on the Company's website, and relevant information of the actual operation status is disclosed on the Company's website and MOPS. https://www.avision.com/tw/about-avision/crs/plan/ (II) The Company has not yet prepared the Corporate Social Responsibility Report.	Comply with the provisions of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
VI. When the Company establishes its own principles for sustainable development according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the difference between its operation and the rules established: The Company has established the "Corporate Social Responsibility Best Practice Principles", and the present operation complies with relevant provisions of the principles established. The Company will continue to follow the requirements and essence of the "Corporate Social Responsibility Best Practice Principles" and ensure the joint implementation and execution of all employees of the Company.				
VII. Other important information to facilitate the understanding of the status of corporate social responsibility operation: The Company's website is updated with information related to the corporate social responsibility operation status.				
VII. Where the corporate responsibility report of a company involves the qualification or relevant inspection standards of certification institutions, explanations shall be provided: The Company has not yet prepared the Corporate Social Responsibility Report.				

Note1: If the Implementation Status is selected as "Yes," please explain the key policies, strategies, measures taken and execution status; if Implementation Status is selected as "No," please explain deviation and reasons in the field of "Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons", and explain any relevant policy, strategy and measure planned for the future.

Note2: Materiality principle refers to relevant environment, society and corporate governance issues having material impacts on the investors and other interested parties of the Company.

Note3: For the disclosure method, please refer to the best practice reference example disclosed on the corporate governance center website of Taiwan Stock Exchange.

(IX) Ethical Corporate Management Practices, and Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Items of evaluation	Operation Status (Note 1)			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary description	
I. Establish ethical corporate management policy and solution			Ethical management and integrity are the most important business philosophies to Avision Inc.	Comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(I) Has the Company stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	V		(I) The Employee Service Rules have specified that all employees must comply with the government laws and regulations with ethics and impartiality during the execution of job duties. In addition, the Company’s Ethical Corporate Management Best Practice Principles also explicitly specifies the Company’s ethical management policy and the requirements for the board of directors and management to be committed to the active implementation.	
(II) Has the Company established plans for the prevention of unethical practices, and has it specified the operation procedures, code of conduct, and punishment for violation, and system for disciplining and complaints in each plan, and have these plans been implemented with routine review and revision?	V		(II) To promote and implement ethical conducts, the Ethical Corporate Management Best Practice Principles of the Company are published on the Company’s website as a basis for employees to inquire their personal conducts. In addition, report acceptance unit has been established. In case of any discovery of major violation or any likelihood of major damage to the Company, report is prepared immediately for informing independent directors, thereby implementing the unethical conduct plan.	
(III) Has the Company taken steps to prevent occurrences listed in the subparagraphs of Paragraph 2 of Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” or business conducts that are prone to integrity risks?	V		(III) To prevent occurrence of unethical conducts, the Ethical Corporate Management Best Practice Principles of the Company have specified preventive measures in detail.	

Items of evaluation	Operation Status (Note 1)			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary description	
II. Implementation of ethical corporate management				Comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(I) Has the Company evaluated the record of the counterparties on business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?	V		(I) For unethical suppliers, customers and transaction parties with business dealings and subject to violation of ethics verified to be true, such matter is reported to the board of directors for resolution, and contract may be terminated or rescinded at any time.	
(II) Has the Company established a dedicated (concurrent) unit under the board of directors and responsible for the promotion of ethical corporate management? Does this unit report its implementation status to the board of directors on a regular basis?	V		(II) Ethics and trust are important business philosophies to the Company. From board of directors to each department vice presidents, legal and human resource, etc., ethical management is promoted for different aspects, and all employees are required to abide by and comply with the corporate management best practice principles. The Company has established the report acceptance unit to handle unethical cases, in case where any director or senior officer is involved, it shall be reported to the independent directors.	
(III) Has the Company established policies for preventing conflicts of interest, provided appropriate channels for complaints, and properly implemented the such policies and channels?	V		(III) For any conduct of violation or conflict of interest, employees of the Company may report to the Administrative Management Division.	
(IV) Has the Company implemented effective accounting and internal control systems for the purpose of maintaining ethical operation? Are these systems reviewed by internal or external auditors on a regular basis?	V		(IV) The internal of the Company has established the supplier evaluation system, and the internal auditors perform audit periodically and prepare report for submitting to the board of directors, in order to eliminate the occurrence of unethical conducts.	
(V) Has the Company provided internal and external training on ethical management on a regular basis?	V		(V) The Company organizes education and training for directors, managers, internal employees of the Company periodically, and also invites counterparties engaging in business activities with the	

Items of evaluation	Operation Status (Note 1)			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary description	
			Company to participate in such education and training.	
III. Reporting system operation status of the Company (I) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting, and appointed designated personnel for handling the targets of reports?	V		(I) To implement ethical management and to prevent conflict of interest, the Company has established the reporting system, and its content is as follows: 1. Establish reporting mailbox, direct line. 2. Designate report acceptance responsible personnel or unit (Administrative Management Division). 3. Reporting case acceptance, investigation process, investigation result and relevant document preparation records and preservation. 4. Reporter reward and incentive measures. 5. Protect reporters from any improper treatment due to reporting matters.	Comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the Company implemented any standard procedures or confidentiality measures for handling reported misconducts?	V		(II) The Company has established the reporting case investigation standard operation procedure and relevant confidentiality mechanism. In addition, during the new employee orientation, all employees are required to report to the management in case of discovery of any violation of policies and code of ethical conducts.	
(III) Has the Company taken any measures for the protection of the informants or reporters from suffering undue treatment?	V		(III) The Company keeps the reporter confidential without any information disclosure in order to protect the safety of reporters.	

<table>
<tr><td rowspan="2">Items of evaluation</td><td colspan="3">Operation Status (Note 1)</td><td rowspan="2">Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary description</td></tr>
<tr><td>IV. Enhance information disclosure
(I) Has the Company disclose the content of the ethical operation guidelines and their implementation results on its website and the Market Observation Post System?</td><td>V</td><td></td><td>Disclose the “Ethical Corporate Management Best Practice Principles” established by the Company on the Company’s website.
https://www.avision.com/tw/investor-relations/corporate-governance/</td><td>Comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">V. If the Company has established its own ethical corporate management best practice principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please specify the difference between its operation and the principles:
The Company discloses the Ethical Corporate Management Best Practice Principles on the Company’s website, and requests employees to review these principles in order to use them as the basis for personal behaviors and conducts. The actual operation has no major difference from the principles.</td></tr>
<tr><td colspan="5">VI. Other important information that is helpful in understanding the corporate ethical management operation of the Company: (Such as, the Company has the corporate ethical management best practice principles amended, etc.)
Please refer to “Employee Code of Conduct or Ethics” of the annual report.</td></tr>
</table>

(X) Corporate governance best practice principles and related regulations established by the Company:

Corporate governance related regulations (as follows), are publicly disclosed on the Company's website for investors' review, and the website is:
https://www.avision.com/tw/investor-relations/corporate-governance/

1. Articles of Incorporation
2. Rules of Procedure for Shareholders' Meeting
3. Rules of Procedure for Board of Directors' Meetings.
4. Procedures for Loaning Funds and Making Endorsements and Guarantees to Others
5. Director Election Method
6. Procedures for Acquisition or Disposal of Assets
7. Procedures for Trading of Financial Derivatives
8. Procedures for Handling of Internal Material Information and Prevention of Insider Trading
9. Audit Committee Charter
10. Corporate Governance Best Practice Principles
11. Ethical Corporate Management Best Practice Principles
12. Corporate Social Responsibility Best Practice Principles
13. Code of Ethical Conduct
14. Standard Operation Procedure for Handling Directors' Requests
15. Procedures of Self-Evaluation or Peer Evaluation of Board of Directors
16. Remuneration Committee Charter

The Company convenes investor conference periodically, and relevant information of the investor conference is published on the Company's website and MOPS.
https://www.avision.com/tw/investor-relations/shareholder-services/

The corporate governance section is set up on the Company's website for investors' inquiry and download of relevant corporate governance regulations. Please visit the Company's website for details.
https://www.avision.com/tw/investor-relations/corporate-governance/

In addition, for relevant corporate governance operation status of the Company, please refer to page 33-35 of the annual report "(VI) Corporate Governance Operation Status and Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons".

(XI) Procedures for Handling of Internal Material Information and Prevention of Insider Trading

These procedures are stipulated to establish proper handling of the internal material information and disclosure mechanism of the Company, in order to prevent improper information disclosure and to ensure the consistency and accuracy of the information announced by the Company to the external as well as to enhance the prevention of insider trading for the compliance of all directors, managers and employees of the Company. In addition, education and training are also provided timely.

(XII) Internal Control System Implementation Status

1. Declaration of Internal Control

Avision Inc

Declaration of Internal Control System

Date: March 23, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 based on the findings of the self-assessment:

I. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managers, and that such a system has already been established throughout the Company. Its purpose is to reasonably ensure the effect and efficiency of operations (including profitability, performance and security of assets), the reliability, timeliness, transparency, and compliance with relevant legal rules.

II. The internal control system has inherent limitations, and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance to the achievement of the aforementioned three objectives. In addition, due to the change of the environment and circumstances, the effectiveness of the internal control system may be changed. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.

III. The Company judges the effectiveness of the internal control system's design and enforcement in accordance with the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "the Criteria"). The items "the Criteria" uses for judging the internal control system are composed of five elements according to the procedure of management control: 1. control environment; 2. risk evaluation; 3. control operation; 4. information and communication; 5. monitoring. Each of the elements in turn contains certain audit items. For more information on the items, please refer to the "the Criteria".

IV. The company has adopted the aforementioned internal control system to evaluate the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of the aforementioned evaluation, the Company believes that it has reasonably guaranteed the achievement of the aforementioned goals within the aforementioned period of internal control (including the monitoring and managing over the subsidiaries) as of December 31, 2022, including the effectiveness and efficiency of operations, reliability, timeliness and transparency of financial reporting and compliance with relevant legal rules, and that the design and implementation of the internal control system is effective.

VI. This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be made public. If there is any fraud, concealment and unlawful practice discovered in the contents of the aforementioned information, the Company shall be liable for legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.

VII. This declaration was approved at the Company's board of directors meeting held on March 23, 2023. For the 3 independent directors and 3 directors present to the meeting, none held any objections, and unanimously agreed to the contents of this statement.

Avision Inc

Chairman:ShengShao-Lan

President:ShengShao-Lan

2. If the internal control system was reviewed by CPA, the CPA's review report shall be disclosed: **None**.

(XIII) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up to the date of publication of the annual report; describe areas of weakness and any corrective actions taken: **None**.

(XIV) Major Resolutions Made by Shareholders' Meetings and Board Meetings in 2022 and up to the date of publication of the annual report

1. Important resolution of shareholders' meetings

Important resolutions of shareholders' meetings of the Company in 2022 and implementation status are described in the following:

(1) Adoption of 2021 business report and financial statements.

(2) Adoption of 2020 deficit compensation proposal.

(3) Proposal for amendment to parts of the provisions of the Company's "Articles of Incorporation".

Implementation status: Approved through resolution. Disclosed at the MOPS and the Company's website on the date of shareholders' meeting.

(4) Proposal for amendment to parts of the provisions of the "Procedures for Election of Directors".

Implementation status: Approved through resolution. Disclosed at the MOPS and the Company's website on the date of shareholders' meeting.

(5) Proposal for amendment to parts of the provisions of the Company's "Procedures for Acquisition or Disposal of Assets".

Implementation status: Approved through resolution. Disclosed at the MOPS and the Company's website on the date of shareholders' meeting.

(6) The Company intended to organize private placement for issuance of common stock shares.

Implementation status: Approved through resolution. Completed the declaration at the MOPS and disclosed on the Company's website on the date of shareholders' meeting. Please refer to page 273 of this Handbook.

2.Important resolutions of board of directors' meetings

The summary of important resolutions adopted by the board of directors of the Company from January 1, 2022 up to the date of publication of the annual report are as follows:

2022.03.18	1. Proposal for the 2021 business report and financial statements. 2. Proposal for 2021 deficit compensation. 3. Proposal for the Company's 2021 "Internal Control System Effectiveness Assessment" and "Statement of the Internal Control System". 4. Proposal for the Company's cash capital increase. 5. Proposal for the Company's establishment of credit facility with the correspondent bank. 6. The Company intended to revise some of the "Articles of Incorporation". 7. The Company intended to revise some articles of the "Board Directors Election Regulations". 8. Company intended to revise some articles of the "Procedure for the Acquisition or Disposal of Assets" 9. Proposal for convention of 2021 general shareholders' meeting. 10. Proposal for whether the accounts receivable of the Company is subject to "disguised financing required to be announced as loaning of fund to others".
2022.05.05	1. The Company intended to organize private placement for issuance of common stock shares. 2. Proposal for change to the 2022 general shareholders' meeting of the Company.
2022.05.12	1. First quarter of 2022 financial report of the Company. 2. To cope with the changes of the capital market condition, the Company plans to revise the proposal for the cash capital increase with issuance of new shares resolved by the board of directors on March 18. 3. Whether or not there is "disguised funds financing that needs to be declared as funds lent to others" for the Company's accounts receivable. 4. Review of the remuneration structure and standard of the directors of the Company. 5. Please refer to the explanation for details on the remuneration structure and standard for the current managers of the Company. 6. Review of the proposal for the 2021 remunerations of directors and employees. 7. Review of the proposal for no adjustments to the 2022 remuneration for managers of the Company.
2022.06.15	1. Matters related to the Company's 2022 first private placement with common share pricing and issuance of new shares. 2. Proposal for the Company's establishment of credit facility with the correspondent bank.
2022.8.10	1. Second quarter of 2022 financial report of the Company. 2. Proposal for the Company to not perform distribution of earnings and deficit compensation due to the loss for the first half of the fiscal year of 2022. 3. Proposal for the Company's sound operation plan. 4. Proposal for whether the accounts receivable of the Company is subject to "disguised financing required to be announced as loaning of fund to others". 5. Review of the proposal for the remuneration of newly appointed "Managers" of the Company. 6. Proposal for the Company's 2021 distribution of remunerations of managers and employees.
2022.11.10	1. Third quarter of 2022 financial report of the Company. 2. Whether or not there is "disguised funds financing that needs to be declared as funds lent to others" for the Company's accounts receivable. 3. Proposal for the Company's establishment of credit facility with the correspondent bank.
2022.11.23	1. Proposal for establishment of the base date for cash capital increase in 2022 and the share subscription price of the Company. 2. Proposal for amendment to parts of the provisions of "Rules of Procedure for Board of Directors' Meetings" of the Company.

	3. Proposal for the amendment to parts of the provisions of the "Procedures for Handling of Internal Material Information and Prevention of Insider Trading" of the Company. 4. Proposal for the Company's employee stock opinion for employees equipped with the identities of managers and/or directors for the Company's 2022 cash capital increase with issuance of new shares. 5. Distribution of year-end bonus to managers for 2022.
2022.12.28	1. 2023 Business plan. 2. Proposal for 2023 internal control system annual audit plan. 3. Proposal for the retention, remuneration and independence evaluation of CPAs for the Company's first quarter of 2023 financial report. 4. Proposal for the amendment to the Company's establishment of credit facility with the correspondent bank.
2023.03.23	1. Proposal for the 2022 business report and financial statements. 2. Proposal for 2022 deficit compensation. 3. Proposal for the Company's 2022 "Internal Control System Effectiveness Assessment" and "Statement of the Internal Control System". 4. Appointment of the financial officer and the accounting officer. 5. Proposal for the remuneration of newly appointed managers of the Company. 6. Director compensation and remuneration structure and criteria. 7. Current manager compensation and remuneration structure and criteria. 8. 2023 salary adjustment for managers. 9. Review of the proposal for the 2022 remunerations of directors and employees. 10. Revision of some of the Company's "Articles of Incorporation". 11. Revision of some articles of the Company's "Rules of Procedure for Shareholders' Meetings". 12. Revision of some articles of the Company's "Audit Committee Organic Rules". 13. Whether or not there is "disguised funds financing that needs to be declared as funds lent to others" for the Company's accounts receivable. 14. The Company intended to organize private placement for issuance of common stock shares. 15. Proposal for convention of 2023 general shareholders' meeting. 16. Discontinuation of private placement of common stock shares approved in the 2022 General Shareholders' Meeting upon expiration.

(XV) Summary of the adverse opinions from the directors on major decisions of the board in the most recent year and up to the date of publication of the annual report was printed, with record or in written declaration: None.

(XVI) Resignation or dismissal of the chairman, president, head of accounting, head of finance, chief internal auditor, corporate governance officer or head of R&D in the most recent year up to the date of publication of the annual report:

Title	Name	Date of assuming office	Date of relief from office	Reason for resignation or discharge
Manager of Financial Dept. (Chief Financial Officer and Chief Accounting Officer)	Kuo Lung-Chang	2021.09.03	2023.03.01	Career planning

IV. CPAS' Fee Information

(I) Independent Auditors' Fee

Amount Unit: NTD Thousand

Name of CPA Firm	Name of CPA	CPA Audit Period	Auditing Public Expense	Non-auditing Public Expense	Total	Remarks
PwC Taiwan	Chiang Tsai-Yen	2022.01.01~ 2022.12.31	5,420	1,470	6,890	(Note)
	Lin Yu-Kuan					

Note: Non-auditing fee (others): Transfer pricing of NT$1,000 thousand, tax consultation of NT$300 thousand, business consultation and company change registration of NT$170 thousand.

(II) When the accounting firm is change, the amount of the audit fees before and after the change and reason thereof: **None.**

(III) The audit certification expenditure has decreased by over 10% compared to that of the previous year: **None.**

V. Information on replacement of CPAs: None.

VI. The Chairman, President, Chief Financial manager, or Accounting Manager, who has been employed by the CPA firm or its affiliates in the most recent one year: None.

VII. Changes in the Equity of Directors, Managers, and Major Shareholders

(I) Equity Change Status

Unit: Shares

Title	Name	2022		Up to April 17, 2023	
		Increase (decrease) for the number of shares held	Increase (decrease) for the number of shares pledged	Increase (decrease) for the number of shares held	Increase (decrease) for the number of shares pledged
Chairman/President	Sheng Shao-Lan	2,812,044	0	0	0
Director	Wu Yung-Chuan	0	0	0	0
Director/ Vice President	Chen Yen-Cheng	59,046	0	(22,000)	0
Independent Director	Liang Chiang-Wei	0	0	0	0
Independent Director	Wen Mu-Jung	0	0	0	0
Independent Director	Chen Kuang	0	0	0	0
Independent Director	Tsung Jui-Yao	0	0	0	0
Vice President	Chou Chung-Li	0	0	0	0
Vice President	Gotoda Katsuhiko	32,932	0	0	0
Vice President	Kuo Chen	0	0	0	0
Assistant Vice President (Note 1)	Shih Po-Sheng	0	0	0	0
Chief Financial and Accounting Officer (Note 2)	Kuo Lung-Chang	(67,903)	0	0	0

Chief Financial and Accounting Officer (Note 3)	Chen Shou-Ching	0	0	0	0
Major Shareholders	Lo Hsiu-Chun	973,000	0	0	0

Note1: Appointed Assistant Vice President Shih Po-Sheng as a managerial officer on August 10, 2022.
Note2: Manager of Financial Dept. Mr. Kuo Lung-Chang resigned on March 1, 2023.
Note3: Mr. Chen Shou-Ching assumed the position of Chief Financial and Accounting Officer on March 1, 2023.

(II) Information on the counterpart of equity transfer being a related party: **None.**

(III) Equity pledge information **None.**

VIII. Information on relationship among the top 10 shareholding ratio shareholders

Unit: Share; %

Name	Personal Shareholding		Holding of shares by spouse, underage children		Total shares held under the name of others		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names		Remarks
	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Title (or name)	Relation	
Lo Hsiu-Chun	21,370,178	10.02%	14,117,300	6.62%	-	-	Sheng Shao-Lan	Husband-wife	
Sheng Shao-Lan	14,117,300	6.62%	21,370,178	10.02%	-	-	Lo Hsiu-Chun	Husband-wife	
Avision Faith and Love Fund Charity Trust Account Under Trust Custody of Bank SinoPac	10,325,886	4.84%	-	-	-	-	-	-	
Taiwan Mask Corporation	10,000,000	4.69%	-	-	-	-	-	-	
Chou Chung-Li	6,324,638	2.97%	-	-	-	-	-	-	
Largan Precision Co., Ltd.	4,253,298	1.99%	-	-	-	-	-	-	
Liaojie Investment Co., Ltd	3,000,000	1.41%	-	-	-	-	-	-	
Wang Yang-Chun	2,057,070	0.96%	-	-	-	-	-	-	
Chen Lung	1,957,007	0.92%	-	-	-	-	-	-	
Wu Chih-Wen	1,885,663	0.88%	-	-	-	-	-	-	

IX. The quantity of shares, and combined with the proportion of overall shareholding held by the Company, Directors of the Company, managers, and business entities under the direct or indirect control of the Company on a particular investee company, the ratio of overall shareholding in combination in the calculation.

March 31, 2023 Unit: Share; %

Reinvestment Business	Investment by the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Combined Investment	
	Shares	Shares Ratio	Shares	Shares Ratio	Shares	Shares Ratio
Avision International Inc.	38,546,389	100	—	—	38,546,389	100
Quantum Investment Co., Ltd.	100,000	100	—	—	100,000	100
Avision Development Inc.	83,90,475	100	—	—	83,90,475	100
Avision Brasil Ltda	註	99	—	—	Note	99
Fortune Investments Ltd.	—	—	39,498,705	100	39,498,705	100
Avision Europe GmbH	—	—	Note	100	Note	100
Sunglow International Inc.	—	—	8,390,475	100	8,390,475	100
Avision (Suzhou) Co., Ltd.	—	—	Note	100	Note	100
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	—	—	Note	100	Note	100
Avision Labs, Inc.	—	—	800,000	96	800,000	96
Yichun Avision Inc.	—	—	Note	100	Note	100
Suzhou Hongxin Microelectronics Co., Ltd.	—	—	Note	82	Note	82

Note: Shares not yet publicly issued.

Four. Fundraising Status

I. Capital and Shares

(I) Source of Equity

Unit: Shares; In New Taiwan Dollars

Year Month	Price of Issuance	Approved Share Capital		Paid-in Capital		Remarks			
		Shares	Amount	Shares	Amount	Source of Equity		Those who use assets other than cash to offset the share price	Others
1991.04	10	6,000,000	60,000,000	1,500,000	15,000,000	Establishment	15,000,000	None.	—
1991.08	10	6,000,000	60,000,000	3,767,000	37,670,000	Cash capital increase	22,670,000	None.	—
1991.10	10	6,000,000	60,000,000	5,100,000	51,000,000	Cash capital increase	13,330,000	None.	—
1992.12	10	6,000,000	60,000,000	6,000,000	60,000,000	Cash capital increase	9,000,000	None.	—
1995.05	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash capital increase Earnings	20,000,000 20,000,000	None.	—
1996.09	10	60,000,000	600,000,000	30,000,000	300,000,000	Cash capital increase Earnings	20,000,000 180,000,000	None.	Note 1
1997.07	10	60,000,000	600,000,000	33,000,000	330,000,000	Capital increase from retained earnings	30,000,000	None.	Note 2
1998.05	10	60,000,000	600,000,000	49,290,000	492,900,000	Capital increase from retained earnings	162,900,000	None.	Note 3
1999.08	10	120,000,000	1,200,000,000	76,835,000	768,350,000	Capital increase from retained earnings	275,450,000	None.	Note 4
2000.03	10	120,000,000	1,200,000,000	84,335,000	843,350,000	Cash capital increase	75,000,000	None.	Note 5
2000.08	10	250,000,000	2,500,000,000	126,089,700	1,260,897,000	Capital increase from retained earnings	417,547,000	None.	Note 6
2011.06	10	250,000,000	2,500,000,000	183,631,900	1,836,319,000	Capital increase from retained earnings	575,422,000	None.	Note 7
2002.06	10	250,000,000	2,500,000,000	211,690,000	2,116,900,000	Capital increase from retained earnings	280,581,000	None.	Note 8
2003.06	10	250,000,000	2,500,000,000	216,240,000	2,162,400,000	Capital increase from retained earnings	45,500,000	None.	Note 9

Year Month	Price of Issuance	Approved Share Capital		Paid-in Capital		Remarks			
		Shares	Amount	Shares	Amount	Source of Equity		Those who use assets other than cash to offset the share price	Others
2004.06	10	250,000,000	2,500,000,000	221,160,000	2,211,600,000	Capital increase from retained earnings	49,200,000	None.	Note 10
2005.05	10	250,000,000	2,500,000,000	221,231,000	2,212,310,000	Capital increase	710,000	None.	Note 11
2005.08	10	250,000,000	2,500,000,000	222,981,950	2,229,819,500	Capital increase from retained earnings Capital increase Capital reduction	45,796,000 1,713,500 30,000,000	None.	Note 12
2005.11	10	250,000,000	2,500,000,000	221,145,850	2,211,458,500	Capital increase Capital reduction	12,059,000 30,420,000	None.	Note 13
2006.02	10	250,000,000	2,500,000,000	221,207,350	2,212,073,500	Capital increase	615,000	None.	Note 14
2006.05	10	250,000,000	2,500,000,000	217,332,700	2,173,327,000	Capital increase Capital reduction	2,793,500 41,540,000	None.	Note 15
2006.08	10	300,000,000	3,000,000,000	227,033,975	2,270,339,750	Capital increase from retained earnings Capital increase	95,000,000 2,012,750	None.	Note 16
2006.11	10	300,000,000	3,000,000,000	224,072,600	2,240,726,000	Capital reduction Capital increase	30,000,000 386,250	None.	Note 17
2007.03	10	300,000,000	3,000,000,000	224,088,100	2,240,881,000	Capital increase	155,000	None.	Note 18
2007.04	10	300,000,000	3,000,000,000	224,446,575	2,244,465,750	Capital increase	3,584,750	None.	Note 19
2007.08	10	300,000,000	3,000,000,000	228,043,000	2,280,430,000	Capital increase from retained earnings Capital increase	33,050,000 2,914,250	None.	Note 20
2007.11	10	300,000,000	3,000,000,000	228,108,750	2,281,087,500	Capital increase	657,500	None.	Note 21
2008.01	10	300,000,000	3,000,000,000	226,320,500	2,263,205,000	Capital increase Capital reduction	2,117,500 20,000,000	None.	Note 22
2008.05	10	300,000,000	3,000,000,000	226,554,600	2,265,546,000	Capital increase	2,341,000	None.	Note 23
2008.08	10	300,000,000	3,000,000,000	229,980,600	2,299,806,000	Capital increase	34,260,000	None.	Note 24

Year Month	Price of Issuance	Approved Share Capital		Paid-in Capital		Remarks			
		Shares	Amount	Shares	Amount	Source of Equity		Those who use assets other than cash to offset the share price	Others
2008.11	10	300,000,000	3,000,000,000	226,980,600	2,269,806,000	Capital reduction	30,000,000	None.	Note 25
2009.01	10	300,000,000	3,000,000,000	224,230,600	2,242,306,000	Capital reduction	27,500,000	None.	Note 26
2011.12	10	300,000,000	3,000,000,000	220,210,600	2,202,106,000	Capital reduction	40,200,000	None.	Note 27
2014.04	10	300,000,000	3,000,000,000	220,217,600	2,202,176,000	Capital increase	70,000	None.	Note 28
2014.05	10	300,000,000	3,000,000,000	220,221,350	2,202,213,500	Capital increase	37,500	None.	Note 29
2014.11	10	300,000,000	3,000,000,000	220,114,350	2,202,243,500	Capital increase	30,000	None.	Note 30
2015.04	10	300,000,000	3,000,000,000	220,225,850	2,202,258,500	Capital increase	15,000	None.	Note 31
2015.09	10	300,000,000	3,000,000,000	218,851,850	2,188,518,500	Capital reduction	13,740,000	None.	Note 32
2015.10	10	300,000,000	3,000,000,000	216,851,850	2,168,518,500	Capital reduction	20,000,000	None.	Note 33
2016.01	10	300,000,000	3,000,000,000	212,810,850	2,128,108,500	Capital reduction	40,410,000	None.	Note 34
2016.04	10	300,000,000	3,000,000,000	210,571,850	2,105,718,500	Capital reduction	22,390,000	None.	Note 35
2016.08	10	300,000,000	3,000,000,000	208,220,850	2,082,208,500	Capital reduction	23,510,000	None.	Note 36
2019.08	10	300,000,000	3,000,000,000	162,444,084	1,624,440,840	Capital reduction	457,767,660	None.	Note 37
2020.04	10	300,000,000	3,000,000,000	179,444,084	1,794,440,840	Capital increase	170,000,000	None.	Note 38
2021.07	10	300,000,000	3,000,000,000	189,444,084	1,894,440,840	Capital increase	100,000,000	None.	Note 39
2022.07	10	300,000,000	3,000,000,000	193,221,084	1,932,210,840	Capital increase	37,770,000	None.	Note 40
2022.10	10	300,000,000	3,000,000,000	213,221,084	2,132,210,840	Capital increase	200,000,000	None.	Note 41

Note 1: Approval of the present cash capital increase and capital increase by retained earnings of NT$200 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (1996) Tai-Tsai-Zheng (I) No. 39775 Letter dated June 26, 1996, and the paid-in capital after the capital increase was NT$300 million.

Note 2: Approval of the present capital increase by retained earnings of NT$30 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (1997) Tai-Tsai-Zheng (I) No. 47585 Letter dated June 17,1997, and the paid-in capital after the capital increase was NT$330 million.

Note 3: Approval of the present capital increase by retained earnings of NT$162.9 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (1998) Tai-Tsai-Zheng (I) No. 44625 Letter dated May 20, 1998, and the paid-in capital after the capital increase was NT$492.9 million.

Note 4: Approval of the present capital increase by retained earnings of NT$275.5 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (1999) Tai-Tsai-Zheng (I) No. 56960 Letter dated June 22, 1999, and the paid-in capital after the capital increase was NT$768.35 million.

Note 5: Approval of the present cash capital increase of NT$75 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (1999) Tai-Tsai-Zheng (I) No. 106789 Letter dated December 28, 1999, and the paid-in capital after the capital increase was NT$843.35 million.

Note 6: Approval of the present capital increase by retained earnings of NT$417.047 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (2000) Tai-Tsai-Zheng (I) No. 49146 Letter dated June 7, 2000, and the paid-in capital after the capital increase was NT$1.260897 billion.

Note 7: Approval of the present capital increase by retained earnings of NT$574.522 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (2001) Tai-Tsai-Zheng (I) No. 130049 Letter dated May 16, 2001, and the paid-in capital after the capital increase was NT$1.836319 billion.

Note 8: Approval of the present capital increase by retained earnings of NT$280.581 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (2002) Tai-Tsai-Zheng (I) No. 014542 Letter dated June 24, 2002, and the paid-in capital after the capital increase was NT$2.1169 billon.

Note 9: Approval of the present capital increase by retained earnings of NT$45.5 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (2003) Tai-Tsai-Zheng (I) No. 0920126853 Letter dated June 20, 2003, and the paid-in capital after the capital increase was NT$2.1624 billion.

Note 10: Approval of the present capital increase by retained earnings of NT$49.2 million in accordance with the Securities and Futures Management Commission of Ministry of Finance (2004) Tai-Tsai-Zheng (I) No. 0930015514 Letter dated June 29, 2004, and the paid-in capital after the capital increase was NT$2.2116 billion.

Note 11: Approval of the present capital increase with conversion of share subscription warrants of NT$710 thousand in accordance with the Science Park Bureau (2005) Yuan-Shang-Zi No. 0940012980 Letter dated May 23, 2005, and the paid-in capital after the capital increase was NT$2.21231 billion.

Note 12: Approval of the present capital increase by retained earnings of NT$45.786 million in accordance with the Financial Supervisory Commission of Ministry of Finance (2005) Jin-Guan-Zheng-Yi-Zi No. 0940125256 Letter dated June 24, 2005, the approval of the capital reduction with treasury shares of NT$30 million in accordance with the Science Park Bureau (2005) Yuan-Tou-Zi No. 0940021996 dated August 16, 2005, the approval of the present capital increase with conversion of share subscription warrants of NT$1.7135 million in accordance with the Science Park Bureau (2005) Yuan-Shang-Zi No. 0940021846, and the paid-in capital after the capital increase was NT$2.2298195 billion.

Note 13: Approval of the capital reduction with treasury shares of NT$30.42 million in accordance with the Science Park Bureau (2005) Yuan-Tou-Zi No. 0940030096 dated November 2, 2005, the approval of the present capital increase with conversion of share subscription warrant in accordance with the Science Park Bureau (2005) Yuan-Shang-Zi No. 0940032083, and the paid-in capital after the capital increase was NT$2.2114585 billion.

Note 14: Approval of the present capital increase with conversion of share subscription warrants of NT$615 thousand in accordance with the Science Park Bureau (2006) Yuan-Shang-Zi No. 0950004188 Letter dated February 21, 2006, and the paid-in capital after the capital increase was NT$2.220735 billion.

Note 15: Approval of the capital reduction with treasury shares of NT$41.54 million in accordance with the Science Park Bureau (2006) Yuan-Shang-Zi No. 0950011531 Letter dated May 12, 2006, and the approval of the present capital increase with conversion of share subscription warrants of NT$2.7835 million, and the paid-in capital after the capital increase was NT$2.173327 billion.

Note 16: Approval of the present capital increase by retained earnings of NT$95 million in accordance with the Financial Supervisory Commission of Ministry of Finance (2006) Jin-Guan-Zheng-Yi-Zi No. 0950125941 Letter dated June 23, 2006, the approval of the present capital increase with conversion of share subscription warrants of NT$2.0125 million in accordance with the Science Park Bureau (95) Yuan-Shang-Zi No. 0950020664 dated August 9, 2006, and the paid-in capital after the capital increase was NT$2.27933975 billion.

Note 17: Approval of the capital reduction with treasury shares of NT$30 million in accordance with the Science Park Bureau (2006) Yuan-Shang-Zi No. 0950030727 Letter dated November 20, 2006, and the approval of the present capital increase with conversion of share subscription warrants of NT$386.225 thousand, and the paid-in capital after the capital increase was NT$2.240726 billion.

Note 18: Approval of the present capital increase with conversion of share subscription warrants of NT$155 thousand in accordance with the Science Park Bureau (2007) Yuan-Shang-Zi No. 0960004921 Letter dated March 1, 2007, and the paid-in capital after the capital increase was NT$2.240881 billion.

Note 19: Approval of the present capital increase with conversion of share subscription warrants of NT$3.58475 million in accordance with the Science Park Bureau (2007) Yuan-Shang-Zi No. 0960010208 Letter dated April 24, 2007, and the paid-in capital after the capital increase was NT$2.24446575 billion.

Note 20: Approval of the present capital increase with conversion of share subscription warrants of NT$2.91424 million in accordance with the Science Park Bureau (2007) Yuan-Shang-Zi No. 0960021298 Letter dated August 9, 2007, and the capital increase by retained earnings of NT$33.5 million, and the paid-in capital after the capital increase was NT$2.2843 billion.

Note 21: Approval of the present capital increase with conversion of share subscription warrants of NT$657.5 thousand in accordance with the Science Park Bureau (2007) Yuan-Shang-Zi No. 0960029845 Letter dated November 5, 2007, and the paid-in capital after the capital increase was NT$2.2281875 billion.

Note 22: Approval of the present capital increase with conversion of share subscription warrants of NT$2.1175 million in accordance with the Science Park Bureau (2007) Yuan-Shang-Zi No. 0960002030 Letter dated January 23, 2008, and the capital reduction of TN$20 million by and the paid-in capital after the capital increase and reduction was NT$2.263205 billion.

Note 23: Approval of the present capital increase with conversion of share subscription warrants of NT$2.341 million in accordance with the Science Park Bureau (2007) Yuan-Shang-Zi No. 0970012287 Letter dated May 8, 2008, and the paid-in capital after the capital increase was NT$2.265546 billion.

Note 24: Approval of the present capital increase with conversion of share subscription warrants of NT$260 thousand in accordance with the Science Park Bureau (2008) Yuan-Shang-Zi No. 0970022112 Letter dated August 11, 2008, and the capital increase by retained earnings of NT$34 million, and the paid-in capital after the capital increase was NT$2.299806 billion.

Note 25: Approval of the capital reduction of NT$30 million in accordance with the Science Park Bureau (2008) Yuan-Shang-Zi No. 0970031848 Letter dated November 18, 2008, and the paid-in capital after the capital reduction was NT$2.269806 billion.

Note 26: Approval of the capital reduction of NT$27.5 million in accordance with the Science Park Bureau (2009) Yuan-Shang-Zi No. 0980004941 Letter dated February 25, 2009, and the paid-in capital after the capital reduction was NT$2.242306 billion.

Note 27: Approval of the capital reduction of NT$40.2 million in accordance with the Science Park Bureau (2011) Yuan-Shang-Zi No. 1000038738 Letter dated December 22, 2011, and the paid-in capital after the capital reduction was NT$2.202106 billion.

Note 28: Approval of the capital increase of NT$70 thousand in accordance with the Zhu-Shang-Zi No. 1030009142 Letter dated April 2, 2014, and the paid-in capital after the capital increase was NT$2.202176 billion.
Note 29: Approval of the capital increase of NT$37.5 thousand in accordance with the Zhu-Shang-Zi No. 1030014350 Letter dated May 20, 2014, and the paid-in capital after the capital increase was NT$2.202135 billion.
Note 30: Approval of the capital increase of NT$30 thousand in accordance with the Zhu-Shang-Zi No. 1030033772 Letter dated November 20, 2014, and the paid-in capital after the capital increase was NT$2.2022435 billion.
Note 31: Approval of the capital increase of NT$15 thousand in accordance with the Zhu-Shang-Zi No. 1040010756 Letter dated April 20, 2015, and the paid-in capital after the capital increase was NT$2.2022586 billion.
Note 32: Approval of the capital reduction of NT$13.74 million in accordance with the Zhu-Shang-Zi No. 1040026333 Letter dated September 10, 2015, and the paid-in capital after the capital reduction was NT$2.1885185 billion.
Note 33: Approval of the capital reduction of NT$20 million in accordance with the Zhu-Shang-Zi No. 1040029161 Letter dated October 12, 2015, and the paid-in capital after the capital reduction was NT$2.1685185 billion.
Note 34: Approval of the capital reduction of NT$40.41 million in accordance with the Zhu-Shang-Zi No. 1050001864 Letter dated January 21, 2016, and the paid-in capital after the capital reduction was NT$2.12811085 billion.
Note 35: Approval of the capital reduction of NT$22.39 million in accordance with the Zhu-Shang-Zi No. 1050009229 Letter dated April 12, 2016, and the paid-in capital after the capital reduction was NT$2.1057185 billion.
Note 36: Approval of the capital reduction of NT$23.51 million in accordance with the Zhu-Shang-Zi No. 1050023335 Letter dated August 19, 2016, and the paid-in capital after the capital reduction was NT$2.1082285 billion.
Note 37: Approval of the capital reduction of NT$457.76766 million in accordance with the Zhu-Shang-Zi No. 1080023844 Letter dated August 16, 2019, and the paid-in capital after the capital reduction was NT$1.62444084 billion.
Note 38: Approval of the capital increase of NT$170 million in accordance with the Zhu-Shang-Zi No. 1090009459 Letter dated April 7, 2020, and the paid-in capital after the capital increase was NT$1.79444084 billion.
Note 39: Approval of the capital increase of NT$100 million in accordance with the Zhu-Shang-Zi No. 1100026872 Letter dated September 15, 2021, and the paid-in capital after the capital increase was NT$1.89444084 billion.
Note 40: Approval of the capital increase of NT$33.770 million in accordance with the Zhu-Shang-Zi No. 1110021953 Letter dated July 12, 2022, and the paid-in capital after the capital increase was NT$1.93221084 billion.
Note 41: Approval of the capital increase of NT$200 million in accordance with the Zhu-Shang-Zi No. 1110357814 Letter dated November 15, 2022, and the paid-in capital after the capital increase was NT$2.13221084 billion.

(II) Share type

April 18, 2023 Unit: Share

Share type	Approved Share Capital			Remarks
	Outstanding share	Unissued share	Total	
Common share	213,221,084	86,778,916	300,000,000	Shares listed on the stock exchange

(III) Information about the blanket declaration system: None.

(IV) Shareholder Structure

April 18, 2023 Unit: Share; %

Shareholder Structure Quantity	Government institution	Financial institution	Other corporation	Individual	Foreign institutions and foreigners	Total
Number of people	1	2	165	43,837	50	44,055
Number of shares held	579	70,000	25,616,432	186,726,089	8,079,84	213,221,084
Shares Ratio	0	0.03	12.02	87.57	0.38	100

(V) Equity ownership dispersion status

1. Common share

April 18, 2023

Shareholding rating	Number of shareholder	Number of shares held	Shareholding percentage %
1~999	30,721	2,166,848	1.02
1,000~5,000	9,177	20,631,819	9.68
5,001~10,000	1,954	15,331,085	7.19
10,001~15,000	628	7,881,107	3.70
15,001~20,000	480	8,693,381	4.08
20,001~30,000	396	9,893,825	4.64
30,001~50,000	297	11,704,435	5.49
50,001~100,000	209	14,870,010	6.97
100,001~200,000	106	14,596,848	6.85
200,001~400,000	53	14,313,439	6.71
400,001~600,000	11	5,328,130	2.50
600,001~800,000	6	4,078,754	1.91
800,001~1,000,000	3	2,742,126	1.29
More than NTD1,000,001	14	80,989,277	37.98
Total		213,221,084	100.00

2. Preferred Shares: The Company does not issue preferred shares.

(VI) Name list for the main shareholders

April 18, 2023

Share Name of major shareholders	Number of shares held (shares)	Shares Ratio (%)
Lo Hsiu-Chun	21,370,178	10.02%
Sheng Shao-Lan	14,117,300	6.62%
Avision Faith and Love Fund Charity Trust Account Under Trust Custody of Bank SinoPac	10,325,886	4.84%
Taiwan Mask Corporation	10,000,000	4.69%
Chou Chung-Li	6,324,638	2.97%
Largan Precision Co., Ltd.	4,253,298	1.99%
Liaojie Investment Co., Ltd	3,000,000	1.41%
Wang Yang-Chun	2,057,070	0.96%
Chen Lung	1,957,007	0.92%
Wu Chih-Wen	1,885,663	0.88%

(VII) Market price, net worth, earnings (loss), dividends per share and relevant information for the most recent two years

<table>
<tr><th colspan="3">Item \ Year</th><th>2021</th><th>2022</th><th>As of March 31, 2023</th></tr>
<tr><td rowspan="3">Market Price per Share (note 1)</td><td colspan="2">Highest</td><td>18.30</td><td>17.35</td><td>11.50</td></tr>
<tr><td colspan="2">Lowest</td><td>6.99</td><td>8.70</td><td>10.20</td></tr>
<tr><td colspan="2">Average</td><td>11.06</td><td>12.07</td><td>10.75</td></tr>
<tr><td rowspan="2">Net value per share (note 2)</td><td colspan="2">Before distribution</td><td>5.22</td><td>5.48</td><td>Note 10</td></tr>
<tr><td colspan="2">After distribution</td><td>5.22</td><td>5.48</td><td>Note 10</td></tr>
<tr><td rowspan="2">Earnings per share (EPS)</td><td colspan="2">Weighted average number of shares</td><td>182,426</td><td>192,806</td><td>Note 10</td></tr>
<tr><td colspan="2">Earnings per share (Note 3)</td><td>(0.69)</td><td>(0.17)</td><td>Note 10</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividends</td><td>-</td><td>(Note 9)</td><td>Note 10</td></tr>
<tr><td rowspan="2">Stock Dividends</td><td>Stock Dividends Appropriated from Retained Earnings</td><td>-</td><td>(Note 9)</td><td>Note 10</td></tr>
<tr><td>Stock Dividends Appropriated from Capital Reserve</td><td>-</td><td>(Note 9)</td><td>Note 10</td></tr>
<tr><td colspan="2">Accumulated retained dividends (Note 4)</td><td>-</td><td>-</td><td>Note 10</td></tr>
<tr><td rowspan="3">Investment Return Analyses</td><td colspan="2">Price-to-earnings ratio (Note 5)</td><td>-</td><td>-</td><td>Note 10</td></tr>
<tr><td colspan="2">Price-to-dividend ratio (Note 6)</td><td>-</td><td>(Note 9)</td><td>Note 10</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 7)</td><td>-</td><td>(Note 9)</td><td>Note 10</td></tr>
</table>

Note1: The highest and lowest market price of common shares in each year are indicated, and the average market price of each year is calculated according to the closing trading value and trading volume of each year.

Note2: Please use the number of shares already issued by the end of year and provide information according to the distribution status of the present shareholders' meeting resolution.

Note3: In case of any issuance of stock dividends such that there is a need for retroactive adjustment, the earnings per share before and after the adjustment shall be indicated.

Note4: If the issuance criteria of equity securities specify that dividends undistributed in the current year are to be accumulated to the year with earnings for issuance, then the accumulated unissued dividends up to the current year shall be disclosed respectively.

Note5: Price-to-earnings ratio = Average stock closing price of current year/Earnings per share

Note6: Price-to-dividend ratio = Average stock closing price of current year/Cash dividend per share.

Note7: Cash dividend yield = Cash dividend per share/Average stock closing price of the current year.

Note8: Net value per share and earnings per share shall indicate the information audited by CPA for the most recent up to the publication date of this annual report; the remaining fields shall be indicated with the current year information up to the date of publication of the annual report.

Note9: To be finalized after the resolution of shareholders' meeting.

Note10: Not applicable.

(VIII) Explanation of the Company's dividend policy, implementation status and expected change condition

1. Present dividend policy

   According to Article 27 of the Articles of Incorporation of the Company, when the Company has surplus earnings after the final account of a fiscal year, amount shall be appropriated to pay profit-seeking business taxes, make up accumulated losses, and set aside 10% as the legal reserve; however, when the legal reserve has reached the total paid-in capital, such restriction shall not be applied. In addition, special reserve is appropriated or reversed according to the regulatory requirements or shareholders' meeting resolution. For the remaining balance plus the accumulated undistributed earnings of previous year, limited to 5%~70%, the board of directors shall reach a resolution on the distribution proposal for submitting to the shareholders' meeting for approval on the distribution of shareholders' bonuses.

   The industrial environment of the Company changes and the company's lifecycle is under the stable growth stage. Based on the consideration of the Company's future capital demand and long-term financial planning and seeking the maximum interest for shareholders, the Company's dividend policy will be made based on the future capital expense budge and capital demand status of the Company, in order to determine the share dividend and cash dividend distribution ratios. The Company's dividend policy complies with the aforementioned principles for the distribution; however, when there is distribution of cash dividends, the total of the cash dividend distribution shall be between 10% and 100% of the total dividends.

2. Implementation status: The present shareholders' meeting is proposed to not distribute dividends.
3. Explanation on expected major changes in the dividend policy: None.

(IX) Impact of the present distribution of bonus shares on the business performance and earnings per share of the Company: The Company is not required to disclose the 2022 financial forecast information, and the present shareholders' meeting is proposed to not distribute dividends; therefore, this is not applicable.

(X) Remuneration to Employees and Directors

1. Information on the percentage or range of remuneration of employees and remuneration of directors in the Articles of Incorporation.

In cases of profits for the year, the Company shall set aside 6% to be the remuneration to employees and no more than 2% to be that to directors. However, where the Company still has accumulated losses, amount shall be reserved for making up the accumulated loss first.

The remuneration to employees may be in the form of stock or cash and the recipients may be affiliated employees meeting certain criteria that are to be set by the Board of Directors.

The distribution of remuneration to employees and that to directors shall be supported by approval from a majority of attending directors that account for two-thirds or more of all directors in the meeting and shall be presented during the shareholders' meeting.

2. Status of distribution of remunerations of employees and directors with the retained earnings in 2021:

Unit: In New Taiwan Dollars

Unit: In New Taiwan Dollars	Status of distribution proposed by the board of directors	Status of actual distribution approved by the shareholders' meeting	Variation
I. Distribution status			
Directors' and supervisors' remuneration	-	-	None.
Employee remuneration in cash	-	-	None.
Employee remuneration in stock	-	-	
II. Earnings per share related information			
Original earnings per share	(0.69)	(0.69)	None.
Imputed earnings per share	(0.69)	(0.69)	None.

Due to the loss in 2021, according to the resolutions reached by the board of directors' meeting on March 18, 2022 and the shareholders' meeting on June 15, 2022, no remuneration of employees and directors was distributed.

3. Status of distribution of remunerations of employees and directors with the retained earnings in 2022:

Due to the loss in 2022, according to the resolutions reached by the board of directors' meeting on March 23, 2023, no remuneration of employees and directors is to be distributed.

(XI) Repurchase of the Company's shares

1. Up to the date of publication of the annual report, please refer to the following table on the status of the repurchase of the Company's shares: (referring to the ones already executed completely)

Session of repurchase	1st repurchase	2nd repurchase	3rd repurchase	4th repurchase	5th repurchase	6th repurchase	7th repurchase	8th repurchase
Purpose of repurchase	Direct transfer to employees	Cooperate with the employee share subscription warrant issuance and conversion	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights
Period of repurchase	2002.10.09 ~2002.12.08	2003.03.11 ~2003.05.10	2005.05.20 ~2005.07.19	2006.08.15 ~2006.10.14	2007.08.28 ~2007.10.27	2008.07.07 ~2008.09.06	2008.09.10 ~2008.11.09	2008.11.03 ~2009.01.02
Range of repurchase price	NT$15~40	NT$14~30	NT$11~22	NT$15~30	NT$13~27	NT$11~20	NT$8.5~17	NT$7~14
Type and quantity of shares repurchased	Common share	Common share	Common share	Common share	Common share	Common share	Common share	Common share
	3,042,000 shares	4,154,000 shares	3,000,000 shares	3,000,000 shares	2,000,000 shares	3,000,000 shares	2,000,000 shares	750,000 shares
Amount of shares repurchased	NT$77,232,819	NT$89,089,989	NT$48,786,100	NT$60,288,558	NT$39,002,282	NT$37,562,154	NT$20,036,178	NT$5,560,896
Ratio of repurchased quantity over the predefined repurchase quantity (%)	61	83	100	100	67	100	100	25
Number of shares canceled and transferred	3,042,000 shares (Note 1)	4,154,000 shares (Note 2)	3,000,000 shares (Note 3)	3,000,000 shares (Note 4)	2,000,000 shares (Note 5)	3,000,000 shares (Note 6)	2,000,000 shares (Note 7)	750,000 shares (Note 7)
Cumulative number of the Company's shares held	0 shares	0 shares	0 shares	0 shares	0 shares	0 shares	0 shares	0 shares
Ratio of accumulated number of company shares held to total number of shares issued (%)	0	0	0	0	0	0	0	0

Session of repurchase	9th time	10th time	11th time	12th time	13th time	14th time	15th time	16th time
Purpose of repurchase	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	Transfer to employees	Transfer to employees	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights
Period of repurchase	2011.08.05 ~2011.08.26	2011.08.30 ~2011.10.28	2012.07.20 ~2012.08.20	2012.08.31 ~2012.10.05	2015.09.08 ~2015.10.12	2015.11.09 ~2015.12.11	2015.12.31 ~2016.02.25	2016.05.10 ~2016.07.07
Range of repurchase price	NT$12~24	NT$9~21	NT$6.5~14	NT$7~14.5	NT$5~10.3	NT$5.4~11	NT$6~10	NT$6~10
Type and quantity of shares repurchased	Common share	Common share	Common share	Common share	Common share	Common share	Common share	Common share
	2,120,000 shares	1,900,000 shares	1,374,000 shares	2,000,000 shares	2,137,000 shares	1,904,000 shares	2,239,000 shares	2,351,000 shares
Amount of shares repurchased	NT$26,837,452	NT$22,510,138	NT$13,009,442	NT$19,637,740	NT$15,481,946	NT$14,134,277	NT$16,311,135	NT$16,370,619
Ratio of repurchased quantity over the predefined repurchase quantity (%)	71	63	69	100	43	63	75	78
Number of shares canceled and transferred	2,120,000 shares (Note 8)	1,900,000 shares (Note 8)	1,374,000 shares (Note 9)	2,000,000 shares (Note 10)	2,137,000 shares (Note 11)	1,904,000 shares (Note 11)	2,239,000 shares (Note 12)	2,351,000 shares (Note 13)
Cumulative number of the Company's shares held	0 shares	0 shares	0 shares	0 shares	0 shares	0 shares	0 shares	0 shares
Ratio of accumulated number of company shares held to total number of shares issued (%)	0	0	0	0	0	0	0	0

Note I: Share cancellation application has been completed on November 2, 2005, and the capital reduction and alternation registration have also been performed.

Note II: Share cancellation application has been completed on May 12, 2006, and the capital reduction and alternation registration have also been performed.

Note III: Share cancellation application has been completed on August 16, 2005, and the capital reduction and alternation registration have also been performed.

Note IV: Share cancellation application has been completed on November 20, 2006 and the capital reduction and alternation registration have also been performed.

Note V: Share cancellation application has been completed on January 23, 2008, and the capital reduction and alternation registration have also been performed.

Note VI: Share cancellation application has been completed on November 18, 2008, and the capital reduction and alternation registration have also been performed.

Note VII: Share cancellation application has been completed on February

Note VIII: Share cancellation application has been completed on December 22, 2011

25, 2009, and the capital reduction and alternation registration have also been performed.

and the capital reduction and alternation registration have also been performed.

Note IX: Share cancellation application has been completed on September 10, 2015, and the capital reduction and alternation registration have also been performed.

Note X: Share cancellation application has been completed on October 12, 2015, and the capital reduction and alternation registration have also been performed.

Note XI: Share cancellation application has been completed on January 21, 2016, and the capital reduction and alternation registration have also been performed.

Note XII: Share cancellation application has been completed on April 12, 2016 and the capital reduction and alternation registration have also been performed.

Note XIII: Share cancellation application has been completed on August 19, 2016, and the capital reduction and alternation registration have also been performed.

2. Up to the date of publication of the annual report, status on the Company’s repurchase of the shares of the Company (currently being executed): None

II. Issuance of corporate bonds: None

III. Preferred share handling status: None

IV. Disclosure relating to overseas depository receipts: None.

V. Issuance of employee stock warrants

(I) Issuance of employee stock warrants

April 30, 2023

Type of employee stock warrants	1st repurchase	2nd repurchase	3rd repurchase	4th repurchase	5th repurchase	6th repurchase	7th repurchase	8th repurchase	9th repurchase	10th repurchase
Declaration effective date	2002.10.11	2003.06.24	2003.07.24	2006.12.27	2007.5.17	2011.05.26	2011.09.23	2015.12.03	2015.12.04	2021.04.20
Issuance (processing) date	1st time: 2002.12.30 2nd time: 2003.03.10 3rd time: 2003.06.24	2003.07.03	2003.08.21	2007.03.02	1st time: 2007.07.02 2nd time: 2007.08.27	1st time: 2011.06.21 2nd time: 2011.08.05 3rd time: 2011.08.31	1st time: 2011.11.24 2nd time: 2012.08.23			1st time: 2021.05.03 2nd time: 2021.11.10
Issuance unit	1st time: 1,000 units 2nd time: 3,500 units 3rd time: 500 units	4,154 units	8,000 units	3,000 units	1st time: 3,000 units 2nd time: 8,000 units	1st time: 4,000 units 2nd time: 2,000 units 3rd time: 5,000 units	1st time: 4,000 units 2nd time: 4,000 units			1st time: 6,000 units 2nd time: 4,000 units
Ratio of subscribable shares to total issued shares	–	–	–	–	–	–	-			1st time: 3.34% 2nd time: 2.11%
Subscription duration	–	–	–	–	–	–	-			1st time: 4.97 years 2nd time: 4.97 years
Exercise method	Issuance of new shares	With use of treasury shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares			Issuance of new shares
Period and ratio of subscription restriction (%)	Maximum exercisable subscription right ratio for stock warrants grant period (cumulative) 2 years after maturity 50% 3 years after maturity 75% 4 years after maturity 100%	Maximum exercisable subscription right ratio for stock warrants grant period (cumulative) 2 years after maturity 100%	Maximum exercisable subscription right ratio for stock warrants grant period (cumulative) 3 years after maturity 20% 4 years after maturity 40% 5 years after maturity 60% 6 years after maturity 80% 7 years after maturity 100%	Maximum exercisable subscription right ratio for stock warrants grant period (cumulative) 2 years after maturity 50% 3 years after maturity 75% 4 years after maturity 100%	Maximum exercisable subscription right ratio for stock warrants grant period (cumulative) 3 years after maturity 20% 4 years after maturity 40% 5 years after maturity 60% 6 years after maturity 80% 7 years after maturity 100%	Maximum exercisable subscription right ratio for stock warrants grant period (cumulative) 2 years after maturity 25% 3 years after maturity 50% 4 years after maturity 75% 5 years after maturity 100%	Maximum exercisable subscription right ratio for stock warrants grant period (cumulative) 2 years after maturity 25% 3 years after maturity 50% 4 years after maturity 75% 5 years after maturity 100%			Maximum exercisable subscription right ratio for stock warrants grant period (cumulative) 2 years after maturity 40% 3 years after maturity 70% 4 years after maturity 100%
Number of shares obtained after exercise of subscription right	–	–	–	–	–	–	–			–

Amount of the shares subscribed	–	–	–	–	–	–	–			–
Shares recovered and canceled due to employee resignation						–	-			1st time: 0 unit 2nd time: 0 unit
Number of shares not yet subscribed	–	–	–	–	–	–	-			1st time: 6,000 thousand shares 2nd time: 4,000 thousand shares
Subscription price per share of the unsubscribed shares	–	–	–	–	–	–	-			1st time: NT$14.35 2nd time: NT$14.35
Ratio of the number of unsubscribed shares to the number of issued and outstanding shares (%)	–	–	–	–	–	–	-			1st time: 2.81% 2nd time: 1.87%
Impact on shareholders' equity	Ratio of total number of shares issued was not high; therefore, the impact was minor	Treasury shares were repurchased for the issuance; therefore, the shareholders' equity was not affected	Ratio of total number of shares issued was not high; therefore, the impact was minor	Ratio of total number of shares issued was not high; therefore, the impact was minor	Ratio of total number of shares issued was not high; therefore, the impact was minor	Ratio of total number of shares issued was not high; therefore, the impact was minor	Ratio of total number of shares issued was not high; therefore, the impact was minor			Ratio of total number of shares issued was not high; therefore, the impact was minor

Note: For the 8th and 9th times, the approval of the Financial Supervisory Commission (FSC), Executive Yuan, has been approved. However, issuance was not yet made within one year from the service date of the notice of effective declaration.

(II) Names and subscription status of managers who have obtained employee stock options and of employees who rank among the top ten in terms of the number of shares to which they have subscription rights through employee stock warrants acquired, cumulative to the date of publication of the annual report:

Unit: thousand shares; NT$ thousand

	Title	Name	Number of subscription shares received in units	Ratio of the number of subscription share received to the number of issued and outstanding shares (%)	Exercised			Not yet exercised				
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of the number of subscribed shares to the number of issued and outstanding shares (%)	Number of shares subscribed	Subscription price	Subscription amount	Ratio of the number of subscribed shares to the number of issued and outstanding shares (%)
Managers	The President	Sheng Shao-Lan	821	0.38%	0	0	0	0	821	14.35	0	0.38%
	Vice President	Chou Chung-Li										
	Vice President	Chen Yen-Cheng										
	Vice President	Gotoda Katsuhiko										
	Vice President	Kuo Chen										
	Assistant Vice President	Shih Po-Sheng										
Employee	General Manager	Wang Yu-Lang	1,670	0.78%	0	0	0	0	1,670	14.35	0	0.78%
	General Manager	Tan Wen-Chang										
	General Manager	Li Jen-Chih										
	General Manager	Chueh Chuang-Hua										
	General Manager	Yeh Liang-Wen										
	General Manager	Liao Chun-Chieh										
	General Manager	Hsu Ssu-Fu										
	General Manager	Li Chen-Chang										
	General Manager	Lin Ching-Ching										
	General Manager	Li I-Cheng										

VI. Disclosure relating to restricted shares for subscription by employees:

April 30, 2023

Type of new restricted employee shares (Note 1)	First time of new restricted employee shares
Declaration effective date	June 27, 2014
Issue date (Note 2)	-
Number of new restricted employee shares issued	-
Price of Issuance	-
New restricted employee shares issued as a percentage of total number of shares issued	-
Vesting conditions for new restricted employee shares	-
Restricted rights of new restricted employee shares	-
New restricted employee share custody status	-
Handling method for employees failing to satisfy vesting conditions after new share assignment or subscription	-
Number of new restricted employee shares redeemed or repurchased	-
Number of released new restricted employee shares	-
Number of unreleased new restricted employee shares	-
Unreleased new restricted employee shares as a percentage of total number of shares Issued (%)	-
Impact on shareholders' equity	-

For the 2014 first time of employee restricted shares, approval from the Financial Supervisory Commission (FSC), Executive Yuan (Gin-Guan-Zheng-Fa-Zi No. 1030023434) has been obtained However, issuance was not yet made within one year from the service date of the notice of effective declaration.

Note1: The number of fields and columns can be adjusted according to the number of times of issuance.

Note2: For different issue dates, separate entries shall be provided.

VII. Mergers, acquisitions (including mergers, acquisitions and divisions): None.

VIII. Fund Utilization Plan Implementation Status

1. Details of the plan:
   Up to the preceding quarter of date of publication of the annual report, the issuance or private offering of the negotiable securities which had not been finished, or which has been finished in the most recent three years without realization of the planned benefits: None.
2. Status of implementation:
   In respect of the foregoing planned purposes, comparatively analyze the fund application, execution and expected benefits as of the preceding quarter of the date of publication of the annual report item by item: Not applicable.

Five. Operation Overview

I. Business Content

(I) Business Scope

The business scope of the Company includes digital image processing equipment and the research, development, manufacturing and sales of relevant items.

1. Main contents
   (1) The Company is in the manufacturing industry of multi-function office machines, data storage and processing equipment, wired communication machines and optical instruments, and the main products include the following:
      a. Digital photocopy machine
      b. Multi-function office machine
      c. Electronic whiteboard
      d. Fast paper feeding/paging system
      e. Scanning module
      f. High resolution film/image scanner
      g. High-end printer
      h. Digital projector
      i. Fax machine and assemblies
      j. Optical engine/module
      k. Wi-Fi version of handheld mobile scanner
      l. Blood analyzer
      m. Capsule enteroscopy data reader
   (2) Technical consultation and service related to the aforementioned products.
   (3) Concurrent import and export trading businesses related to the business scope of the Company.

2. Business proportions are as shown in the table below Unit:%

Product name	Important purpose	Business Proportions	
		2021	2022
Product revenue (including image scanner/digital office equipment/multi-function office machine)	Image inputs and computer peripheral data inputs for regular personal consumers and office consumers; image scanning parts for fax machine. Multi-function office machine integrated with the fictions of scanning, photocopy, printing and facsimile.	98	99
Service income		1	1
Other income		1	0
Total		100	100

3. Present product item

Avision acts the “Digital Office Equipment Provider” as the key product development direction.

The development, design and manufacturing of products focus on the improvement of office working efficiency. Present products can be generally classified into the following categories:

(1)High-speed document scanner

(2)Laser printer

(3)Multi-function office machine

(4)Portable scanner and platform scanner

4. New products planned to be developed

(1)Smart photocopy machine

(2)Network type of document scanner

(3)Medical image related products

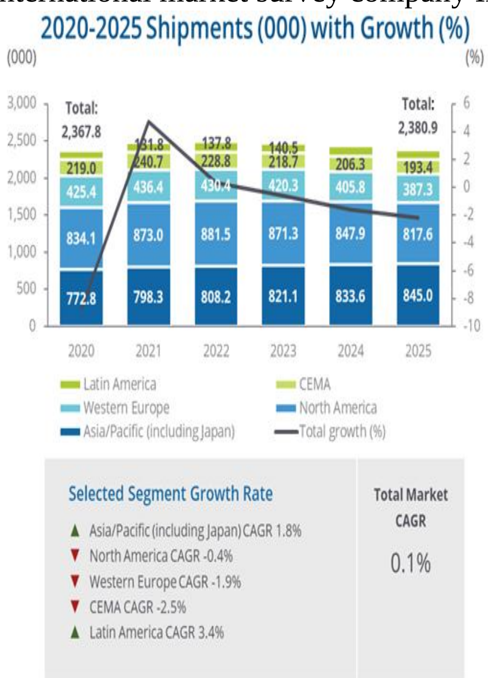
(4)Production scanner

(II) Industry Overview

1. Industry Current Status and Development

<u>Scanner</u>

In the recent years, scanner industry has been affected by the trend of paperless office and smart phone (capable of taking images of documents) such that the growth of the industry slows down or even declines. According to the predictions for different regional markets of the international market survey company IDC in 2021:



Scanners were one of the first computer peripheral products manufactured and exported by Taiwan worldwide. However, due to the environmental change of the industry and the multi-function office machines taking over some of the scanner product market, presently, there are only a few manufacturers in Taiwan continue to develop and manufacture scanners. The current industrial development trend is summarized in the following:

(1)The impact COVID-19 has caused changes to the office working style, and the demand for remote work, cloud and security continues to increase.

(2)The scanning function of mobile equipment of smart phones and tablet computers are integrating with greater number of application programs and business processes in various aspects and fields.

(3)Multi-function printer (MFP) becomes a widely used scanning tool, and its use focuses on more structured content.

(4)Digital transformation program integrating with the modern artificial intelligence (AI) technologies of Cloud and AI has become the focus for short and medium term investments.

(5)Some business items were suspended and re-allocated during the COVID-19 period. As the budgets are relaxed, investment activities start again, and greater scale of document scanning and archive plan demands emerges.

(6)To cope with the change of greater environment, the future response strategies are:

- Cooperate with customers to implement digital file conversion strategy;
- Consider network and cloud equipment product;
- Introduce creative pricing model, including subscription;
- Further expand and actively seek cooperation with greater enterprises.

<u>Multi-function office machine and printer</u>

According to the “Worldwide Multifunction Peripheral Forecast 2021-2025” of the market survey company IDC in 2021:

For 2020-2025, the global MFP expected total output volume will decrease at the compound annual growth rate of -1.9%. Color ink jet multi-function machine will decrease at the compound annual growth rate of -2.3%. For 2020 to 2025, the mono-color multi-function machine will decrease at the compound annual growth rate of -1.8%, and the color multi-function machine will increase at the compound annual growth rate of 2.0%.

Market condition according to regions:

(1) The U.S. output volume is expected to decrease from 16.7 million units in 2020 to 13.7 million units in 2025, and the compound annual growth rate is -4.0%. The decrease is mainly due to the drop of the MFP market price to lower than US$100.

(2) The Western Europe output volume is expected to decrease from 16 million units in 2020 to 13.3 million units in 2025 at the compound annual growth rate of -3.6%. The ink jet and mono-color laser machines for the region indicates a decreasing trend greater than the growth of the color laser machine.

(3) The output volume for Asia Pacific region (including Japan) is expected to decrease from 25.5 million units in 2020 to 23.2 million units in 2024 at a compound annual growth rate of -1.9%, which is mainly due to the compound annual growth rate of -3.6% in China.

(4) The output volume for the rest of the world (ROW) is expected to increase from 16.7 million units in 2020 to 17.8 million units in2025 at a compound annual growth rate of 1.3%, which is mainly due to the compound annual growth rate of 3.1% in Latin America and the compound annual growth rate of 3.4% in the Middle East and Africa (MEA).

For the period from 2020 to 2025, the global MFP output value is expected to decrease at a compound annual growth rate of -1.3%; however, the average selling value (ASV) is expected to increase at a compound annual growth rate of 0.6%, which is mainly due to the unusual purchase demand during the pandemic period.

Market trend:

(1) Favorable factors

- COVID-19 accelerates the labor transformation for remote work;
- MFP replaces single-function printers in the market;
- The trend of mono-color MFP changing to color MFP.

(2) Unfavorable factors

- COVID-19 accelerates the change of printing habit;
- Market reaches saturation point.

(3) Key market development

- The most obvious and important market development is associated with the impact of COVID-19;
- COVID-19 pandemic has changed the IT purchase plan.

Avision's planning and approach for printer market in China

- According to the market scale in China analyzed by the aforementioned market survey company, the number of units currently in use is approximately 20~30 million units, and the models most widely used by the government units and state owned enterprises is the mono-color automatic double-side printer with the printing capacity of approximately 30 pages per minute, and the quantity of such model currently installed is approximately 10 million units. Since the useful lifetime of each printer is approximately five years, the quantity is approximately 2 million units per year.
- As China is currently promoting domestically manufactured information products, for laser printer products, all government units, financial, insurance and large institutions are likely to replace their printers and other computer peripheral products with Chinese brand products such that foreign brand products may be replaced completely.
- In China, Avision acts as a key technology provider and is also a printer component manufacturer and supplier. Accordingly, Avision engages with Chinese business operators in terms of product development/production/manufacturing for sale of products in China.
- The Company has negotiated cooperation with numerous China business operators, and the sale of products is originally expected to start in China. Although the sales remained stable in 2022, due to the pandemic, the purchase activities of customers postponed. Although the actual sales in the region of China for the whole year differed from the target originally set, the sales result still outperformed that in 2021. Presently, according to the demand information from customers, the printer business has returned back to the sales growth trend, and it is expected to continue to grow in 2023.

2. Correlation among upstream, midstream and downstream in the industry

Upstream:	Combine with the optoelectronics Industry (CCD, CIS, Lens), printer manufacturers, electronic materials (PCB, PCBA, motor), IC industry (ASIC), plastic materials (chassis, belts), metal materials (screws, metal sheets), etc.
Midstream:	Equipment manufacturers.
Downstream:	Distributors, retailers.

3. Development trends of products and competition status: Please refer to "II. Market, Production, and Sales Overview".

(III) Technology and Research and Development Overview

1. Research and development expenditure and outcome thereof in the most recent two years

(1) The ratios of R&D investment to revenue in the most recent two years were as follows:

Unit: NT$thousand; %

	2021	2022
Operating revenue	2,828,116	2,832,440
R&D expense	401,938	401,691
R&D ratio	14%	14%

Avision does not focus on the OEM business only but values the continuous investment in new products. Accordingly, regardless the annual revenue of the Company, the Company's investment in R&D has never been cut or reduced. Despite the relatively low operating revenue in recent years, the overall R&D expense of Avision is approximately NT$450 million per year. The Company expects that the benefit of the R&D expense will be reflected in the future product development and to make contribution to business performance of the Company.

(2) R&D result

The Company is committed to the development of new products, and over the past years, the Company has received numerous awards from government related units (please refer to the section of Honors on page 6 of the annual report. The latest award received is the November 2019-AP30 high performance network printer "2020 Taiwan Excellence Award".

(3) Intellectual property rights

Avision is a company that values “intellectual property rights” significantly. The Company requests all employees to sign the “Non-disclosure and Intellectual Property Right Agreement” and also implements internal education in the Company to request all employees to respect the intellectual property rights of others. Employees are required to use legitimate and legally authorized software and hardware, and it is prohibited to use or install any unauthorized software and hardware.

Company’s protection for intellectual property rights:
All copyrights, patent rights, trademark rights and any form of intellectual property rights of the Company are applied and maintained according to relevant regulatory requirements. For employees’ technology and product innovations, the Company upholds the principle of intellectual property protection and enhancement of competitive advantages of the Company’s product, in order to protect the R&D technologies of the Company with patent rights. Furthermore, trademark rights are also applied for different product names for planning and protection. Accordingly, the Company actively applies and obtains corresponding intellectual property continuously.

Outcome of Company’s acquisition of intellectual property rights:
Presently, the Company’s patent right and trademark right planning covers six continents, including Asia, Africa, North America, South America, Europe and Australia, and the number of intellectual property rights obtained continues to increase.

2. Future R&D strategy and direction

<u>Future R&D strategy</u>

- Continue to invest in R&D, implement autonomous R&D, and obtain patent rights to establish a solid technical foundation.
- Licensing the technology to external parties and forming strategic alliances to complement our technological shortcomings.

Future R&D directions and plans

- Smart photocopy machine

Avision has packaged the main features of office needs into this highly productive A3-size printer - integrating the functions of copying, printing, scanning, and emailing into a single machine. All features and processes are operated through an 8-inch clear and color touch screen, simplifying complex processes and improving the efficiency of mass file transfer and sharing!

- Continuous upgrade of scanner product features

- In line with the completion of the next-generation chip development, several existing document/image scanner products have been upgraded and launched to the market.
- We have completed and released a production scanner with a scanning speed of over 120 pages per minute. Currently, we are actively developing
- Models based on the developed printers and copiers and following the company's product development plan to continuously introduce new models that meet customer needs and are competitive in the market.

- Integration of hardware and software for self-service printers/copiers

It is expected that R&D expenses for the above-mentioned new products and technologies are approximately NT$450 million per year.

(IV) Long-term and Short-term Business Development Plans

1. Short-term direction
   - Deepening customer relationships and establishing "partner" relationships in each region, and seeking strategic alliances.
   - Apart from Europe and America, expanding into new markets and acquiring new customers can also help diversify regional risks.
   - Actively deploying distribution channels in each region to expand sales channels.
   - Allying with channel distributors to stimulate self-copying business.

2. Long-term direction
   - Becoming the leading manufacturer of smart printers with the Greater China region as its hinterland.
   - Becoming the world-class leading manufacturer in the scanner industry.

II. Market, Production, and Sales Overview

(I) Market analysis

1. Main product sales region

Unit: NT$thousand; %

Region \ Year		2021		2022	
		Sales amount	Percentage (%)	Sales amount	Percentage (%)
Domestic sales - Taiwan		59,284	2	25,854	1
Export sales	USA	357,953	13	468,329	16
	Germany	235,449	8	669,639	24
	China	1,802,532	64	1,136,387	40
	Others	372,898	13	532,231	19
		2,828,116	100	2,832,440	100

2. Major competitors and market share

There are not many domestic manufacturers engaged in the development and manufacturing of production scanners. Avision's main competitors in this area are companies from Japan and the United States. Since market research organizations have not conducted surveys on the market scale of digital office equipment or the market share of each manufacturer, it is impossible to calculate the relative share of the company's products. However, according to the sales channel data:

(1) The company's market share in the annual procurement volume of banks in Taiwan financial institutions should exceed 50%;

(2) Meanwhile, the market share of Avision products in other regions is also among the top three.

3. Future market supply, demand, and growth

Multi-function printers (MFP) are categorized into laser and inkjet types according to their printing technology. In general, a multi-function device in the market refers to a product with two or more of the following features: scanning, copying, printing, and faxing. However, generally speaking, one of these two functions must be printing.

Sales volume changes:

According to the market research company IDC's "Worldwide Multifunction Peripheral Forecast 2021-2025," published in 2021:

Worldwide MFP Shipments, Value of Shipments, and ASV by Region, 2015-2025

	2020	2021	2022	2023	2024	2025	2020–2025 CAGR (%)
Shipments							
United States	16,746,595	17,288,497	15,950,939	15,211,970	14,440,817	13,650,982	-4
Western Europe	16,013,033	16,417,265	14,848,441	14,377,701	13,869,750	13,324,284	-3.6
APJ	25,515,414	26,372,190	25,906,960	25,208,034	24,200,077	23,185,935	-1.9
ROW	16,693,274	17,735,676	17,759,205	17,850,904	17,784,090	17,803,018	1.3
Worldwide	74,968,316	77,813,628	74,465,545	72,648,609	70,294,734	67,964,219	-1.9
Value of shipments ($M)							
United States	9,199.10	10,067.40	9,658.40	9,111.30	8,494.80	7,866.20	-3.1
Western Europe	7,183.50	7,737.90	7,123.10	6,834.40	6,735.00	6,594.50	-1.7
APJ	11,117.00	11,933.80	11,555.70	11,054.80	10,755.70	10,475.00	-1.2
ROW	4,907.40	5,335.20	5,300.70	5,342.70	5,338.80	5,352.40	1.8
Worldwide	32,407.00	35,074.30	33,637.90	32,343.20	31,324.40	30,288.10	-1.3
ASV ($)							
United States	549	582	606	599	588	576	1
Western Europe	449	471	480	475	486	495	2
APJ	436	453	446	439	444	452	0.7
ROW	294	301	298	299	300	301	0.4
Worldwide	432	451	452	445	446	446	0.6

Note: Data includes monochrome inkjet and high-speed inkjet units.

Source: IDC, 2021

For the period from 2020 to 2025, the global MFP output value is expected to decrease at a compound annual growth rate of -1.3%; however, the average selling value (ASV) is expected to increase at a compound annual growth rate of 0.6%, which is mainly due to the unusual purchase demand during the pandemic period.
The global ASV of monochrome laser MFPs decreased from $736 in 2019 to $601 in 2020, while that of color laser printers dropped from $3,153 to $2,773. Although both products were expected to rise in 2021 (monochrome laser at $622 and color laser at $2,930), they would not resume to the 2019 levels. The ASV changes were mainly due to the widespread office closure and implementation of remote work from home (WFH), leading to a decline in demand for higher-priced A3 printers predominantly used in office settings. Instead, WFH employees typically prefer to purchase desktop A4 laser MFPs.

In response to these external environmental changes, the company will take the following actions:

- Office equipment tends to emphasize efficiency and speed, and the company’s product development will prioritize meeting customer needs.
- Avision will prioritize enterprise information security in its product development, given the significant increase in printing convenience provided by the internet and mobile devices.
- The use of the product must comply with various green environmental protection and energy-saving regulations.
- Our objective is to pursue differentiation, enhance efficiency, fulfill professional requirements, and expand our market share in China through local production and partnerships.

(II) Important Purpose and Production Process for Main Products

The Company’s product usages are primarily categorized into:

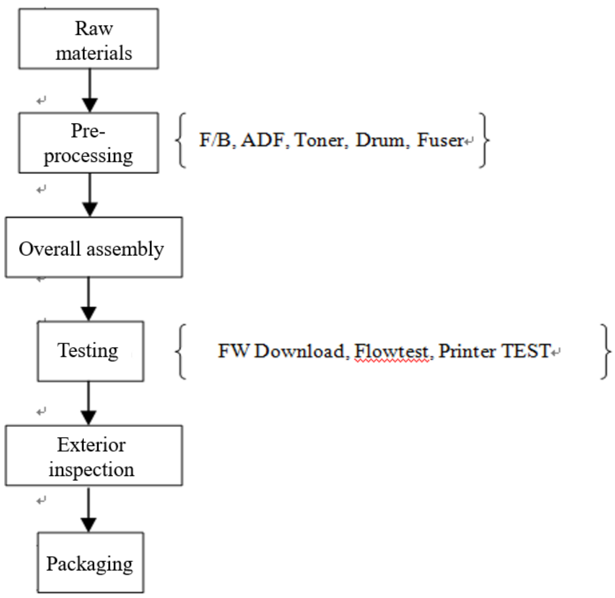
1. Printer and multi-function product

We offer products that combine multiple features, including printing, copying, scanning, faxing, and networking, to meet the diverse needs of our customers across different locations. Our product line includes both color and black-and-white models.

2. Document scanner

The high-priced models equipped with high-speed auto paper scanning are specifically designed for office use and are ideal for high-speed professional file storage applications. Portable paper-fed image scanners are also available, which can be easily carried along with a notebook computer.

Printers production process



(III) Supply of main raw materials

Product	Main raw material	Main suppliers	Availability
Image scanners and printers	Contact image sensor (CIS)	CANON/Creative Sensor Inc.	The main raw material sources are stable
	Transmission roller (Roller)	Rubbertek Industrial Co., Ltd.	
	Combination power supply (PS)	Asian Power Devices Inc.	
	Charge-coupled device (CCD)	World Peace Industrial Co., Ltd.	
	Printed circuit board (PCB)	New Heart Technology Co., Ltd. and Express Electronics Co., Ltd.	
	Application specific integrated circuits (ASIC)	Genesys Logic Inc. and Socle Technology Corp.	
	Combination motor (MOTOR)	MINEBEA、SHINANO	
	Capacitor/Inductor/Filter	Granstar International Co., Ltd.	
	Power control IC/Electrostatic Discharge (ESD) Suppressor	MOGULTECH	
	Lens	Largan Precision Co., Ltd.	

(IV) Names of any suppliers (clients) accounting for 10% or more of the total procurement (sales) amount in either of the most recent two years, along with their monetary amount and the percentage of total procurement (sales)

1. Major Customers Information for the Last Two Years

Unit: NT$thousand; %

	2021				2022				First quarter of 2023			
Item	Name	Amount	Percentage accounted for to annual net sales (%)	Relation with the Issuer	Name	Amount	Percentage accounted for to annual net sales (%)	Relation with the Issuer	Name	Amount	Percentage accounted for to annual net sales (%)	Relation with the Issuer
1	A	226,101	8%	None.	C	287,320	10%	None.	E	38,196	10%	None
2	B	741,558	26%	None.	D	268,793	9%	None.	C	36,377	9%	None
3	C	312,499	11%	None.	B	233,258	8%	None.	F	30,023	8%	None
	Others	1,547,958	55%	None.	Others	2,043,069	73%	None.	Others	284,595	73%	None
	Net sales amount	2,828,116	100%		Net sales amount	2,832,440	100%		Net sales amount	389,191	100%	

Note: List of suppliers accounting for 10% or more of the total procurements in the most recent two years, along with their monetary amount and the percentage of total procurement. Where the company is prohibited by contract from revealing the client name or where a trading counterpart is an individual person who is not a related party, they may be referred to by code.

2. Major Suppliers Information for the Last Two Years

Unit: NT$thousand; %

	2021				2022				First quarter of 2023			
Item	Name	Amount	Percentage accounted for to annual net purchases (%)	Relation with the Issuer	Name	Amount	Percentage accounted for to annual net purchases (%)	Relation with the Issuer	Name	Amount	Percentage accounted for to annual net purchases (%)	Relation with the Issuer
1	Others	2,019,019	100%	None.	Others	1,501,829	100%	None.	Others	189,326	100%	None.
	Net purchase amount	2,019,019	100%		Net purchase amount	1,501,829	100%		Net purchase amount	189,326	100%	

Note: List of suppliers accounting for 10% or more of the total procurements in the most recent two years, along with their monetary amount and the percentage of total procurement. Where the company is prohibited by contract from revealing the client name or where a trading counterpart is an individual person who is not a related party, they may be referred to by their code.

(V) Production volume and value in the most recent two years

Unit: NT$ thousand; %

Production volume and value / Year / Main Products (or by department)	2021			2022		
	Production Capacity	Output Yield	Output Value	Production Capacity	Output Yield	Output Value
Image scanner	99.9%	62,990	164,688	99.9%	95,669	168,677
Digital office equipment		235,516	1,044,472		214,893	1,108,140
Multi-function peripheral		206,378	1,185,453		65,373	919,914
Others	0.1%	1,430	1,323	0.1%	3	32
Total	100%	506,314	2,395,936	100%	375,938	2,196,763

(VI) Sales volume and value in the most recent two years

Unit: NT$ thousand; %

Sales volume and value / Year / Main Products (or by department)	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Image scanner Digital office equipment Multi-function peripheral	9,279	47,380	164,105	2,583,376	9,112	20,522	276,326	2,732,316
Other income	-	11,903	-	185,457	-	5,331	-	74,271
Total	9,279	59,283	164,105	2,768,833	9,112	25,853	276,326	2,806,587

(VII) Industry-specific key performance indicators (KPI): None.

III. Employee profiles in the most recent two years

Year		2021	2022	2023.03.31
Number of Employees	Direct personnel	94	68	65
	Indirect personnel	427	467	457
	Management personnel	197	170	174
	Total	718	705	696
Average age		39.4	39.72	36.92
Average service tenure		10.53	10.66	10.81
Education distribution ratio	Doctoral degree	0.00%	0.00%	0.00%
	Master's degree	16.43%	16.03%	16.09%
	College	48.19%	52.06%	53.02%
	High school	29.67%	26.95%	26.15%
	Lower than high school	5.71%	4.96%	4.74%

IV. Information on environmental protection expenditure

(I) The Company has not incurred any pollution disputes or penalty losses in the most recent year up to the date of publication of the annual report.

(II) Future countermeasures and potential expenditures

The Company has obtained the ISO 14001 international certification for environmental management systems and continues to promote pollution prevention, resource recycling, industrial waste reduction, and the rational use of energy. Establishing green supply chain partnerships across upstream, midstream, and downstream operations is one of our business philosophies that focuses on corporate sustainability and building long-term partnerships with customers and society. According to the requirements of the Taiwan Occupational Safety and Health Management System (TOSHMS), we promote occupational safety and health operations to mitigate risks and enhance overall operational performance.

The Company complies with all relevant laws and regulations when managing waste and sewage treatment expenses. Process changes will be subject to risk assessment results and then given reasonable expenditures based on financial considerations.

V. Labor-Management Relations

(I) The following outlines the company's employee welfare measures, retirement systems, and implementation thereof, as well as labor-management agreements and measures taken to protect employee rights:

1. Employee welfare measures

The Company has established the Employee Welfare Committee with the aim of enhancing employee relationships and morale. The Committee is responsible for organizing various employee welfare activities. To finance these activities, 2% of the capital was initially set aside at its establishment, along with 0.1% of monthly revenue, 0.5% of employee salaries, and a percentage from scrap income are allocated as welfare funds for the Employee Welfare Committee's in organizing various events.

The Employee Welfare Committee consists of 18 members, including 2 permanent members appointed by the company and the rest nominated by each department to run for election. Elections are held once a year and the newly elected members will hold a meeting to elect the chairman of the Commission, secretary-general, and other cadres. The current welfare measures promoted by the Welfare Committee are as follows:

(1) Birthday party/year-end party (spring festival banquet).
(2) Distribution of festive gifts and gift certificates.
(3) Employee birthday/maternity/wedding cash gift.

(4) Subsidies for employee club activities.
(5) Employee subsidy application for occupational injury or illness/funeral condolences/emergency relief.
(6) Scholarship application for employee and employee’s children .

2. Retirement system and implementation

(1) The Company

The Company has established a retirement plan that applies to the old pension mechanism (Labor Standards Act), where the labor pension is allocated monthly based on the total salary and is deposited into an exclusive account in the name of the Labor Pension Reserve Supervision Committee at the Bank of Taiwan. This deposit complies with legal requirements and is estimated and reviewed before the end of each year. The full amount is appropriated before the end of March of the following year under the regulations of the labor pension reserve. In response to the implementation of Statement of Financial Accounting Standards No. 18, the Company has commissioned an actuary to issue an actuarial valuation report on the labor pension reserve. For the new pension mechanism (Labor Standards Act), the labor pension is allocated monthly at no less than 6% of the salary to the individual labor account at the Bureau of Labor Insurance.

(2) Subsidiary in China

a. Pension contribution policy

As per mainland China’s regulations, the company and individual are required to contribute 20.75% and 10.5%, respectively, of their monthly salary to a government-designated account.

b. Retirement age: 60 years old for men, 55 years old for female cadres, and 50 years old for female workers.

c. Required years of pension contribution.

According to the regulations of mainland China, to be eligible for the pension, one must have paid the basic pension insurance premiums for at least 15 years and met the required payment period for medical insurance account (20 years for males and 25 years for females). The pension includes the funds in both the pension account and the medical account. The contribution to the pension fund of subsidiaries in China is made in full in compliance with the regulations of the mainland.

(3) Other overseas subsidiaries

The retirement system for the Company's other overseas subsidiaries is managed following local government regulations.

3. Labor-management agreement

The Company has always attached importance to various welfare and benefits, providing an excellent working environment and emphasizing bilateral communication with employees to establish a harmonious labor relationship. In line with the belief in unity and win-win cooperation between labor and management, we hold a quarterly labor-management meeting following the Labor Standards Act and relevant laws and promote communication and exchange of opinions between labor and management with respect for employees.

(II) Employee education and training

We encourage our employees to innovate constantly and improve the quality of our human resources through educational training. This enhances our competitiveness and enables each employee to become an Avision fellow with talent, virtue, ability, and all-out effort. In 2022, the Company conducted a total of 616 hours of educational training, with a training expense of approximately NT$513 thousand. The main training contents are as follows:

1. Diversified educational training courses: It includes newcomer education/professional skills education/comprehensive training programs, environmental safety and health education, etc.
2. Knowledge sharing platform: Employees can access new knowledge through the knowledge-sharing area to enhance learning and communication and can access information anytime with just a click, allowing them to learn immediately.
3. E-Learning video platform: The company has set up a training video database for employees to learn online with immediate access to supplement the professional knowledge required.
4. English and Japanese language courses: Professional foreign language teachers are hired to teach at the company, and the expense is fully subsidized by the company. Employees can choose language courses based on their proficiency level.
5. Library: The company is equipped with a "library," which regularly adds periodicals and books to its collection. Additionally, there are DVDs and other audio-visual materials available for employees to borrow and enjoy.

(III) Employee Code of Conduct or Ethics

To ensure all employees understand the ethical concept and code of conduct, the Company has specially formulated the “Key of Avision” to provide guidance for all employees. The code of conduct for Avision fellows are:

1. Open
   (1) No rights must be bound to employees through contractual means.
   (2) The supervisor’s door is always open to Avision fellows, and each supervisor must address the treatment of employees’ opinions or appeals as the top priority.
   (3) Bilateral communication: Avision’s top priority is to engage in effective bilateral communication and obtain mutual agreement before formulating any policies, systems, or measures.
   (4) Take an open-minded approach to accept the opinions given by the supervisor/colleagues and eliminate self-centeredness.
2. Autonomy
   (1) With full supervisory authority and appropriate hierarchical responsibilities, employees have full autonomy to make decisions and take action.
   (2) The starting point of formulating any employee-related system/procedure or regulation is to inspire employees’ sense of honor so that they can work more flexibly and effectively and exert their potential as a prerequisite.
3. Respect
   (1) Regardless of rank/gender/education, all employees must receive the same respect: Implement “respect for individuals” throughout the management system to create an enlightened work environment worth engaging in.
   (2) Opportunities for the full development in areas of personal expertise: Avision pursues an excellent position in both technology and business management. To achieve this goal, we must value our work team, give each professional worker full play, and create mutual respect among team members.

(IV) Labor disputes

The Company has not experienced any labor disputes or controversies in the most recent year up to the date of publication of the annual report. The Company’s supervisors at all levels communicate with employees at all times and hold regular (quarterly) labor-management meetings to discuss, coordinate, and resolve opinions from all parties. As a result, labor relations are harmonious, and the company has not suffered any losses due to labor disputes. We anticipate harmonious labor relations in the future.

(V) Preventive measures for working environment and employee safety

The Company pushes forward the ISO 14001 environmental management system, which has been certified by DNV, demonstrating the Company's determination to environmental protection, green supply chains, and green products. In the internal operations, we have introduced green design concepts such as energy-saving, easy assembly and disassembly during the product design phase, enabling our products to be green and environmentally friendly from the very beginning. Through appropriate energy management, reasonable production processes, and proper waste management, we have achieved significant and excellent environmental performance.

The Company believes that our employees are our most important asset and adheres to relevant occupational safety and health regulations. We adopt risk management techniques to categorize and manage industrial safety and health risks, continuously developing and establishing the Company's safety and health management system based on the national standard CNS15506 (TOSHMS). With the support of senior executives and all employees, there have been no disability or injury incidents. We have also initiated workplace health promotion activities in consultation or cooperation with health and medical units and have been awarded the certification of health workplace with Health Promotion Label from the Health Promotion Administration to maintain and support employees' physical and mental well-being. To reduce operational risks and ensure business continuity and sustainability, we have implemented the Business Continuity Management System (ISO 22301).

Since the Company's IPO, we have not been accused or penalized by the competent authorities regarding environmental protection or occupational safety and health issues.

(VI) Complaint procedures for illegal (including corruption) and unethical behavior

In case of a suspected violation of the "Code of Service," colleagues have the right and obligation to report it to management or the relevant units. We will protect and prevent those colleagues and related personnel who report violations or participate in the investigation process from unfair treatment.

1. Whistleblowing must be made in writing and specify the following information: the name, department, and position of the complainant; the name, department, and position of the respondent; and the date of occurrence and specific details.
2. Whistleblowing channels: Employee communication hotline/employee communication mailbox/written submission.

VI. Major contracts

Nature of contracts	Contract party	Term	Main contents	Restrictive covenants
Sales contract	A	Since 2020	Development, manufacturing, and sales of document scanners	Confidentiality clause Order management Warranty and maintenance services
Sales Agreement	B	Since 2022	Manufacturing and sales of printers	Confidentiality clause Order management Warranty and maintenance services
Development Agreement	C	From 2022 to 2024	Development of printers and MFPs	Confidentiality clause Intellectual property rights
IP LICENSE AGREEMENT	D	2022	Chip development licensing	Confidentiality clause Licensing scope
IP usage and ASIC design service agreement	E	2021	Chip development licensing	Confidentiality clause Licensing scope
Distributor agreement	7 domestic and international distributors	One-year contract, a new contract will be signed by mutual agreement upon the expiration	Distribution licensing for Avision's self-branded products	Confidentiality clause Restrictions on distribution areas Product maintenance and warranty Product and warranty liability

Six. Financial Overview

I. Condensed Balance Sheets and Statements of Comprehensive Income in the most recent five years

(I) Condensed Balance Sheets – as per the International Financial Reporting Standards (parent company-only)

Unit: NTD thousand

Item \ Year		Financial summary in the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		855,973	755,990	641,094	867,561	1,276,676
Property, plant, and equipment		295,382	264,002	247,774	240,456	239,237
Intangible asset		11,418	9,046	4,158	6,618	3,437
Other assets		1,785,248	1,733,399	1,342,005	1,215,176	1,272,221
Total Assets		2,948,021	2,762,437	2,235,031	2,329,811	2,791,571
Current liability	Before distribution	1,112,249	997,799	862,173	1,107,924	1,363,738
	After distribution	1,112,249	997,799	862,173	1,107,924	Unappropriated
Non-current liabilities		175,220	305,722	272,133	233,400	258,533
Total liabilities	Before distribution	1,287,469	1,303,521	1,134,306	1,341,324	1,622,271
	After distribution	1,287,469	1,303,521	1,134,306	1,341,324	Unappropriated
Equity attributable to owners of the parent company		1,660,552	1,458,916	1,100,725	988,487	1,169,300
Share capital		2,082,209	1,624,441	1,794,441	1,894,411	2,132,211
Capital surplus		816,485	71,660	71,660	77,455	92,215
Retained earnings	Before distribution	(1,196,756)	(178,832)	(763,993)	(896,184)	(919,011)
	After distribution	(1,196,756)	(178,332)	(763,993)	(896,184)	Unappropriated
Other equities		(32,838)	(49,805)	5,286	(80,556)	(129,446)
Treasury shares		(8,548)	(8,548)	(6,669)	(6,669)	(6,669)
Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	1,660,552	1,458,916	1,100,725	988,487	1,169,300
	After distribution	1,660,552	1,458,916	1,100,725	988,487	Unappropriated

Note 1: Financial information from 2018 to 2022 has all been audited and certified by CPAs.

Note 2: The after-distribution figures above are based on the resolutions of the Shareholders' Meeting in the following year.

(II) Condensed Balance Sheets – as per the International Financial Reporting Standards (consolidated)

Unit: NTD thousand

Item \ Year		Financial summary in the most recent five years (Note 1)					
		2018	2019	2020	2021	2022	Current year's financial materials as of March 31, 2023
Current Assets		1,642,248	1,573,567	1,618,847	1,624,620	2,093,637	1,679,644
Property, plant, and equipment		751,947	605,536	546,667	490,729	467,785	469.242
Intangible asset		25,800	35,758	34,085	40,262	54,962	47.714
Other assets		459,901	446,345	497,442	429,797	330,192	334,441
Total Assets		2,879,896	2,661,206	2,697,041	2,585,408	2,946,576	2,531,041
Current liability	Before distribution	1,058,429	909,414	1,238,987	1,288,850	1,458,391	1,152,950
	After distribution	1,058,429	909,414	1,238,987	1,288,850	Unappropriated	Unappropriated
Non-current liabilities		160,605	292,724	357,189	296,293	300,097	279,463
Total liabilities	Before distribution	1,219,034	1,202,138	1,596,176	1,585,143	1,758,488	1,432,413
	After distribution	1,219,034	1,202,138	1,596,176	1,585,143	Unappropriated	Unappropriated
Equity attributable to owners of the parent company		1,660,552	1,458,916	1,100,725	988,487	1,169,300	1,089,871
Share capital		2,082,209	1,624,441	1,794,441	1,894,441	2,132,211	2,132,211
Capital surplus		816,485	71,660	71,660	77,455	92,215	95,265
Retained earnings	Before distribution	(1,196,756)	(178,832)	(763,993)	(896,184)	(919,011)	(1,014,152)
	After distribution	(1,196,756)	(178,832)	(763,993)	(896,184)	Unappropriated	Unappropriated
Other equities		(32,838)	(49,805)	5,286	(80,556)	(129,446)	(116,784)
Treasury shares		(8,548)	(8,548)	(6,669)	(6,669)	(6,669)	(6,669)
Non-controlling interests		310	152	140	11,778	18,788	8,757
Total Equity	Before distribution	1,660,862	1,459,068	1,100,865	1,000,265	1,188,088	1,098,628
	After distribution	1,660,862	1,459,068	1,100,865	1,000,265	Unappropriated	Unappropriated

Note 1: Financial information from 2018 to 2022 has all been audited and certified by CPAs, while the financial information for the first quarter of 2023 has been reviewed by CPAs.

Note 2: The after-distribution figures above are based on the resolutions of the Shareholders' Meeting in the following year.

(III) Condensed Statements of Comprehensive Income – as per the International Financial Reporting Standards (parent company-only)

Unit: NTD thousand

(losses per share in NT$)

Item \ Year	Financial Analysis Information in the most recent five years (Note)				
	2018	2019	2020	2021	2022
Operating revenue	1,321,050	1,037,753	838,940	1,000,565	1,699,737
Operating profit margin	124,716	102,947	75,118	221,575	438,605
Operating profit & loss	(415,922)	(358,803)	(374,347)	(265,315)	(84,036)
Non-operating income and expense	(9,133)	161,590	(37,626)	131,562	53,645
Net income before tax	(425,055)	(197,213)	(411,973)	(124,753)	(30,391)
Current net income from continuing business units	(426,184)	(198,146)	(412,651)	(125,928)	(32,399)
Loss on discontinued operations	-	-	-	-	-
Net income for the period	(426,184)	(198,146)	(412,651)	(125,928)	(32,399)
Other comprehensive income for this period (net of tax)	(82,582)	(4,294)	2,942	(79,505)	(34,542)
Total comprehensive income in the current period	(508,766)	(202,440)	(409,709)	(205,433)	(66,941)
Net profit attributable to the owners of the parent company	(426,184)	(198,146)	(412,651)	(125,928)	(32,399)
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent company	(508,766)	(202,440)	(409,709)	(205,433)	(66,941)
Total comprehensive profit and loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	(2.63)	(1.22)	(2.36)	(0.69)	(0.17)

Note: Financial information from 2018 to 2022 has all been audited and certified by CPAs.

(IV) Condensed Statements of Comprehensive Income – as per the International Financial Reporting Standards (consolidated)

Unit: NTD thousand
(losses per share in NT$)

Item \ Year	Financial Analysis Information in the most recent five years (Note)					
	2018	2019	2020	2021	2022	As of March 31, 2023
Operating revenue	2,126,778	1,633,335	1,835,372	2,828,116	2,832,440	389,191
Operating profit margin	515,255	368,645	326,091	603,738	738,496	72,730
Operating profit & loss	(436,504)	(441,359)	(363,259)	(126,711)	(59,000)	(95,703)
Non-operating income and expense	16,455	313,612	(48,693)	(5,438)	12,752	395
Net income before tax	(420,049)	(127,747)	(411,952)	(132,149)	(46,248)	(95,308)
Current net income from continuing business units	(426,418)	(198,294)	(412,653)	(125,887)	(36,600)	(95,974)
Loss on discontinued operations	-	-	-	-	-	-
Net income for the period	(426,418)	(198,294)	(412,653)	(125,887)	(36,600)	(95,974)
Other comprehensive income for this period (net of tax)	(82,555)	(4,304)	2,932	(80,663)	(23,331)	3,464
Total comprehensive income in the current period	(508,973)	(202,598)	(409,721)	(206,550)	(59,931)	(95,974)
Net profit attributable to the owners of the parent company	(426,184)	(198,146)	(412,651)	(125,928)	(32,399)	(95,141)
Net profit attributable to non-controlling interests	(234)	(148)	(2)	41	(4,201)	(833)
Total comprehensive income attributable to owners of parent company	(508,766)	(202,440)	(409,709)	(205,433)	(66,941)	(82,479)
Total comprehensive profit and loss attributable to non-controlling interests	(207)	(158)	(12)	(1,117)	7,010	(10,031)
Earnings per share (EPS)	(2.63)	(1.22)	(2.36)	(0.69)	(0.17)	(0.45)

Note: Financial information from 2018 to 2022 has all been audited and certified by CPAs, while the financial information for the first quarter of 2023 has been reviewed by CPAs.

(5) Name of CPAs and audit opinions for the last five years

Year	CPA	Audit Opinions
2018	Chiang Tsai-Yen, Lin Yu-Kuan	Unqualified opinion
2019	Chiang Tsai-Yen, Lin Yu-Kuan	Unqualified opinion
2020	Chiang Tsai-Yen, Lin Yu-Kuan	Unqualified opinion
2021	Chiang Tsai-Yen, Lin Yu-Kuan	Unqualified opinion
2022	Chiang Tsai-Yen, Lin Yu-Kuan	Unqualified opinion

II. Financial Analysis in the most recent five years

(I) Financial Analysis - as per the International Financial Reporting Standards (parent company-only)

Analysis items / Year		Financial analysis in the most recent year				
		2018	2019	2020	2021	2022
Financial structure	Ratio of liabilities to assets (%)	43.67	47.19	50.75	57.57	58.11
	Ratio of long-term capital to property, plant and equipment (%)	621.49	668.42	554.08	508.15	596.83
Solvency	Current ratio (%)	76.96	75.77	74.36	78.31	93.62
	Quick ratio (%)	52.80	50.91	50.44	34.34	65.68
	Interest coverage ratio (%)	(Note A)	(Note A)	(Note A)	(Note A)	(Note A)
Management capacity	Turnover rate of accounts receivable (times)	1.91	1.87	2.33	3.11	3.78
	Average cash collection days	191	195	157	117	97
	Inventory turnover rate (times)	3.56	2.88	2.53	1.90	2.64
	Payable turnover rate (times)	2.22	1.35	1.20	1.07	1.41
	Average sales days	103	127	144	192	138
	Turnover rate of real estate, plant, and equipment (times)	4.49	3.71	3.28	4.10	7.09
	Turnover rate of total assets (times)	0.43	0.36	0.34	0.44	0.66
Profitability	Return on assets (%)	(13.76)	(6.6)	(16.3)	(5.32)	(0.96)
	Return on equity (%)	(22.26)	(12.7)	(32.24)	(12.06)	(3.00)
	Pre-tax income to paid-in capital (%)	(20.41)	(12.14)	(22.96)	(6.59)	(1.43)
	Net profit rate (%)	(32.26)	(19.09)	(49.19)	(12.59)	(1.91)
	Earnings per share (NT$)	(2.05)	(1.22)	(2.36)	(0.69)	(0.17)
Cash flow	Cash flow ratio (%)	(Note B)	(Note B)	(Note B)	(Note B)	(Note B)
	Fund flow adequacy ratio (%)	(Note B)	(Note B)	(Note B)	(Note B)	(Note B)
	Cash reinvestment ratio (%)	(Note B)	(Note B)	(Note B)	(Note B)	(Note B)
Leverage	Operating leverage	(Note C)	(Note C)	(Note C)	(Note C)	(Note C)
	Financial leverage	(Note C)	(Note C)	(Note C)	(Note C)	(Note C)

1. Financial structure: The company's persistent losses have led to an increase in borrowing for operational needs, resulting in a rising debt ratio. Due to cash capital increase in 2022, the ratio of long-term capital to property, plant, and equipment continued to rise.
2. Solvency: Various indicators have improved compared to the previous period for cash capital increase.
3. Management capacity: In this period, active efforts have been made to de-stocking and decrease purchases subject to the minimum order quantity. As a result, the sales days declined compared with the preceding period, and the turnover rate increased with the sales revenues.
4. Profitability: In the current period, the product mixes for selling have been optimized to increase the gross margin and active destocking has been performed, resulting in a significant reduction in losses and an increase in profitability, with all indicators showing improvement from the previous year.
5. Cash flow: Although the net cash flow from business operations remains to be negative, significant improvement has been made compared with the preceding period.

Note A: This ratio is zero or negative.
Note B: The net cash flow from operating activities will not be calculated if negative.
Note C: The operating loss is not calculated.

Note 1: Financial information from 2018 to 2022 has all been audited and certified by CPAs.

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Earnings before interest and taxes/Interest expenses.
3. Management capacity
   (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities).
   (2) Average days for cash receipts = 365/Accounts receivable turnover.
   (3) Inventory turnover rate= Cost of sales/Average inventory value.
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities).
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment.
   (7) Total asset turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
   (2) Return on equity = Profit or loss after tax/Average total equity.
   (3) Net profit ratio = Profit or loss after tax/Net sales.
   (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
   (2) Cash flow sufficiency ratio = Net cash flow from operating activities in the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) in the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.

(2) Financial leverage = Operating income/(Operating income - Interest expenses).

(II) Financial Analysis - as per the International Financial Reporting Standards (consolidated)

Analysis items		Financial analysis in the most recent year: 2018	2019	2020	2021	2022	As of March 31, 2023
Financial structure	Ratio of liabilities to assets (%)	42.33	45.17	59.18	61.31	59.68	56.59
	Ratio of long-term capital to property, plant and equipment (%)	242.23	289.30	266.72	264.21	318.13	293.68
Solvency	Current ratio (%)	155.16	173.03	130.66	126.05	143.56	145.68
	Quick ratio (%)	96.67	90.74	84.10	51.77	86.66	75.43
	Interest coverage ratio	(Note A)	(Note A)	(Note A)	(Note A)	(Note A)	(Note A)
Management capacity	Turnover rate of accounts receivable (times)	2.44	2.51	4.51	6.95	4.82	2.35
	Average cash collection days	150	145	81	53	76	155
	Inventory turnover rate (times)	2.10	1.63	1.99	2.64	2.20	1.44
	Payable turnover rate (times)	6.47	7.87	6.65	6.30	6.17	5.50
	Average sales days	174	224	183	138	166	253
	Turnover rate of real estate, plant, and equipment (times)	2.71	2.41	3.19	5.45	5.91	3.32
	Turnover rate of total assets (times)	0.70	0.59	0.69	1.07	1.02	0.56
Profitability	Return on assets (%)	(13.68)	(5.89)	(14.26)	(3.99)	(0.37)	(13.01)
	Return on equity (%)	(22.26)	(12.71)	(32.24)	(11.98)	(3.34)	(33.58)
	Pre-tax income to paid-in capital (%)	(20.17)	(7.86)	(22.96)	(6.31)	(2.17)	(17.88)
	Net profit rate (%)	(20.05)	(12.14)	(22.48)	(4.45)	(1.14)	(24.45)
	Earnings per share (NT$)	(2.05)	(1.22)	(2.36)	(0.69)	(0.17)	(0.45)
Cash flow	Cash flow ratio (%)	(Note B)	(Note B)	(Note B)	(Note B)	(Note B)	(Note B)
	Fund flow adequacy ratio (%)	(Note B)	(Note B)	(Note B)	(Note B)	(Note B)	(Note B)
	Cash reinvestment ratio (%)	(Note B)	(Note B)	(Note B)	(Note B)	(Note B)	(Note B)
Leverage	Operating leverage	(Note C)	(Note C)	(Note C)	(Note C)	(Note C)	(Note C)
	Financial leverage	(Note C)	(Note C)	(Note C)	(Note C)	(Note C)	(Note C)

1. Financial structure: The company's persistent losses have led to an increase in borrowing for operational needs, resulting in a rising debt ratio. Due to cash capital increase in 2022, the ratio of long-term capital to property, plant, and equipment continued to rise.
2. Solvency: Various indicators have improved compared to the previous period for cash capital increase.
3. Operating capability: Due to the subsidiaries' inventory increment in the period, the days sales of inventory have risen compared to the previous period, whereas other turnover rates showed signs of improvement owing to a growth in gross sales revenue.
4. Profitability: In the current period, the product mixes for selling have been optimized to increase the gross margin and active destocking has been performed, resulting in a significant reduction in losses and an increase in profitability, with all indicators showing improvement from the previous year.
5. Cash flow: Although the net cash flow from business operations remains to be negative, significant improvement has been made compared with the preceding period.

Note A: This ratio is zero or negative.
Note B: The net cash flow from operating activities will not be calculated if negative.
Note C: The operating loss is not calculated.

Note 1: Financial information from 2018 to 2022 has all been audited and certified by CPAs, while the financial information for the first quarter of 2023 has been reviewed by CPAs.

Note 2: The formula for items analyzed is as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Earnings before interest and taxes/Interest expenses.
3. Management capacity
   (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities).
   (2) Average days for cash receipts = 365/Accounts receivable turnover.
   (3) Inventory turnover rate= Cost of sales/Average inventory value.
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities).
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment.
   (7) Total asset turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
   (2) Return on equity = Profit or loss after tax/Average total equity.
   (3) Net profit ratio = Profit or loss after tax/Net sales.
   (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
   (2) Cash flow sufficiency ratio = Net cash flow from operating activities in the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) in the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.

(2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit Committee's Audit Report of Financial Statements in the most recent year

Audit Committee Review Report

The Company has prepared the 2022 business report, financial statements, and deficit compensation proposal. Of which, the financial statements have been audited by CPAs Chiang Tsai-Yen and Lin Yu-Kuan of PwC Taiwan, who have issued an audit report accordingly. The aforementioned business report, financial statements, and deficit compensation proposal have been reviewed by the Audit Committee. All members believe that there is no discrepancy. Therefore, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the above report is submitted for your verification.

To:

The Company's 2023 Annual Shareholders' Meeting

Avision Inc

Convener of the Audit Committee: Liang Chiang-Wei

March 23, 2023

AVISION INC.
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

AVISION INC.
Representative: SHENG,SHAO-LAN
March 23, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000642

To the Board of Directors and Shareholders of AVISION INC.

Opinion

We have audited the accompanying consolidated balance sheets of AVISION INC. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Impairment assessment of property, plant and equipment and right-of-use assets

Description

The Group's property, plant and equipment and right-of-use assets amounted to NT$675,672 thousand as at December 31, 2022. Please refer to Note 5(1) for accounting estimates and assumption uncertainty related to impairment assessment of property, plant and equipment and right-of-use assets and Notes 6(5) and 6(6) for details of property, plant and equipment and right-of-use assets. The Group determined the recoverable amounts of property, plant and equipment and right-of-use assets at the higher of the value in use and fair value less costs of disposal and assessed whether there was any impairment on property, plant and equipment and right-of-use assets utilising the recoverable amounts. Given that the assessment of value in use of property, plant and equipment and right-of-use assets involves the estimation of future cash flows and determination of discount rates and the assumptions used to forecast future cash flows and determination of discount rates have significant influence on the estimation results of value in use of property, plant and equipment and right-of-use assets, we consider the impairment assessment of property, plant and equipment and right-of-use assets a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Discussed the estimation procedures of future cash flows with the management and obtained an understanding on the Group's product strategy and execution status.
2. Assessed the reasonableness of various assumptions used by the management to estimate future cash flows, including the expected growth rate and gross margin; and assessed the parameters used for discount rates, including the risk-free return rate, industry's risk coefficient and long-term market return rate that were used to calculate cost of equity.

Assessment of allowance for inventory valuation loss

Description

The Group mainly manufactures and sells multi-function peripherals, document scanners and network peripherals. Due to the rapid technology innovation and the paperless trend in the market for development of environmental protection, energy saving and carbon reduction, these inventories have a higher risk of incurring loss on decline in market value or obsolescence. Please refer to Note 5(2) for accounting estimates and assumption uncertainty related to assessment of allowance for inventory valuation loss and Note 6(4) for details of inventories. Inventories of the Group are stated at the lower of cost and net realisable value. Given that the amount and items of the Group’s inventories are significant and numerous and the management must determine the net realisable value of inventories on balance sheet date using judgements and estimates, we consider the assessment of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Assessed the consistency of provision policies and reasonableness of procedures used for allowance for inventory valuation loss.
2. Verified the accuracy of logic in inventory aging reports to ascertain whether the inventories aged over a certain period had been included in the report.
3. Reviewed the appropriateness of estimation basis used for net realisable value of inventories and discussed and verified the supporting documents obtained from the management to assess the reasonableness of allowance for valuation loss determined by the management.

Assessment of going concern assumption

Description

The Company had a deficit of NT$32,399 thousand for the year ended December 31, 2022 and the accumulated deficit as at December 31, 2022 was NT$924,847 thousand. As described in Note 12(1), the management of the Company had taken necessary measures to ascertain the Company can continue to operate in the future and gradually improve financial position.

Given that the aforementioned measures have significant influence on financial position of the Company within the next year, we consider the assessment of going concern assumption a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Discussed with the management the events or conditions that affected going concern assumption and its response plan.
2. Assessed the feasibility of the management's response plan and the result of improving financial position.
3. Obtained the reasonableness of cash flow projections for the next 12 months which were prepared by the management, including:
   (1) Assessed the reasonableness of various assumptions in the forecasted financial information used by the management;
   (2) Inquired the terms of the borrowing contracts and ascertained there were no defaults resulting in unexpected cash outflows;
   (3) Reviewed the existing financing contracts and ascertained the credit periods and unused facilities. In addition, reviewed the contracts newly added after the balance sheet date to ascertain whether the financing facilities and periods are sufficient to cover working capital for the next 12 months.
4. Obtained and reviewed the management's response plan and the declaration issued for feasibility of the plan.
5. Assessed the appropriateness of notes to the financial statement disclosed by the management.

Others － parent company only financial statements statements

We have audited and express an unmodified opinion on the parent company only financial statements of AVISION INC. as at and for the years ended December 31, 2022 and 2021, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Chiang, Tsai-Yen	Lin, Yu-Kuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 445,355	15	$ 235,373	9
1136	Current financial assets at amortised cost, net	8	7,000	-	7,000	-
1150	Notes receivable, net	6(2)	2	-	4	-
1170	Accounts receivable, net	6(2)	787,647	27	387,392	15
1200	Other receivables		23,855	1	37,271	2
130X	Inventories	6(4)	776,193	26	899,513	35
1410	Prepayments		53,557	2	57,843	2
1470	Other current assets		28	-	224	-
11XX	**Total current assets**		2,093,637	71	1,624,620	63
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	97,187	3	136,583	5
1600	Property, plant and equipment	6(5) and 8	467,785	16	490,729	19
1755	Right-of-use assets	6(6)	207,887	7	232,010	9
1780	Intangible assets		54,962	2	40,262	2
1840	Deferred income tax assets	6(23)	13,250	1	13,619	-
1920	Guarantee deposits paid	8	10,678	-	2,824	-
1990	Other non-current assets		1,190	-	44,761	2
15XX	**Total non-current assets**		852,939	29	960,788	37
1XXX	**Total assets**		$ 2,946,576	100	$ 2,585,408	100

(Continued)

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(7), 7 and 8	$ 807,262	27	$ 558,136	22
2110	Short-term notes and bills payable		25,000	1	-	-
2130	Current contract liabilities	6(16)	37,191	1	80,949	3
2150	Notes payable		90	-	-	-
2170	Accounts payable		283,825	10	394,799	15
2200	Other payables	6(8)	190,111	7	179,571	7
2230	Current income tax liabilities		3,028	-	-	-
2250	Provisions for liabilities - current		20,683	1	20,000	1
2280	Current lease liabilities		28,428	1	25,532	1
2320	Long-term liabilities, current portion	6(9) and 8	54,886	2	2,963	-
2399	Other current liabilities	8	7,887	-	9,863	-
21XX	**Total current Liabilities**		1,458,391	50	1,271,813	49
	Non-current liabilities					
2540	Long-term borrowings	6(9) and 8	59,520	2	17,037	1
2580	Non-current lease liabilities		179,887	6	205,029	8
2600	Other non-current liabilities	6(10)	60,690	2	91,264	3
25XX	**Total non-current liabilities**		300,097	10	313,330	12
2XXX	**Total liabilities**		1,758,488	60	1,585,143	61
	Equity attributable to owners of parent					
	Share capital	6(11)(12)				
3110	Share capital - common stock		2,132,211	72	1,894,441	73
	Capital surplus	6(13)				
3200	Capital surplus		92,215	3	77,455	3
	Retained earnings	6(14)				
3320	Special reserve		5,836	-	5,836	-
3350	Accumulated deficit		(924,847)	(31)	(902,020)	(35)
	Other equity	6(15)				
3400	Other equity interest		(129,446)	(4)	(80,556)	(3)
3500	Treasury stocks	6(12)	(6,669)	-	(6,669)	-
31XX	**Equity attributable to owners of the parent**		1,169,300	40	988,487	38
36XX	Non-controlling interest		18,788	-	11,778	1
3XXX	**Total equity**		1,188,088	40	1,000,265	39
	Significant commitments and contingencies	9				
	Significant events after the balance msheet date	11				
3X2X	**Total liabilities and equity**		$ 2,946,576	100	$ 2,585,408	100

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

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except loss per share)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
			Year ended December 31			
4000	Operating revenue	6(16)	$ 2,832,440	100	$ 2,828,116	100
5000	Operating costs	6(4)(21)(22)	(2,093,944)	(74)	(2,224,378)	(78)
5900	Gross profit		738,496	26	603,738	22
	Operating expenses	6(21)(22)				
6100	Selling expenses		(166,031)	(6)	(161,847)	(6)
6200	General and administrative expenses		(190,430)	(7)	(166,956)	(6)
6300	Research and development expenses		(401,691)	(14)	(401,938)	(14)
6450	Expected credit impeairment (loss) gain	12(3)	(39,344)	(1)	292	-
6000	Total operating expenses		(797,496)	(28)	(730,449)	(26)
6900	Operating loss		(59,000)	(2)	(126,711)	(4)
	Non-operating income and expenses					
7100	Interest income	6(17)	1,653	-	5,704	-
7010	Other income	6(18)	15,939	1	15,432	1
7020	Other gains and losses	6(19)	27,999	1	(953)	-
7050	Finance costs	6(20) and 7	(32,839)	(1)	(25,621)	(1)
7000	Total non-operating income and expenses		12,752	1	(5,438)	-
7900	**Loss before income tax**		(46,248)	(1)	(132,149)	(4)
7950	Income tax benefit	6(23)	9,648	-	6,262	-
8200	**Loss for the year**		($ 36,600)	(1)	($ 125,887)	(4)

(Continued)

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except loss per share)

	Items	Notes	Year ended December 31 2022 AMOUNT	%	2021 AMOUNT	%
	Other comprehensive income					
	Item that will not be reclassified to profit or loss:					
8311	Remeasurements of defined benefit plans	6(10)	$ 14,348	1	$ 11,897	-
8316	Unrealised loss from investments in equity instruments measured at fair value through other comprehensive income	6(3)(15)	(45,826)	(2)	(72,215)	(2)
8310	Total items that will not be reclassified to profit or loss		(31,478)	(1)	(60,318)	(2)
	Items that may be reclassified to profit or loss:					
8361	Financial statements translation differences of foreign operations	6(15)	(3,064)	-	(19,187)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(15)	11,211	-	(1,158)	-
8360	Total items that may be reclassified to profit or loss		8,147	-	(20,345)	(1)
8300	**Total other comprehensive loss, net of tax**		($ 23,331)	(1)	($ 80,663)	(3)
8500	**Total comprehensive loss for the year**		($ 59,931)	(2)	($ 206,550)	(7)
	Profit (loss), attributable to:					
8610	Owners of the parent		($ 32,399)	(1)	($ 125,928)	(4)
8620	Non-controlling interest		(4,201)	-	41	-
			($ 36,600)	(1)	($ 125,887)	(4)
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		($ 66,941)	(2)	($ 205,433)	(7)
8720	Non-controlling interest		7,010	-	(1,117)	-
			($ 59,931)	(2)	($ 206,550)	(7)
	Loss per share	6(24)				
9750	Basic loss per share		($ 0.17)		($ 0.69)	
9850	Diluted loss per share		($ 0.17)		($ 0.69)	

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

AVISION INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained Earnings		Other equity interest					
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
Year ended December 31, 2021											
Balance at January 1, 2021		$1,794,441	$ 71,660	$ 5,836	($ 769,829)	$ 56,090	($ 50,804)	($ 6,669)	$1,100,725	$ 140	$1,100,865
Loss for the year		-	-	-	(125,928)	-	-	-	(125,928)	41	(125,887)
Other comprehensive loss for the year	6(10)(15)	-	-	-	11,897	(19,187)	(72,215)	-	(79,505)	(1,158)	(80,663)
Total comprehensive loss		-	-	-	(114,031)	(19,187)	(72,215)	-	(205,433)	(1,117)	(206,550)
Cash capital increase	6(12)	100,000	-	-	(12,600)	-	-	-	87,400	-	87,400
Disposal of investment in equity instruments designated at fair value through other comprehensive income	6(3)(15)	-	-	-	(5,560)	-	5,560	-	-	-	-
Share-based payments	6(11)(13)(22)	-	5,795	-	-	-	-	-	5,795	-	5,795
Put in non-controling interest		-	-	-	-	-	-	-	-	12,755	12,755
Balance at December 31, 2021		$1,894,441	$ 77,455	$ 5,836	($ 902,020)	$ 36,903	($ 117,459)	($ 6,669)	$ 988,487	$ 11,778	$1,000,265
Year ended December 31, 2022											
Balance at January 1, 2022		$1,894,441	$ 77,455	$ 5,836	($ 902,020)	$ 36,903	($ 117,459)	($ 6,669)	$ 988,487	$ 11,778	$1,000,265
Loss for the year		-	-	-	(32,399)	-	-	-	(32,399)	(4,201)	(36,600)
Other comprehensive income (loss) for the year	6(10)(15)	-	-	-	14,348	(3,064)	(45,826)	-	(34,542)	11,211	(23,331)
Total comprehensive income (loss)		-	-	-	(18,051)	(3,064)	(45,826)	-	(66,941)	7,010	(59,931)
Cash capital increase	6(12)	237,770	(840)	-	(4,776)	-	-	-	232,154	-	232,154
Share-based payments	6(11)(13)(22)	-	15,600	-	-	-	-	-	15,600	-	15,600
Balance at December 31, 2022		$2,132,211	$ 92,215	$ 5,836	($ 924,847)	$ 33,839	($ 163,285)	($ 6,669)	$1,169,300	$ 18,788	$1,188,088

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

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 46,248)	($ 132,149)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12(3)	39,344	(292)
Depreciation expense	6(5)(6)(21)	113,391	113,093
Amortisation expense	6(21)	32,047	10,923
Interest expense	6(20)	32,839	25,621
Interest income	6(17)	(1,653)	(5,704)
Share-based payments	6(11)(22)	15,600	5,795
Proceeds from disposal of property, plant and equipment	6(19)	(44)	(3,093)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2	217
Accounts receivable		(403,897)	8,136
Other receivables		14,189	(1,702)
Inventories		114,078	(374,898)
Prepayments		1,475	(13,908)
Other current assets		196	(134)
Other non-current assets		(887)	(156)
Changes in operating liabilities			
Contract liabilities		(50,693)	(30,805)
Notes payable		90	-
Accounts payable		(114,457)	87,929
Other payables		(7,909)	(6,277)
Provisions		521	4,363
Other current liabilities		(1,976)	6,136
Net defined benefit liability		(16,246)	(22,439)
Cash outflow generated from operations		(280,238)	(329,344)
Interest received		1,653	5,704
Interest paid		(32,839)	(25,621)
Net cash flows used in operating activities		(311,424)	(349,261)

(Continued)

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	12(3)	($ 1,138)	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	6,647
Acquisition of property, plant and equipment	6(25)	(37,311)	(35,605)
Proceeds from disposal of property, plant and equipment		459	8,430
Acquisition of intangible assets		(14,599)	(16,932)
Increase in guarantee deposits paid		(7,127)	(334)
Increase in other non-current assets		-	(44,458)
Net cash flows used in investing activities		(59,716)	(82,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(26)	263,529	4,416
Increase in long-term borrowings	6(26)	135,000	-
Repayment of long-term borrowings	6(26)	(40,595)	-
Increase in short-term notes and bills payable	6(26)	25,000	-
Decrease (increase) in guarantee deposits paid	6(26)	24	(810)
Payments of lease liabilities	6(26)	(27,305)	(25,880)
Cash capital increase	6(12)	232,154	87,400
Changes in non-controlling interests		-	12,755
Net cash flows from financing activities		587,807	77,881
Effect of exchange rate change		(6,685)	(6,538)
Net increase (decrease) in cash and cash equivalents		209,982	(360,170)
Cash and cash equivalents at beginning of year	6(1)	235,373	595,543
Cash and cash equivalents at end of year	6(1)	$ 445,355	$ 235,373

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

AVISION INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

AVISION INC. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the development and manufacture of digital office equipment (multi-function peripherals, document scanners and network peripherals).

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 23, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2022	Ownership(%) December 31, 2021	Description
Avision Inc.	Avision International Inc.	General Investment	100	100	
Avision International Inc.	Fortune Investments Ltd.	General Investment	100	100	
Fortune Investments Ltd.	Avision (Suzhou) Co., Ltd.	Manufacture and sale of scanners and multifunction printers	100	100	
Fortune Investments Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co.,Ltd.	International Trade Career	100	100	
Avision (Suzhou) Co., Ltd.	Yichun Avision Co.,Ltd.	Manufacture and sale of scanners and multifunction printers	100	100	
Avision (Suzhou) Co., Ltd.	Suzhou Hongxin Microelectronics Technology Co.,Ltd.	Engaging in development, production, sale and after sale services of integrated circuit chip products.	79	79	
Avision Inc.	Quantum Investment Co.,Ltd.	General Investment	100	100	
Quantum Investment Co.,Ltd.	Avision Europe GmbH	Sale and repairing services of scanners.	100	100	
Avision Inc.	Avision Development Inc.	General Investment	100	100	
Avision Development Inc.	Sunglow International Inc.	General Investment	100	100	
Sunglow International Inc.	Avision Labs, Inc.	Sale and repairing services of scanners.	96.39	96.39	
Avision Inc.	Avision Brasil Ltda.	Sale and repairing services of scanners.	99	99	

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates:None

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: The non-controlling interest is small.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in currency, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the

Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated based on the standard cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	4 ~ 51 years
Machinery and equipment	3 ~ 10 years
Transportation equipment	4 ~ 6 years
Office equipment	4 ~ 6 years
Other equipment	3 ~ 6 years

(13) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

Accounts payable and bills are payable in the normal course of business for picking up goods or services from suppliers and sales obligation measure. The short-term accounts receivable that may be unpaid news, because the impact of discounting is not significant, the original issued bills will be used later amount to measure.

(18) Provisions

Provisions are contingent liabilities from warranties and are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, after taking into account the effects of ex-rights and ex-dividends, the Company calculates the number of shares based on the fair value per share at the day before the shareholders' meeting held in the year following the financial reporting year.

(20) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws substantively enacted at the balance sheet date where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) <u>Share capital</u>

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Group repurchases the Group's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

(23) <u>Dividends</u>

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) <u>Revenue recognition</u>

A. Sales of goods

(a) The Company manufactures and sells multi-function peripherals, document scanners, network peripherals and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

(a) The Group provides product maintenance services or design services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Impairment assessment of property, plant and equipment and right-of-use assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

As of December 31, 2022, the carrying amount of property, plant and equipment and right-of-use assets was $675,672.

(2) Assessment of allowance for inventory valuation loss

Due to the rapid technology innovation and the paperless trend in the market for development of environmental protection, energy saving and carbon reduction, inventories of the Group have a higher risk of incurring loss on decline in market value or obsolescence. Inventories are stated at the lower of cost and net realisable value. The management must determine the net realisable value of inventories on balance sheet date using judgements and estimates.

As of December 31, 2022, the carrying amount of inventories was $776,193.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 804	$ 886
Checking accounts and demand deposits	431,327	225,799
Time deposits	13,224	8,688
	$ 445,355	$ 235,373

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 2	$ 4
Accounts receivable due from general customers	$ 836,724	$ 398,594
Less: Allowance for uncollectible accounts	(49,077)	(11,202)
	$ 787,647	$ 387,392

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows：

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 579,598	$ 2	$ 243,553	$ 4
Up to 30 days	128,639	-	82,478	-
31 to 90 days	61,397	-	34,965	-
91 to 180 days	24,354	-	36,038	-
180 to 270 days	41,934	-	-	-
271 to 360 days	-	-	132	-
Over 360 days	802	-	1,428	-
	$ 836,724	$ 2	$ 398,594	$ 4

The above ageing analysis was based on past due date

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to $404,151.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was the carrying amount.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
SOLIDLITE CORPORATION	$ 12,816	$ 12,816
Henan Centrix Technology Co.,Ltd.	9,713	9,713
eLCOs Microdisplay Technology Ltd.	2,343	2,343
AETAS Technology Inc.	1,015	1,015
OTO PHOTONICS INC.	18,344	17,206
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	13,375	13,375
WIN CO E-TECHNOLOGY CORP.	3,000	3,000
JimTec Group Holding Inc.	2,999	2,999
Capsovision Inc.	49,282	49,282
Yichun Yilian Print Tech Co., Ltd.	130,321	130,321
	243,208	242,070
Valuation adjustment of financial assets at fair value through other comprehensive income	(146,021)	(105,487)
	$ 97,187	$ 136,583

A. The Group has elected to classify equity instruments investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $97,187 and $136,583 as at December 31, 2022 and 2021, respectively.

B. Aiming to satisfy the working capital needs, the Group sold $6,647 of equity instruments investments at fair value and resulted in $5,560 of cumulative losses on disposal during the year ended December 31, 2021.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	Year ended December 31, 2022	Year ended December 31, 2021
Fair value change recognised in other comprehensive income	($ 45,826)	($ 72,215)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	$ -	$ 5,560

D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(4).

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 327,983	($ 46,505)	$ 281,478
Semi-finished goods and work in progress	142,435	(19,588)	122,847
Finished goods	416,504	(44,636)	371,868
Total	$ 886,922	($ 110,729)	$ 776,193

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 394,346	($ 50,986)	$ 343,360
Semi-finished goods and work in progress	160,759	(17,728)	143,031
Finished goods	463,376	(50,254)	413,122
Total	$ 1,018,481	($ 118,968)	$ 899,513

The cost of inventories recognised as expense：

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 2,076,961	$ 2,216,893
Gain on reversal of decline in market value	(1,240)	(12,843)
Scrap loss	18,762	17,866
(Gain) loss on physical inventory	(539)	2,462
Others	22,332	27,156
	$ 2,116,276	$ 2,251,534

The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because inventories with decline in market value were partially sold and scrapped for the year ended December 31, 2022 and 2021.

(5) Property, plant and equipment

	2022					
	Buildings and structures	Machinery amd equipment	Transportation equipment	Office equipment	Others	Total
At January 1						
Cost	$ 811,615	$ 1,089,459	$ 11,461	$ 19,810	$ 86,570	$ 2,018,915
Accumulated depreciation and impairment	(446,598)	(1,000,898)	(9,324)	(16,651)	(54,715)	(1,528,186)
	$ 365,017	$ 88,561	$ 2,137	$ 3,159	$ 31,855	$ 490,729
Opening net book amount as at January 1	$ 365,017	$ 88,561	$ 2,137	$ 3,159	$ 31,855	$ 490,729
Additions	732	10,872	-	965	44,199	56,768
Disposal	-	(389)	-	(26)	-	(415)
Reclassifications	-	14,504	-	-	(14,504)	-
Depreciation expense	(29,227)	(44,560)	(289)	(980)	(9,070)	(84,126)
Net exchange difference	2,065	1,317	54	(2,184)	3,577	4,829
Closing net book amount as at December 31	$ 338,587	$ 70,305	$ 1,902	$ 934	$ 56,057	$ 467,785
At December 31						
Cost	$ 817,974	$ 1,125,171	$ 8,146	$ 18,209	$ 114,828	$ 2,084,328
Accumulated depreciation and impairment	(479,387)	(1,054,866)	(6,244)	(17,275)	(58,771)	(1,616,543)
	$ 338,587	$ 70,305	$ 1,902	$ 934	$ 56,057	$ 467,785

	2021					
	Buildings and structures	Machinery amd equipment	Transportation equipment	Office equipment	Others	Total
At January 1						
Cost	$ 814,615	$ 1,144,179	$ 11,738	$ 24,407	$ 115,078	$ 2,110,017
Accumulated depreciation and impairment	(419,513)	(1,056,746)	(10,025)	(20,857)	(56,209)	(1,563,350)
	$ 395,102	$ 87,433	$ 1,713	$ 3,550	$ 58,869	$ 546,667
Opening net book amount as at January 1	$ 395,102	$ 87,433	$ 1,713	$ 3,550	$ 58,869	$ 546,667
Additions	-	12,178	1,128	604	20,130	34,040
Disposal	-	(5,175)	(34)	-	(128)	(5,337)
Reclassifications	-	41,279	-	-	(41,279)	-
Depreciation expense	(28,913)	(48,629)	(567)	(963)	(5,379)	(84,451)
Net exchage difference	(1,172)	1,475	(103)	(32)	(358)	(190)
Closing net book amount as at December 31	$ 365,017	$ 88,561	$ 2,137	$ 3,159	$ 31,855	$ 490,729
At December 31						
Cost	$ 811,615	$ 1,089,459	$ 11,461	$ 19,810	$ 86,570	$ 2,018,915
Accumulated depreciation and impairment	(446,598)	(1,000,898)	(9,324)	(16,651)	(54,715)	(1,528,186)
	$ 365,017	$ 88,561	$ 2,137	$ 3,159	$ 31,855	$ 490,729

A. There was no interest capitalised for the years ended December 31, 2022 and 2021.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(6) Leasing arrangements－lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 145,696	$ 150,782
Buildings	61,529	80,811
Transportation equipment	662	417
	$ 207,887	$ 232,010

	Year ended December 31	
	2022	2021
	Depreciation expense	Depreciation expense
Land	$ 5,201	$ 5,197
Buildings	23,891	23,433
Transportation equipment	173	12
	$ 29,265	$ 28,642

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $3,871 and $429, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3,586	$ 6,621
Expense on short-term lease contracts	$ 13,198	$ 14,004
Expense on leases of low-value assets	$ 373	$ 98
Gain on sublease of right-of-use assets	$ 503	$ 503

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $44,462 and $46,603, respectively.

F. In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(7) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021
Unsecured bank borrowings	$ 110,141	$ 100,000
Secured bank borrowings	697,121	454,895
Other unsecured short-term borrowings	-	3,241
Total	$ 807,262	$ 558,136
Interest rate range	2.2%~6.9133%	2.1%~3.8%

Information about the collateral that was pledged for secured bank borrowings is provided in Note 8.

(8) Other accounts payable

	December 31, 2022	December 31, 2021
Salary and bonus accounts	$ 78,611	$ 73,123
Pension	2,993	3,126
Equipment accounts	20,145	953
Others	88,362	102,369
	$ 190,111	$ 179,571

(9) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral		December 31, 2022
Long-term bank borrowings					
Credit loans Taiwan Cooperative Financial Holding Co. Ltd.	Borrowing period is from October 25, 2021 to October 25, 2026; interest is repayable monthly.	2.1%~2.73%	None	$	17,179
Credit loans First Commercial Bank	Borrowing period is from January3, 2022 to Januaryr 3; 2027 interest is repayable monthly.	1.5%~2.88%	None		24,741
Credit loans Bank of Panhsin	Borrowing period is from January 26, 2022 to January 15, 2025,; interest is repayable monthly.	2%~2.57%	None		20,833
Credit loans Chang Hwa Commercial Bank, Ltd.	Borrowing period is from 2022 June, 30 to 2025 June, 30 ; interest is repayable monthly.	2.53%	None		16,757
Other bank borrowings					
Credit loans Chailease Finance Co., Ltd.	Borrowing period is from March 21, 2022 to March 21, 2024; interest is repayable monthly.	4.07%	Inventories		34,896
					114,406
Less: Current portion				(	54,886)
				$	59,520

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Credit loans				
Taiwan Cooperative Financial Holding Co. Ltd.	Borrowing period is from October 25, 2021 to October 25, 2026; interest is repayable monthly.	2.1%~2.73%	None	$ 20,000
Less: Current portion				(2,963)
				$ 17,037

Details of collateral for secured borrowings of Chailease Finance Co., Ltd. are provided in Note 8.

(10) Pensions

A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 186,147	$ 206,097
Fair value of plan assets	(126,970)	(116,322)
Net defined benefit liability	$ 59,177	$ 89,775

(c) Movements in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 206,097	($ 116,322)	$ 89,775
Current service cost	1,127	-	1,127
Interest expense (income)	1,443	(814)	629
	208,667	(117,136)	91,531
Remeasurements:			
Return on plan assets	$ -	($ 8,410)	($ 8,410)
Change in financial assumptions	(9,243)	-	(9,243)
Experience adjustments	3,305	-	3,305
	(5,938)	(8,410)	(14,348)
Pension fund contribution	-	(18,006)	(18,006)
Paid pension	(16,582)	16,582	-
At December 31	$ 186,147	($ 126,970)	$ 59,177

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 223,734	($ 99,623)	$ 124,111
Current service cost	1,344	-	1,344
Interest expense (income)	671	(299)	372
	225,749	(99,922)	125,827
Remeasurements:			
Return on plan assets	$ -	($ 1,388)	($ 1,388)
Change in demographic assumptions	169	-	169
Change in financial assumptions	(7,542)	-	(7,542)
Experience adjustments	(3,136)	-	(3,136)
	(10,509)	(1,388)	(11,897)
Pension fund contribution	-	(24,155)	(24,155)
Paid pension	(9,143)	9,143	-
At December 31	$ 206,097	($ 116,322)	$ 89,775

(d) The Bank of Taiwan was commissioned to manage the Fund of the Group’s defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.30%	0.70%
Future salary increases	4.00%	4.00%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows：

	Discount rate		Future salary increases	
	Increase0.25%	Decrease0.25%	Increase0.25%	Decrease0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 3,655)	$ 3,768	$ 3,226	($ 3,152)
	Increase0.25%	Decrease0.25%	Increase0.25%	Decrease0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 4,417)	$ 4,563	$ 3,920	($ 3,823)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the next year amount to $13,413.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	19,812
1-2 year(s)		10,769
2-5 years		38,824
5-10 years		64,699
	$	134,104

B. (a) Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Avision (Suzhou) Co., Ltd. and Avision Digital Office Equipment (Shanghai) Trading Co.,Ltd., based on the regulations of according to the People's Republic of China, allocates pension insurance funds according to a certain percentage of the total salary of local employees every month. The appropriation ratio was 20% in 2021 and 2020. The pension of each employee is managed by the government.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were $61,064 and $56,570, respectively.

(11) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
10th employee stock options	2021.05~ 2021.11	10,000	5 years	2 years' service vested 40% 3 years' service vested 70% 4 years' service vested 100%
Cash capital increase reserved for employee preemption	2022.12.27	2,000	Not applicated	Immediate acquisition

B. Details of the share-based payment arrangements are as follows:

	2022		2021	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	10,000	$ 12.69	-	$ -
Options granted	-	-	10,000	12.69
Options invalidated due to resignation	(451)	12.69	-	-
Options outstanding at December 31	10,000	12.69	10,000	12.69
Options exercisable at December 31	-	-	-	-

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2022	
Issue date approved	Expiry date	No. of shares(in thousands)	Exercise price(in dollars)
2021.05	2026.05	6,000	$ 14.35
2021.11	2026.11	4,000	$ 10.20

		December 31, 2021	
Issue date approved	Expiry date	No. of shares(in thousands)	Exercise price(in dollars)
2021.05	2026.05	6,000	$ 14.35
2021.11	2026.11	4,000	$ 10.20

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per share (in dollars)
Employee stock options	2021.05.03	$ 10	$ 14.35	30.00%~ 47.00%	2.50-4.50 years	0.00%	0.20%- 0.28%	$2.7416 ~5.5586
Employee stock options	2021.11.10	10	10.20	48.00%~ 63.00%	2.50-4.50 years	0.00%	0.36%- 0.41%	3.0406 ~5.0994

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E.Information on other equity interest measured at fair value:

Type of arrangement	Grant date	Share price	Exercise price	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2022.12.17	$ 11.70	$ 10.00	$ 1.70

F. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2022	2021
Equity-settled	$ 15,600	$ 5,795

(12) Share capital

A. As of December 31, 2022, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 400,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,132,211 with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(unit: share in thousands)

	2022	2021
At January 1	189,248	179,248
Cash capital increase	23,777	10,000
At December 31	213,025	189,248

B. To fulfill working capital, repay bank borrowings or meet capital needs of future development and consider mobility and flexibility in raising capital, the Company's shareholders at their annual meeting on July 12, 2021 adopted a resolution to raise additional cash by issuing 10,000 thousand ordinary shares through private placement and authorised the Board of Directors to fully handle the capital increase within a year from the date of the resolution at their annual meeting.

The Company's Board of Directors approved the private placement to be priced at NT$8.74 (in dollars) per share on September 3, 2021. The Company issued 10,000 thousand shares through the private placement and collected $87,400 of proceeds on September 6, 2021 (the effective date).

Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. To fulfill working capital, repay bank borrowings or meet capital needs of future development and consider mobility and flexibility in raising capital, the Company's shareholders at their annual meeting on June 15, 2022 adopted a resolution to raise additional cash by issuing 20,000 thousand ordinary shares through private placement and authorised the Board of Directors to fully handle the capital increase within a year from the date of the resolution at their annual meeting.

The Company's Board of Directors approved the private placement to be priced at NT$8.736 (in dollars) per share on June 15, 2022. The Company issued 3,777 thousand shares through the private placement and collected $32,996 of proceeds on June 29, 2022 (the effective date).

Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

D. On March 18, 2022, the Company's Board of Directors resolved to increase its capital, and increased 20,000 thousand shares and share capital of $200,000, with par value of $10 (in dollars), with the issuing price of $10 (in dollars) per share. The effective date was set on December 1, 2022. The registration has been completed on January 10, 2023.

E. Treasury shares

(a) Reason for share reacquisition was that those shares were held by the subsidiary, Quantum Investment Co.,Ltd. Movements in the number of the Company's treasury shares (unit: in thousands) are as follows:

	December 31, 2022		December 31, 2021	
	Number of shares	Carrying amount	Number of shares	Carrying amount
At January 1/ December 31	196	$ 6,669	196	$ 6,669

(b) Shares of the parent company held by subsidiaries had no voting rights before being reissued.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022				
	Share premium	Employee stock options	Changes in equity of associates and joint ventures accounted for using the equity method	Stock options expired	Total
At January 1	$ -	$ 5,795	$ 63	$ 71,597	$ 77,455
Cash capital increase	(840)	-	-	-	(840)
Share-based payments	3,060	12,200	-	340	15,600
At December 31	$ 2,220	$ 17,995	$ 63	$ 71,937	$ 92,215

	2021			
	Employee stock options	Changes in equity of associates and joint ventures accounted for using the equity method	Stock options expired	Total
At January 1	$ -	$ 63	$ 71,597	$ 71,660
Share-based payments	5,795	-	-	5,795
At December 31	$ 5,795	$ 63	$ 71,597	$ 77,455

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay income tax and offset operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reverse in accordance with the regulations or resolution of shareholders. The remainder, if any, along with prior years' accumulated undistributed earnings, with a limit of 5% to 70%, shall be proposed by the Board of Directors to the shareholdings' meeting for approval. Earnings distributed in the form of cash shall be resolved by the Board of Directors and earnings distributed in the form of shares shall be resolved by the shareholders according to the requirements.

B. The Company's dividend policy is summarised below：

As the Company operates in a volatile business environment and is in the stable growth stage, the distribution ratio of stock dividends and cash dividends will be determined based on the Group's future capital expenditures budget and capital needs to consider the Company's future capital needs and long-term financial plan and maximise the shareholders' equity. The Company distributes dividends following the aforementioned policy. However, when there are cash dividends distributed, the total amount of cash dividends distributed is between 10% and 100% of the total dividends distributed.

The Company shall distribute earnings or compensate deficit after the end of every half fiscal year according to the Company Act. When distributing earnings, the Company shall first estimate and reserve taxes payable, offset operating losses and set aside legal reserve. Earnings distributed in the form of cash shall be resolved by the Board of Directors and earnings distributed in the form of shares shall be resolved by the shareholders according to the requirements.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Group shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The Company will not distribute dividends as the shareholders resolved the deficit compensation for 2022 and 2021 at their meeting on June 15, 2022 and July 12, 2021, respectively. The deficit compensation for 2022 was proposed by the Board of Directors on March 23, 2023 and is yet to be resolved by the shareholders' meeting in 2023.

Information about deficit compensation of the Company as approved by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(15) Other equity items

	2022		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	$ 36,903	($ 117,459)	($ 80,556)
Revaluation – the Group	-	(45,826)	(45,826)
Currency translation differences:			
–The Group	(3,064)	-	(3,064)
At December 31	$ 33,839	($ 163,285)	($ 129,446)

	2021		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	$ 56,090	($ 50,804)	$ 5,286
Revaluation – the Group	-	(72,215)	(72,215)
Revaluation transferred to retained earnings	-	5,560	5,560
Currency translation differences:			
–The Group	(19,187)	-	(19,187)
At December 31	$ 36,903	($ 117,459)	($ 80,556)

(16) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 2,832,440	$ 2,828,116

A. Disaggregation of revenue from contracts with customers

The Group derives revenue as follows:

2022	Revenue recognised at a point in time	Revenue recognised over time	Total
Total segment revenue			
Taiwan	$ 1,222,666	$ -	$ 1,222,666
Germany	1,279,295	-	1,279,295
USA	509,572	-	509,572
China	1,424,896	21,705	1,446,601
Brazil	82,894	-	82,894
Japan	32,016	-	32,016
Others	422,943	-	422,943
Inter-segment revenue	(2,163,547)	-	(2,163,547)
Revenue from external customer contracts	$ 2,810,735	$ 21,705	$ 2,832,440

2021	Revenue recognised at a point in time	Revenue recognised over time	Total
Total segment revenue			
Taiwan	$ 854,743	$ -	$ 854,743
Germany	426,504	-	426,504
USA	410,141	-	410,141
China	2,125,009	33,938	2,158,947
Brazil	57,493	-	57,493
Japan	31,552	-	31,552
Others	287,399	-	287,399
Inter-segment revenue	(1,398,663)	-	(1,398,663)
Revenue from external customer contracts	$ 2,794,178	$ 33,938	$ 2,828,116

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	$ 37,191	$ 80,949	$ 113,569

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 73,921	$ 56,573

(17) Interest income

	Year ended December 31	
	2022	2021
Interest income：		
Interest income from bank deposits	$ 1,577	$ 5,647
Interest income from financial assets measured at amortised cost	76	57
	$ 1,653	$ 5,704

(18) Other income

	Year ended December 31	
	2022	2021
Government grants	$ 3,508	$ 6,573
Other income, others	12,431	8,859
	$ 15,939	$ 15,432

(19) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of property, plant and equipment	$ 44	$ 3,093
Foreign currency exchange gain (loss)	30,938	(1,690)
Other gains and losses	(2,983)	(2,356)
	$ 27,999	($ 953)

(20) Finance costs

	Year ended December 31			
	2022		2021	
Bank borrowings	$	27,678	$	18,998
Other borrowings		1,575		2
Lease liabilities		3,586		6,621
	$	32,839	$	25,621

(21) Expenses by nature

	Year ended December 31			
	2022		2021	
Employee benefit expense	$	847,130	$	835,542
Depreciation expense		113,391		113,093
Amortisation expense		32,047		10,923
	$	992,568	$	959,558

(22) Employee benefit expense

	Year ended December 31			
	2022		2021	
Wages and salaries	$	701,842	$	700,985
Share-based payments		15,600		5,795
Labour and health insurance fees		31,745		31,328
Pension costs		62,820		56,570
Other personnel expenses		35,123		40,864
	$	847,130	$	835,542

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 6% for employees' compensation and shall not be higher than 2% for directors' remuneration. If the Company has accumulated losses, profit should be reserved to cover losses first.

   Whether the aforementioned employees' compensation shall be distributed in the form of shares or in cash shall be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders' meeting. In addition, the Articles of Incorporation shall specify the employees that are entitled to receive the aforementioned shares or cash, including the employees of subsidiaries who meet specific requirements.

B. For the years ended December 31, 2022 and 2021, the Company did not accrue employees' compensation and directors' remuneration as it had accumulated deficit.

C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ -	$ -
Impact of changes in applicable tax rates	-	3,447
Tax on undistributed surplus earnings	467	-
Withholding income tax on source of foreign income	2,617	23
Prior year income tax underestimation	2,008	1,175
Total current tax	5,092	4,645
Deferred tax:		
Origination and reversal of temporary differences	(14,740)	(10,907)
Effect from tax losses	-	-
Total deferred tax	(14,740)	(10,907)
Income tax benefit	($ 9,648)	($ 6,262)

(b) Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	($ 14,164)	($ 20,098)
Effect from items disallowed by the regulation	(5,335)	(2,074)
Tax exempt income by tax regulation	-	(723)
Prior year income tax underestimation	2,008	1,175
Temporary difference not recognised as deferred tax assets	(4,648)	(4,755)
Taxable loss not recognised as deferred tax assets	(1,983)	(11,638)
Withholding income tax on source of foreign income	2,617	23
Tax losses not recognized as deferred tax assets	11,390	31,828
Tax on undistributed surplus earnings	467	-
Income tax benefit	($ 9,648)	($ 6,262)

(c) The income tax (charge)/credit relating to components of other comprehensive income: None.

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealized loss on market price decline and slow-moving inventory	$ 4,654	$ 68	$ -	$ 4,722
Others	2,455	(141)	-	2,314
Tax losses	6,510	(296)	-	6,214
	$ 13,619	($ 369)	$ -	$ 13,250

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealized loss on market price decline and slow-moving inventory	$ 7,984	($ 3,330)	$ -	$ 4,654
Others	2,037	418	-	2,455
Tax losses	7,273	(763)	-	6,510
	$ 17,294	($ 3,675)	$ -	$ 13,619

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount assessed / filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010	$ 20,730	$ 20,730	$ 1,546	2030
2011	4,055	4,055	-	2031
2012	8,363	8,363	-	2032
2013	821	821	-	2033
2013	196,668	196,668	196,668	2023
2014	199,011	199,011	199,011	2024
2015	76,074	76,074	76,074	2025
2016	390	390	-	2036
2016	248,588	248,588	248,588	2026
2016	34,422	34,422	34,422	2026
2017	14,746	14,746	14,746	2027
2017	411,043	411,043	411,043	2027
2017	2,229	2,229	-	2037
2018	572	572	572	2028
2018	360,210	360,210	360,210	2028
2019	62,528	62,528	62,528	2029
2019	37,173	37,173	37,173	2029
2020	393,599	393,599	393,599	2030
2020	55,645	55,645	55,645	2030
2021	19	19	19	2031
2022	56,950	56,950	56,950	2032
	$ 2,224,848	$ 2,224,848	$ 2,189,806	

	December 31, 2021			
Year incurred	Amount assessed / filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010	$ 20,730	$ 20,730	$ 1,546	2030
2010	368	368	368	2030
2011	4,055	4,055	-	2031
2012	8,363	8,363	-	2032
2013	821	821	-	2033
2013	196,668	196,668	196,668	2023
2014	199,011	199,011	199,011	2024
2015	76,074	76,074	76,074	2025
2016	390	390	-	2036
2016	248,588	248,588	248,588	2026
2016	40,644	40,644	40,644	2026
2016	34,422	34,422	34,422	2026
2017	14,746	14,746	14,746	2027
2017	411,043	411,043	411,043	2027
2017	2,229	2,229	-	2037
2018	572	572	572	2028
2018	360,210	360,210	360,210	2028
2019	62,528	62,528	62,528	2029
2019	37,173	37,173	37,173	2029
2020	393,599	393,599	393,599	2030
2020	55,645	55,645	55,645	2030
2021	19	19	19	2031
2021	148,511	148,511	148,511	2031
	$ 2,316,409	$ 2,316,409	$ 2,281,367	

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 172,580	$ 171,798

E. Income tax returns through 2020 of the Company and its subsidiary, Quantum Investment Co.,Ltd., both have been assessed and approved by the Tax Authority.

(24) Loss per share

A. Employee stock options for the years ended December 31, 2022 and 2021 had no dilutive effect and were not included in the calculation.

B. Weighted average number of treasury shares outstanding had been deducted from weighted average number of ordinary shares outstanding for the years ended December 31, 2022 and 2021.

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic and diluted losses per share			
Loss attributable to ordinary shareholders of the parent	($ 32,399)	192,806	($ 0.17)

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic and diluted losses per share			
Loss attributable to ordinary shareholders of the parent	($ 125,928)	182,426	($ 0.69)

(25) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 56,768	$ 34,040
Add: Opening balance of payable on equipment	953	2,518
Less: Ending balance of payable on equipment	(20,410)	(953)
Cash paid during the year	$ 37,311	$ 35,605

(26) Changes in liabilities from financing activities

	2022					
	Short-term borrowings	Long-term borrowings (including current portion)	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 558,136	$ 20,000	$ -	$ 230,561	$ 1,490	$ 810,187
Changes in cash flow from financing activities	263,529	94,405	25,000	-	24	382,958
Increase in lease debt	-	-	-	3,871	-	3,871
Payment of lease principal	-	-	-	(27,305)	-	(27,305)
Interest expense	-	-	-	3,586	-	3,586
Interest paid	-	-	-	(3,586)	-	(3,586)
Effect of exchange rate change	(14,403)	-	-	1,188	-	(13,215)
At December 31	$ 807,262	$ 114,405	$ 25,000	$ 208,315	$ 1,514	$ 1,156,496

	2021				
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 577,118	$ -	$ 256,822	$ 2,300	$ 836,240
Changes in cash flow from financing activities.	(15,584)	20,000	-	-	4,416
Increase in lease debt	-	-	322	-	322
Decrease in guarantee deposits paid	-	-	-	(810)	(810)
Payment of lease principal	-	-	(25,880)	-	(25,880)
Interest expense	-	-	6,621	-	6,621
Interest paid	-	-	(6,621)	-	(6,621)
Effect of exchange rate change	(3,398)	-	(703)	-	(4,101)
At December 31	$ 558,136	$ 20,000	$ 230,561	$ 1,490	$ 810,187

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
SHENG,SHAO-LAN	Chairman of the board

(2) Significant related party transactions

Borrowing from relationships:

	December 31, 2022				
	Ending balance	Loan	Contract period	Rate	Interest expense
SHENG,SHAO-LAN	$ -	$ 19,500	2022/1/26 ~2023/1/26	2.10%	$ 168

At December 31, 2021: None.

(3) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 29,251	$ 22,984
Post-employment benefits	755	-
Share-based payments	1,002	476
	$ 31,008	$ 23,460

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Time deposits (shown as "current financial assets at amortised cost)	$ 7,000	$ 7,000	Performance guarantee for land lease
Inventory	34,896	-	Other long-term borrowings
Property, plant and equipment	400,449	364,958	Short-term borrowings and credit line
Guarantee deposits paid	10,678	2,824	Other long-term borrowings and performance guarantee
	$ 453,023	$ 374,782	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On March 23, 2023, the Board of Directors resolved to increase its capital through private placement by issuing 20 million shares, which is yet to be resolved by the shareholders.

12. Others

(1) Countermeasures to improve operating and financial condition

The Company incurred losses of NT$32,399 thousand for the year ended December 31, 2022. As of December 31, 2022, the accumulated deficit balance amounted to NT$924,847 thousand. However, due to the deficit in recent years, the Company intends to implement the following measures to improve the Company's operations and financial condition：

A. Actively developing business

Under the technical support of our existing products, the Company actively developed new customers and product cooperation projects and will endeavour to continually increase our shipments in the future, in order to bring growth momentum to our future operations.

B. Adjust operation strategies

Optimize the purchasing and producing process, calculate the minimum production volumes to reduce excessive raw material purchases through integrating orders for the same products, actively closeout inventory and increase inventory turnover.

C. Capital financing plan

(a) The Company has been maintaining good credit relationships with correspondent banks and based on the history record and experience, the Company will actively apply for renewal of existing financing limit from financial institutions. Additionally, the Company pledged the property as collateral to obtain new financing limits in order to make the capital movement flexibly.

(b) Obtained financing limits from non-financial institutions through negotiating to increase the space for capital movement.

(c) On March 23, 2023, the Board of Directors resolved to issue ordinary shares to raise the capital.

D. Assets revitalization

The Company makes more effective utilization (including the possibility of leasing or selling) of the Company’s existing tangible assets, such as, land, factories and premises (including three plants in Hsinchu and Suzhou). Additionally, the Company negotiated for selling patent-related intellectual property rights and other intangible assets or collecting royalties from the aforementioned intangible assets. For the reinvestment, the Company is also actively seeking for counterparties to dispose of its shareholdings in order to obtain cash inflows. The Company has disposed part of financial assets at fair value through other comprehensive income to obtain cash inflows.

The Company assesses that the implementation of the above countermeasures will effectively improve its operations and financial condition and that there is no significant uncertainty regarding events or circumstances that may cause significant doubt on the Company’s ability to continue as a going concern.

(2) Capital management

The Group’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. During the year ended December 31, 2022, the Company’s strategy, which was unchanged from 2021, was to maintain the gearing ratio within 50%.

(3) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through other comprehensive income	$ 97,187	$ 136,583
Financial assets at amortised cost		
Cash and cash equivalents	445,355	235,373
Financial assets at amortised cost	7,000	7,000
Notes receivable	2	4
Accounts receivable	787,647	387,392
Other receivables	23,855	37,271
Guarantee deposits paid	10,678	2,824
	$ 1,371,724	$ 806,447
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 807,262	$ 558,136
Short-term notes and bills payable	25,000	-
Accounts payable	283,825	394,799
Other payables	190,111	179,571
Long-term borrowings (including current portion)	114,406	20,000
Guarantee deposits received	1,514	1,490
	$ 1,422,208	$ 1,153,996
Lease liability	$ 208,315	$ 230,561

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (the Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR, JPY and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group's businesses involve some non-functional currency operations (the Group's and certain subsidiaries' functional currency: NTD; other subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows：

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (in thousands of New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 23,645	30.71	$ 726,138
EUR: NTD	1,277	32.72	41,783
JPY: NTD	820	0.23	191
RMB: NTD	153	4.408	674
USD: RMB	33,933	6.670	226,333
Non-monetary items			
USD: NTD	$ 338	30.71	10,378
Financial liabilities			
Monetary items			
USD: NTD	$ 31,884	30.71	$ 979,158
USD: RMB	9,445	6.670	290,056

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (in thousands of New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 13,495	27.68	$ 373,542
EUR: NTD	219	31.32	6,859
JPY: NTD	2,259	0.2405	543
RMB: NTD	6,762	4.344	29,374
USD: RMB	31,709	6.372	877,705
Non-monetary items			
USD: NTD	$ 464	27.68	$ 12,849
Financial liabilities			
Monetary items			
USD: NTD	$ 31,469	27.68	$ 871,062
USD: RMB	4,329	6.372	119,827

iv. The total exchange gain and (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $30,938 and ($1,690), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation：

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 7,261	$ -
EUR: NTD	1%	418	-
JPY: NTD	1%	2	-
RMB: NTD	1%	7	-
Non-monetary items		2,209	
USD: NTD	1%	$ -	$ 104
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 9,664	$ -
USD: RMB	1%	1,329	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 3,735	$ -
EUR: NTD	1%	69	-
JPY: NTD	1%	5	-
RMB: NTD	1%	294	-
USD: NTD	1%	8,777	-
Non-monetary items			
Investments accounted for under equity method			
USD: NTD	1%	$ -	$ 128
Financial liabilities			
Monetary items			
USD: NTD	1%	($ 8,711)	$ -
USD: RMB	1%	(1,198)	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, other components of equity would have increased/decreased by $9,719 and $13,658, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $7,065 and $4,459, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable, other receivables and guarantee deposits paid based on the agreed terms, and the contract cash flows of bank deposits.

ii. The Group manages their credit risk taking into consideration the entire Group's concern. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. In line with credit risk management procedure, when the counterparty's contract payments are past due over 365 days, the default has occurred.

iv. The Group adopts the assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate expected credit loss.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties). On December 31, 2022 and 2021, the provision matrix is as follows:

At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.10%	$ 579,598	$ 580
Up to 30 days	1.97%	128,639	2,531
31~90 days	3.62%	61,397	2,223
91~180 days	4.14%	24,354	1,008
181~270 days	100.00%	41,934	41,934
271~360 days	-	-	-
Over 360 days	100.00%	802	802
		$ 836,724	$ 49,077

At December 31, 2021	Expected loss rate	Total book value	Loss allowance
Not past due	0.10%	$ 243,553	$ 244
Up to 30 days	2.33%	82,478	1,925
31~90 days	7.52%	34,965	2,629
91~180 days	13.58%	36,038	4,894
180~270 days	38.14%	-	-
271~360 days	62.71%	132	83
Over 360 days	100.00%	1,428	1,428
		$ 398,594	$ 11,202

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022
	Accounts receivable
At January 1	$ 11,202
Provision for impairment	39,344
Amount written off due to irrecoverability	(1,244)
Effect of foreign exchange	(225)
At December 31	$ 49,077

	2022
	Accounts receivable
At January 1	$ 11,445
Reversal of impairment loss	(292)
Effect of foreign exchange	49
At December 31	$ 11,202

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The Group has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
NTD	$ 101,899	$ 130,000

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 807,262	$ -	$ -
Short-term notes and bills payable	25,000	-	-
Accounts payable	283,825	-	-
Other payables	190,111	-	-
Lease liability	33,322	68,657	153,036
Long-term borrowings (including current portion)	54,886	59,520	-

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 558,136	$ -	$ -
Accounts payable (including related parties)	394,799	-	-
Other payables (including related parties)	179,571	-	-
Lease liability	51,429	91,873	159,763
Long-term borrowings (including current portion)	2,963	17,037	-

(4) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificate is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. Other than those equity investments without active market whose fair value are included in level 2, the fair value of equity investments without active market are included in Level 3.

B. The carrying amounts of cash, notes receivable, accounts receivable, other receivables, long-term and short-term borrowings, notes payable, accounts payable, other payables and lease liabilities are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 97,187	$ 97,187

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$136,583	$136,583

(b) The methods and assumptions the Group used to measure fair value are as follows：

i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

ii. When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Equity instrument
At January 1,2022	$ 136,583
Acquire for the year	1,138
Losses recognised in other comprehensive income	(45,826)
Effect of exchange rate changes	5,292
At December 31,2022	$ 97,187

	Equity instrument
At January 1,2021	$ 216,435
Disposals for the year	(6,647)
Losses recognised in other comprehensive income	(72,215)
Effect of exchange rate changes	(990)
At December 31,2021	$ 136,583

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by frequently calibrating valuation model and updating inputs used to the valuation model and making any other necessary adjustments to the fair value

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 97,187	Market comparable companies	Price to book ratio multiple	0.97~4.2	The higher the multiple, the higher the fair value;
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability,the lower the fair value.

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 136,583	Market comparable companies	Price to book ratio multiple	0.72~6.08	The higher the multiple, the higher the fair value;
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability,the lower the fair value.

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multipliers and discounts	±1	$ -	$ -	$ 384	($ 384)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multipliers and discounts	±1	$ -	$ -	$ 527	($ 527)

(5) Details of the impact of the Covid-19 pandemic to the Company's operations in 2022

With the gradual recovery of global business activities in 2022, the number of customer orders also gradually increased. As of December 31, 2022, the Covid-19 pandemic had no significant impact on the Group's going concern, impairment of assets and financing risks under the Group's assessment. The Group will continue to track the development of the pandemic so that the Group can timely adjust the operational strategies in response.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

(1) General information

The Company and its subsidiaries operate business only in a single industry, which allocate resources and assess performance of the Group as a whole, have identified that the Group has only one reportable operating segment. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The operating segments are measured using the profit (loss) before tax from continuing operations.

(2) Measurement of segment information

Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Group’s central treasury function, which manages the cash position of the group.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is the financial statements prepared in accordance with the IFRSs.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm’s length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(5) Information on products and services

Revenue from external customers is mainly from sales of digital office equipment:

Composition of income balance details is as follows:

	Year ended December 31			
	2022		2021	
Sales revenue	$	2,799,043	$	2,755,689
Service revenue		21,705		33,938
Others		11,692		38,489
Total	$	2,832,440	$	2,828,116

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022				Year ended December 31, 2021			
	Revenue		Non-current assets		Revenue		Non-current assets	
Taiwan	$	25,854	$	381,439	$	59,284	$	391,380
Germany		669,639		1,306		235,449		1,170
USA		468,329		37		357,953		-
China		1,136,387		347,789		1,802,532		370,371
Brazil		77,272		63		53,947		80
Japan		32,016		-		31,552		-
Others		422,943		-		287,399		-
Total	$	2,832,440	$	730,634	$	2,828,116	$	763,001

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022				Year ended December 31, 2021		
	Revenue		Segment		Revenue		Segment
CN152	$	287,320	Group	CN152	$	312,499	Group
CN224		268,793	Group	CN224		20,709	Group
USV01		244,356	Group	USV01		192,108	Group
CN213		233,258	Group	CN213		741,558	Group
CN189		-	Group	CN189		226,101	Group

AVISION INC. And Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Celling on total loans granted (Note 3)	Footnote
1	AVISION INC.	Avision Europe GMBH	Other receivables - related parties	Yes	$ 4,938	$ -	$ -	2.867%	1	$ 187,896	-	$ -	None	$ -	$ 598,577	$ 116,930	
0	AVISION INC.	Avision Brasil Ltda.	Other receivables - related parties	Yes	445	-	-	2.867%	1	3,546	-	-	None	-	9,147	116,930	

Note 1: The Company is ‘0’, and the subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the nature of the loan as follows:

A. Fill in 1 for business transactions.

B. Fill in 2 for short-term financing.

Note3: For the companies having business relationship with the Company, ceiling on total loans granted is 10% of the Company’s net assets; financial limit on loans granted to a single party is the higher value of business transactions amount during current year on the year of financing. For companies having short-term loans, celling on total loans is 20% of the Company’s net assets, and celling on loans to a single party with short-term financing is 10% of the Company’s net assets.

AVISION INC. And Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value (Note)	Ownership (%)	Fair value	
AVISION INC.	Stocks of OTO PHOTONICS INC.	None	Financial assets at fair value through other comprehensive income	1,046,243 shares of ordinary shares.	$ 4,662	3.13	$ 4,662	
AVISION INC.	Stocks of AETAS Technology Inc.	None	Financial assets at fair value through other comprehensive income	250,000 shares of ordinary shares.	-	0.56	-	
AVISION INC.	Stocks of PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	None	Financial assets at fair value through other comprehensive income	323,400 shares of ordinary shares.	699	2.72	699	
AVISION INC.	Stcoks of WIN CO E-TECHNOLOGY CORP.	None	Financial assets at fair value through other comprehensive income	390,950 shares of ordinary shares.	5,092	19.35	5,092	
AVISION INC.	JimTec Group Holding Inc.	None	Financial assets at fair value through other comprehensive income	50,000 shares of ordinary shares.	4,270	1.00	4,270	
AVISION INC.	Capsovision Inc.	None	Financial assets at fair value through other comprehensive income	1,269,566 shares of preference shares.	6,108	1.10	6,108	
Quantum Investment Co.,Ltd.	SOLIDLITE CORPORATION	None	Financial assets at fair value through other comprehensive income	1,256,000 shares of ordinary shares.	7,997	5.72	7,997	
Quantum Investment Co.,Ltd.	AVISION INC.	The parent company	Financial assets at fair value through other comprehensive income	195,879 shares of ordinary shares.	2,184	0.09	2,184	
Sunglow International Inc.	Henan Centrix Technology Co.,Ltd.	None	Financial assets at fair value through other comprehensive income	Cash of USD 281,320	-	15.00	-	
Avision (Suzhou) Co., Ltd.	Yichun Yilian Print Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income	Cash of CNY 30,000,000	68,378	9.54	68,378	

Note: Fill in the amount after adjusted at fair value for the marketable securities measured at fair value.

AVISION INC. And Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
AVISION INC.	Avision (Suzhou) Co., Ltd.	The company's subsidiary	Purchases	$ 541,592	54	45 days after monthly billings	Not applicable	Not applicable	($ 896,674)	(90)	
AVISION INC.	Avision Europe GMbH	The company's subsidiary	Sales	(610,616)	36	90 days after monthly billings	Not applicable	Not applicable	339,595	44	
Avision (Suzhou) Co., Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	Affiliate	Sales	(291,280)	(13)	90 days after monthly billings	Not applicable	Not applicable	43,373	6	

AVISION INC. And Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022		Turnover rate	Overdue receivables			Amount collected subsequent to the balance sheet date		Allowance for doubtful accounts	
						Amount		Action taken				
Avision (Suzhou) Co., Ltd.	AVISION INC.	The ultimate parent company	$	896,674	0.65	$	-	Not applicable	$	261,391	$	-
AVISION INC.	Avision Europe GMbH	The company's subsidiary		339,595	2.86		-	Not applicable		110,188		-

Note: The Group's capital is used in an overall coordinated plan, and the net inter-company accounts receivable and accounts payable will be reserved first, and then remaining funds are remitted according to each company's capital requirement plan.

AVISION INC. And Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	AVISION INC.	Avision (Suzhou) Co., Ltd.	1	Purchases	$ 541,592	Based on the price lists in force and terms	0.19
0	AVISION INC.	Avision (Suzhou) Co., Ltd.	1	Accounts payable	896,674	Payment terms for 45 days after monthly billings	0.30
0	AVISION INC.	Avision(Suzhou) Co., Ltd.	1	Sales revenue	594,098	Based on the price lists in force and terms	0.21
0	AVISION INC.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	1	Sales revenue	14,489	Based on the price lists in force and terms	0.01
0	AVISION INC.	Avision Labs, Inc.	1	Other expenses	29,610	Based on the price lists in force and terms	0.01
0	AVISION INC.	Avision Labs, Inc.	1	Sales	10,983	Based on the price lists in force and terms	-
0	AVISION INC.	Avision Labs, Inc.	1	Accounts payable	11,180	Based on the price lists in force and terms	-
0	AVISION INC.	Avision Europe GMbH	1	Sales	610,616	Based on the price lists in force and terms	0.22
0	AVISION INC.	Avision Europe GMbH	1	Accounts receivable	339,595	Collection term for 90 days after the transation	0.12
1	Avision (Suzhou) Co., Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	3	Sales	291,280	Based on the price lists in force and terms	0.10
1	Avision (Suzhou) Co., Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	3	Accounts receivable	43,373	Payment terms for 60 days after monthly billings	0.01

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:
for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction:
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosing only the amount exceeded NT$10 million of transactions, and then the corresponding related party transactions are not disclosed separately.

AVISION INC. And Subsidiaries

Information on investees (not including investees in Mainland China)

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Note
AVISION INC.	Avision International Inc.	Samoa	Investment	$ 1,067,810	$ 1,067,810	38,546,389	100.00	$ 1,042,792	($ 9,230)	($ 9,230)	Subsidiary
AVISION INC.	Avision Development Inc.	Samoa	Investment	287,794	287,794	8,390,475	100.00	15,920	9,294	9,294	Subsidiary
AVISION INC.	Avision Brasil Ltda.	Brazil	Maintenance of scanners and multifunction printers	49,822	49,822	-	99.00	11,033	1,891	1,872	Subsidiary
AVISION INC.	Quantum Investment Co.,Ltd.	Taiwan	Investment	1,000	1,000	100,000	100.00	34,303	26,688	26,688	Subsidiary
Avision International Inc.	Fortune Investments Ltd.	Samoa	Investment	1,098,614	1,098,614	39,498,705	100.00	1,354,920	(9,230)	(9,230)	Second-tier subsidiary
Quantum Investment Co., Ltd.	Avision Europe GmbH	Germany	Maintenance service of scanners	2,379	2,379	-	100.00	40,098	27,187	27,187	Investee companies of the Company's subsidiary
Avision Development Inc.	Sunglow International Inc.	Samoa	Investment	287,794	287,794	8,390,475	100.00	17,460	9,294	9,294	Second-tier subsidiary
Sunglow International Inc.	Avision Labs, Inc.	United States	Sales and maintenance service of scanners	48,694	48,694	800,000	96.39	17,448	9,642	9,294	Investee companies of the Company's second-tier subsidiary

AVISION INC. And Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Avision (Suzhou) Co., Ltd.	Scanners and multifunction printers	$ 1,352,791	2	$ 1,352,791	$ -	$ -	$ 1,352,791	($ 30,905)	100	($ 30,905)	$ 1,229,418	$ 205,688	Note 2
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	International Trade	6,943	2	6,943	-	-	6,943	19,875	100	19,875	141,552	54,950	Note 2
Henan Centrix Technology Co., Ltd.	Discs for laser reading system and international trade	63,727	2	9,559	-	-	9,559	-	15	-	-	-	
Yichun Avision Co., Ltd.	Scanners and multifunction printers	15,608	3	-	-	-	-	(168)	100	(168)	2,183	-	Note 4
Suzhou Hongxin Microelectronics Technology Co., Ltd.	Research and development and sales of wafers	69,988	3	-	-	-	-	(21,735)	79	(17,170)	47,038	-	Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
AVISION INC.	$ 1,240,878	$ 1,296,195	$ 701,580

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, Avision International Inc.and Fortune Investments Ltd., which then invested in the Avision (Suzhou) Co., Ltd. and Avision Digital Office Equipment (Shanghai) Trading Co., Ltd. in Mainland China.
Through investing in an existing company in the third area, Avision Development Inc.and Sunglow International Inc., which then invested in the Henan Centrix Technology Co.,Ltd. in Mainland China.

(3) Others

Note 2: Investment income (loss) recognised by the Company was based on the financial statements of the investee that were audited by R.O.C. parent company's independent accountants.

Note 3: At the end of this period, the investment amount transmitted from Taiwan to mainland China was US$41,634 thousand counted with original currency. The investment amount permitted by the Investment Commission of Ministry of Economic Affairs (MOEA) was US$43,490 thousand counted with original currency, of which US$1,135 thousand was capital increase through capitalisation of earnings, and did not include in the limit of the Investment Commission of Ministry of Economic Affairs (MOEA).

Note 4: It was pertained to the investment in the investee in Mainland China through Avision (Suzhou) Co., Ltd. There was no amount remitted to Mainland China during the year.

AVISION INC. And Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others
Avision (Suzhou) Co., Ltd.	($ 1,135,691)	75	$ -	-	($ 953,584)	91	$ -	-	$ -	$ -	-	$ -	None
Avision (Suzhou) Co., Ltd.	594,098	27	-	-	56,910	7	-	-	-	-	-	-	None
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	14,489	1	-	-	40	-	-	-	-	-	-	-	None

AVISION INC. And Subsidiaries
Major shareholders information
December 31, 2022

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
LUO,SIOU-CHUN	21,370,178	11.05
SHENG,SHAO-LAN	14,117,300	7.00
“Avision Inc. trust, hope and love” fund account of the charitable trust in Bank SinoPac	10,325,886	5.34
TAIWAN MASK CORPORATION	10,000,000	5.17

V. Parent Company-Only Financial Reports and Auditors'Report in the most recent year

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000641

To the Board of Directors and Shareholders of AVISION INC.

Opinion

We have audited the accompanying balance sheets of AVISION INC. (the "Company") as at December 31, 2022 and 2021, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2022 are stated as follows:

Impairment assessment of property, plant and equipment and right-of-use assets

Description

The Company's property, plant and equipment and right-of-use assets amounted to NT$378,001 thousand as at December 31, 2022. Please refer to Note 5(1) for accounting estimates and assumption uncertainty related to impairment assessment of property, plant and equipment and right-of-use assets and Notes 6(6) and 6(7) for details of property, plant and equipment and right-of-use assets. The Company determined the recoverable amounts of property, plant and equipment and right-of-use assets at the higher of the value in use and fair value less costs of disposal and assessed whether there was any impairment on property, plant and equipment and right-of-use assets utilising the recoverable amounts. Given that the assessment of value in use of property, plant and equipment and right-of-use assets involves the estimation of future cash flows and determination of discount rates and the assumptions used to forecast future cash flows and determination of discount rates have significant influence on the estimation results of value in use of property, plant and equipment and right-of-use assets, we consider the impairment assessment of property, plant and equipment and right-of-use assets a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Discussed the estimation procedures of future cash flows with the management and obtained an understanding on the Company's product strategy and execution status.
2. Assessed the reasonableness of various assumptions used by the management to estimate future cash flows, including the expected growth rate and gross margin; and assessed the parameters used for discount rates, including the risk-free return rate, industry's risk coefficient and long-term market return rate that were used to calculate cost of equity.

Assessment of allowance for inventory valuation loss

Description

The Company mainly manufactures and sells multi-function peripherals, document scanners and network peripherals. Due to the rapid technology innovation and the paperless trend in the market for development of environmental protection, energy saving and carbon reduction, these inventories have a higher risk of incurring loss on decline in market value or obsolescence. Please refer to Note 5(2) for accounting estimates and assumption uncertainty related to assessment of allowance for inventory valuation loss and Note 6(4) for details of inventories. Inventories of the Company are stated at the lower of cost and net realisable value. Given that the amount and items of the Company's inventories are significant and numerous and the management must determine the net realisable value of inventories on balance sheet date using judgements and estimates, we consider the assessment of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Assessed the consistency of provision policies and reasonableness of procedures used for allowance for inventory valuation loss.
2. Verified the accuracy of logic in inventory aging reports to ascertain whether the inventories aged over a certain period had been included in the report.
3. Reviewed the appropriateness of estimation basis used for net realisable value of inventories and discussed and verified the supporting documents obtained from the management to assess the reasonableness of allowance for valuation loss determined by the management.

Assessment of going concern assumption

Description

The Company had a deficit of NT$32,399 thousand for the year ended December 31, 2022 and the accumulated deficit as at December 31, 2022 was NT$924,847 thousand. As described in Note 12(1), the management of the Company had taken necessary measures to ascertain the Company can continue to operate in the future and gradually improve financial position.

Given that the aforementioned measures have significant influence on financial position of the Company within the next year, we consider the assessment of going concern assumption a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Discussed with the management the events or conditions that affected going concern assumption and its response plan.
2. Assessed the feasibility of the management's response plan and the result of improving financial position.
3. Obtained the reasonableness of cash flow projections for the next 12 months which were prepared by the management, including:
   (1) Assessed the reasonableness of various assumptions in the forecasted financial information used by the management;
   (2) Inquired the terms of the borrowing contracts and ascertained there were no defaults resulting in unexpected cash outflows;
   (3) Reviewed the existing financing contracts and ascertained the credit periods and unused facilities. In addition, reviewed the contracts newly added after the balance sheet date to ascertain whether the financing facilities and periods are sufficient to cover working capital for the next 12 months.
4. Obtained and reviewed the management's response plan and the declaration issued for feasibility of the plan.
5. Assessed the appropriateness of notes to the financial statement disclosed by the management.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period 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.

Chiang, Tsai-Yen   Lin, Yu-Kuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

AVISION INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 274,169	10	$ 38,917	2
1136	Current financial assets at amortised cost, net	8	7,000	-	7,000	-
1150	Notes receivable, net	6(2)	2	-	4	-
1170	Accounts receivable, net	6(2)	241,199	9	202,772	9
1180	Accounts receivable - related parties	6(2) and 7	345,929	12	108,263	4
1200	Other receivables		20,431	1	19,225	1
1210	Other receivables - related parties	7	6,980	-	4,068	-
130X	Inventories	6(4)	358,239	13	459,985	20
1410	Prepayments		22,698	1	27,103	1
1470	Other current assets		29	-	224	-
11XX	**Total current assets**		1,276,676	46	867,561	37
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	20,831	1	26,511	1
1550	Investments accounted for under equity method	6(5)	1,104,048	39	1,043,366	45
1600	Property, plant and equipment	6(6) and 8	239,237	9	240,456	11
1755	Right-of-use assets	6(7)	138,764	5	144,305	6
1780	Intangible assets		3,437	-	6,618	-
1920	Guarantee deposits paid	8	8,578	-	994	-
15XX	**Total non-current assets**		1,514,895	54	1,462,250	63
1XXX	**Total assets**		$ 2,791,571	100	$ 2,329,811	100

(Continued)

AVISION INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(8) and 8	$ 190,141	7	$ 100,000	4
2110	Short-term notes and bills payable		25,000	1	-	-
2130	Current contract liabilities	6(17)	31,535	1	3,071	-
2150	Notes payable		90	-	-	-
2170	Accounts payable		42,708	2	80,669	4
2180	Accounts payable - related parties	7	896,674	32	769,483	33
2200	Other payables		96,568	4	106,140	5
2220	Other payables to related parties	7	11,265	-	10,325	1
2250	Provisions for liabilities - current		7,003	-	4,795	-
2280	Current lease liabilities		4,179	-	4,807	-
2320	Long-term liabilities, current portion	6(10) and 8	54,886	2	2,963	-
2399	Other current liabilities		3,689	-	8,634	-
21XX	**Total current Liabilities**		1,363,738	49	1,090,887	47
	Non-current liabilities					
2540	Long-term borrowings	6(10) and 8	59,519	2	17,037	1
2580	Non-current lease liabilities		139,814	5	143,603	6
2600	Other non-current liabilities	6(11)	59,200	2	89,797	4
25XX	**Total non-current liabilities**		258,533	9	250,437	11
2XXX	**Total Liabilities**		1,622,271	58	1,341,324	58
	Equity					
	Share capital	6(13)				
3110	Share capital - common stock		2,132,211	76	1,894,441	81
	Capital surplus	6(14)				
3200	Capital surplus		92,215	4	77,455	3
	Retained earnings	6(15)				
3320	Special reserve		5,836	-	5,836	-
3350	Accumulated deficit		(924,847)	(33)	(902,020)	(39)
	Other equity	6(16)				
3400	Other equity interest		(129,446)	(5)	(80,556)	(3)
3500	Treasury stocks	6(13)	(6,669)	-	(6,669)	-
3XXX	**Total equity**		1,169,300	42	988,487	42
	Significant commitments and contingencies	9				
	Significant events after the balance msheet date	11				
3X2X	**Total liabilities and equity**		$ 2,791,571	100	$ 2,329,811	100

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

AVISION INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except loss per share)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
4000	Operating revenue	6(17) and 7	$ 1,699,737	100	$ 1,000,565	100
5000	Operating costs	6(4)(20)(21) and 7	(1,259,907)	(74)	(778,508)	(78)
5900	Gross profit		439,830	26	222,057	22
5910	Unrealized profit from sales		(12,931)	(1)	(9,432)	(1)
5920	Realized profit on from sales		11,706	1	8,950	1
5950	Net operating margin		438,605	26	221,575	22
	Operating expenses	6(22)(23) and 7				
6100	Selling expenses		(104,342)	(6)	(104,784)	(10)
6200	General and administrative expenses		(69,627)	(4)	(64,900)	(7)
6300	Research and development expenses		(310,858)	(19)	(308,796)	(31)
6450	Expected credit impeairment (loss) gain	12(3)	(37,814)	(2)	590	-
6000	Total operating expenses		(522,641)	(31)	(477,890)	(48)
6900	Operating loss		(84,036)	(5)	(256,315)	(26)
	Non-operating income and expenses					
7100	Interest income	6(18)	201	-	83	-
7010	Other income	6(19)	6,310	-	836	-
7020	Other gains and losses	6(20)	28,196	2	78,036	8
7050	Finance costs	6(21) and 7	(9,686)	(1)	(5,634)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	28,624	2	58,241	6
7000	Total non-operating income and expenses		53,645	3	131,562	13
7900	**Loss before income tax**		(30,391)	(2)	(124,753)	(13)
7950	Income tax expense	6(24)	(2,008)	-	(1,175)	-
8200	**Loss for the year**		($ 32,399)	(2)	($ 125,928)	(13)
	Other comprehensive income					
	Item that will not be reclassified to profit loss:					
8311	Remeasurements of defined benefit plans	6(11)	$ 14,348	1	$ 11,897	1
8316	Unrealised loss from investments in equity instruments measured at fair value through other comprehensive income	6(3)(14)	(6,818)	(1)	(43,206)	(4)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(16)	(39,008)	(2)	(29,009)	(3)
8310	Total items thet will not be reclassified to profit or loss		(31,478)	(2)	(60,318)	(6)
	Items that may be reclassified to profit or loss:					
8361	Financial statements translation differences of foreign operations	6(16)	367	-	(720)	-
8380	Total share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(16)	(3,431)	-	(18,467)	(2)
8360	Total items that may be reclassified to profit or loss		(3,064)	-	(19,187)	(2)
8300	**Total other comprehensive loss, net of tax**		($ 34,542)	(2)	($ 79,505)	(8)
8500	**Total comprehensive loss for the year**		($ 66,941)	(4)	($ 205,433)	(21)
	Loss per share	6(25)				
9750	Basic loss per share		($ 0.17)		($ 0.69)	
9850	Diluted loss per share		($ 0.17)		($ 0.69)	

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

AVISION INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			Capital surplus	Retained earnings		Other equity interest			
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
Year ended December 31, 2021									
Balance at January 1, 2021		$ 1,794,441	$ 71,660	$ 5,836	($ 769,829)	$ 56,090	($ 50,804)	($ 6,669)	$ 1,100,725
Loss for the year		-	-	-	(125,928)	-	-	-	(125,928)
Other comprehensive income (loss) for the year	6(11)(16)	-	-	-	11,897	(19,187)	(72,215)	-	(79,505)
Total comprehensive loss		-	-	-	(114,031)	(19,187)	(72,215)	-	(205,433)
Cash capital increase	6(13)	100,000	-	-	(12,600)	-	-	-	87,400
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(16)(3)	-	-	-	(5,560)	-	5,560	-	-
Share-based payments	6(12)(14)(23)	-	5,795	-	-	-	-	-	5,795
Balance at December 31, 2021		$ 1,894,441	$ 77,455	$ 5,836	($ 902,020)	$ 36,903	($ 117,459)	($ 6,669)	$ 988,487
Year ended December 31, 2022									
Balance at January 1, 2022		$ 1,894,441	$ 77,455	$ 5,836	($ 902,020)	$ 36,903	($ 117,459)	($ 6,669)	$ 988,487
Loss for the year		-	-	-	(32,399)	-	-	-	(32,399)
Other comprehensive income (loss) for the year	6(11)(16)	-	-	-	14,348	(3,064)	(45,826)	-	(34,542)
Total comprehensive loss		-	-	-	(18,051)	(3,064)	(45,826)	-	(66,941)
Cash capital increase	6(13)	237,770	(840)	-	(4,776)	-	-	-	232,154
Share-based payments	6(12)(14)(23)	-	15,600	-	-	-	-	-	15,600
Balance at December 31, 2022		$ 2,132,211	$ 92,215	$ 5,836	($ 924,847)	$ 33,839	($ 163,285)	($ 6,669)	$ 1,169,300

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

AVISION INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 30,391)	($ 124,753)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12(3)	37,814	(590)
Depreciation expense	6(6)(7)(22)	21,038	20,114
Amortisation expense	6(22)	3,706	4,869
Interest expense	6(21)	9,686	5,634
Interest income	6(18)	(201)	(83)
Share-based payments	6(12)(23)	15,600	5,795
Gain on disposal of intangible assets	6(20)	(75,358)	(72,099)
accounted for using the equity method	6(17)	(28,624)	(58,241)
Unrealised gains on affiliates		12,931	9,432
Realised gains on affiliates		(11,706)	(8,950)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2	(2)
Accounts receivable		(76,241)	(1,044)
Accounts receivable-related parties		(237,666)	3,649
Other receivables		(1,206)	4,467
Other receivables-related parties		(2,912)	2,333
Inventories		101,746	(268,329)
Prepayments		2,397	(13,748)
Other current assets		195	(134)
Changes in operating liabilities			
Contract liabilities		28,464	(12,585)
Notes payable		90	-
Accounts payable		(37,961)	24,189
Accounts payable-related parties		127,191	225,011
Other payables		(10,193)	12,705
Other payables-related parties		940	6,787
Provisions		2,208	(965)
Other current liabilities		(4,945)	6,129
Net defined benefit liability		(16,246)	(22,439)
Cash outflow generated from operations		(169,642)	(252,848)
Interest received		201	83
Interest paid		(9,686)	(5,634)
Net cash flows used in operating activities		(179,127)	(258,399)

(Continued)

AVISION INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	12(3)	($ 1,138)	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	6,647
Earnings distribution of subsidiaries accounted for using the equity method	6(5)	-	20,000
Acquisition of property, plant and equipment	6(26)	(13,241)	(7,658)
Acquisition of intangible assets		(525)	(7,329)
(Increase) decrease in guarantee deposits paid		(7,584)	2
Proceeds from disposal of intangible assets	7	-	133,269
Net cash flows (used in) from investing activities		(22,488)	144,931
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(27)	90,141	(35,094)
Increase in long-term borrowings	6(27)	135,000	20,000
Repayment of long-term borrowings	6(27)	(40,595)	-
Short-term notes and bills payable		25,000	-
Increase in guarantee deposits received	6(27)	-	3
Payments of lease liabilities	6(27)	(4,833)	(4,596)
Cash capital increase	6(13)	232,154	87,400
Net cash flows from financing activities		436,867	67,713
Net increase (decrease) in cash and cash equivalents		235,252	(45,755)
Cash and cash equivalents at beginning of year		38,917	84,672
Cash and cash equivalents at end of year		$ 274,169	$ 38,917

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

AVISION INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

AVISION INC. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the development and manufacture of digital office equipment (multi-function peripherals, document scanners and network peripherals).

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 23, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

(a)The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

I. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

II. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

III. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated based on the standard cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(11) Investments accounted for using equity method / associates

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

H. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

J. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	4 ~ 51 years
Machinery and equipment	3 ~ 6 years
Transportation equipment	4 ~ 6 years
Office equipment	4 ~ 6 years
Other equipment	3 ~ 6 years

(13) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Provisions

Provisions are contingent liabilities from warranties and are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, after taking into account the effects of ex-rights and ex-dividends, the Company calculates the number of shares based on the fair value per share at the day before the shareholders’ meeting held in the year following the financial reporting year.

(20) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws substantively enacted at the balance sheet date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells multi-function peripherals, document scanners, network peripherals and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(b) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

(a) The Company provides product maintenance services or design services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Impairment assessment of property, plant and equipment and right-of-use assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

As of December 31, 2022, the carrying amount of property, plant and equipment and right-of-use assets was $378,001.

(2) Assessment of allowance for inventory valuation loss

Due to the rapid technology innovation and the paperless trend in the market for development of environmental protection, energy saving and carbon reduction, inventories of the Company have a higher risk of incurring loss on decline in market value or obsolescence. Inventories are stated at the lower of cost and net realisable value. The management must determine the net realisable value of inventories on balance sheet date using judgements and estimates.

As of December 31, 2022, the carrying amount of inventories was $358,239.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 649	$ 631
Checking accounts and demand deposits	273,520	38,286
Total	$ 274,169	$ 38,917

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 2	$ 4
Accounts receivable due from general customers	$ 287,660	$ 212,663
Accounts receivable due from related parties	345,929	108,263
Less: Allowance for uncollectible accounts	(46,461)	(9,891)
	$ 587,128	$ 311,035

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows：

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 301,785	$ 2	$ 201,615	$ 4
Up to 30 days	215,956	-	52,413	-
31 to 90 days	49,896	-	53,373	-
91 to 180 days	23,891	-	9,632	-
180 to 270 days	41,539	-	907	-
271 to 360 days	-	-	159	-
Over 360 days	522	-	2,827	-
	$ 633,589	$ 2	$ 320,926	$ 4

The above ageing analysis was based on past due date

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to $313,052.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company’s notes and accounts receivable was the carrying amount.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
AETAS Technology Inc.	$ 1,015	$ 1,015
OTO PHOTONICS INC.	18,344	17,206
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	13,375	13,375
WIN CO E-TECHNOLOGY CORP.	3,000	3,000
JimTec Group Holding Inc.	2,999	2,999
Capsovision Inc.	49,282	49,282
	88,015	86,877
Valuation adjustment of financial assets at fair value through other comprehensive income	(67,184)	(60,366)
	$ 20,831	$ 26,511

A. The Company has elected to classify equity instruments investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $20,832 and $26,511 as at December 31, 2022 and 2021, respectively.

B. Aiming to satisfy the working capital needs, the Company sold $6,647 of equity instruments investments at fair value and resulted in $5,560 of cumulative losses on disposal during the year ended December 31, 2021.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	December 31, 2022	December 31, 2021
Fair value change recognised in other comprehensive income	($ 6,818)	($ 43,206)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	$ -	$ 5,560

D. The Company has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(4).

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 134,797	($ 31,593)	$ 103,204
Semi-finished goods and work in progress	28,061	(10,759)	17,302
Finished goods	256,870	(19,137)	237,733
	$ 419,728	($ 61,489)	$ 358,239

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 177,704	($ 23,674)	$ 154,030
Semi-finished goods and work in progress	39,441	(17,728)	21,713
Finished goods	318,683	(34,441)	284,242
	$ 535,828	($ 75,843)	$ 459,985

The cost of inventories recognised as expense：

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of goods sold	$ 1,266,122	$ 789,498
Gain on reversal of decline in market value	(6,247)	(11,019)
Loss on physical inventory	32	29
Others	22,332	27,155
	$ 1,282,239	$ 805,663

The Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because inventories with decline in market value were partially sold and scrapped for the years ended December 31, 2022 and 2021.

(5) Investments accounted for using equity method

Investee companies	December 31, 2022	December 31, 2021
Subsidiaries -		
Avision International Inc.	$ 1,042,792	$ 1,012,929
Avision Development Inc.	15,920	5,569
Avision Brasil Ltda.	11,033	8,051
Quantum Investment Co., LTD.	34,303	16,817
	$ 1,104,048	$ 1,043,366

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

B. For the years ended December 31, 2022 and 2021, investment income accounted for using the equity method was $28,624 and $58,241, respectively, and other comprehensive loss accounted for using the equity method was $42,072 and $48,196, respectively.

C. The legal earnings and proceeds from capital reduction that Quantum Investment Co., LTD. a subsidiary that the Company accounted for using the equity method for the years ended December 31, 2021, appropriated and returned amounted to $20,000.

(6) Property, plant and equipment

	2022					
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
At January 1						
Cost	$ 416,956	$ 258,034	$ 2,470	$ 344	$ 19,574	$ 697,378
Accumulated depreciation and impairment	(191,621)	(250,121)	(2,437)	(134)	(12,609)	(456,922)
	$ 225,335	$ 7,913	$ 33	$ 210	$ 6,965	$ 240,456
Opening net book amount as at January 1	$ 225,335	$ 7,913	$ 33	$ 210	$ 6,965	$ 240,456
Additions	732	3,037	-	347	9,746	13,862
Reclassifications	-	1,155	-	-	(1,155)	-
Depreciation expense	(8,816)	(3,303)	(33)	(128)	(2,801)	(15,081)
Closing net book amount as at December 31	$ 217,251	$ 8,802	$ -	$ 429	$ 12,755	$ 239,237
At December 31						
Cost	$ 417,496	$ 262,182	$ -	$ 584	$ 25,000	$ 705,262
Accumulated depreciation and impairment	(200,245)	(253,380)	-	(155)	(12,245)	(466,025)
	$ 217,251	$ 8,802	$ -	$ 429	$ 12,755	$ 239,237

	2021					
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
At January 1						
Cost	$ 416,956	$ 262,920	$ 2,470	$ 294	$ 15,940	$ 698,580
Accumulated depreciation and impairment	(182,835)	(254,259)	(2,025)	(251)	(11,436)	(450,806)
	$ 234,121	$ 8,661	$ 445	$ 43	$ 4,504	$ 247,774
Opening net book amount as at January 1	$ 234,121	$ 8,661	$ 445	$ 43	$ 4,504	$ 247,774
Additions	-	1,123	-	238	5,638	6,999
Reclassifications	-	1,055	-	-	(1,055)	-
Depreciation expense	(8,786)	(2,926)	(412)	(71)	(2,122)	(14,317)
Closing net book amount as at December 31	$ 225,335	$ 7,913	$ 33	$ 210	$ 6,965	$ 240,456
At December 31						
Cost	$ 416,956	$ 258,034	$ 2,470	$ 344	$ 19,574	$ 697,378
Accumulated depreciation and impairment	(191,621)	(250,121)	(2,437)	(134)	(12,609)	(456,922)
	$ 225,335	$ 7,913	$ 33	$ 210	$ 6,965	$ 240,456

A. There was no interest capitalised for the years ended December 31, 2022 and 2021.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements－lessee

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
	Carrying amount	Carrying amount	Depreciation charge	Depreciation charge
Land	$ 138,103	$ 143,079	$ 4,976	$ 4,976
Buildings	-	809	809	809
Transportation equipment	661	417	172	12
	$ 138,764	$ 144,305	$ 5,957	$ 5,797

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $416 and $429, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2,923	$ 3,007
Expense on short-term lease contracts	$ 13,198	$ 14,004
Expense on leases of low-value assets	$ 373	$ 98
Gain on sublease of right-of-use assets	$ 503	$ 503

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $21,327 and $21,705, respectively.

F. In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Short-term borrowings

Type of borrowings	Year ended December 31, 2022	Year ended December 31, 2021
Unsecured bank borrowings	$ 110,141	$ 100,000
Secured bank borrowings	80,000	-
Total	$ 190,141	$ 100,000
Interest rate range	2.20%~6.9133%	2.1%

Information about the collateral that was pledged for secured bank borrowings is provided in Note 8.

(9) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payables	$ 58,036	$ 58,363
Pension payable	2,993	3,126
Payable on equipment	922	301
Others	34,617	44,350
	$ 96,568	$ 106,140

(10) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Credit loans Taiwan Cooperative Financial Holding Co. Ltd.	Borrowing period is from October 25, 2021 to October 25, 2026; interest is repayable monthly.	2.1%～2.73%	N/A	$ 17,178
Credit loans First Commercial Bank	Borrowing period is from January 3, 2022to January 3, 2027; interest is repayable monthly.	1.5%~2.88%	N/A	24,741
Credit loans Bank of Panhsin	Borrowing period is from January 26, 2021 to January 15, 2025; interest is repayable monthly.	2%~2.57%	N/A	20,833
Credit loans Chang Hwa Commercial Bank Ltd.	Borrowing period is from June 30, 2022 to June 30, 2025; interest is repayable monthly.	2.53%	N/A	16,757
Other bank borrowings Credit loans Chailease Finance Co., Ltd.	Borrowing period is from March 21, 2022 to March 21, 2024; interest is repayable monthly.	4.07%	Inventories	34,896
				114,405
Less:Current portion				(54,886)
				$ 59,519

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Credit loans Taiwan Cooperative Financial Holding Co. Ltd.	Borrowing period is from October 25, 2021 to October 25, 2026; interest is repayable monthly.	2.1%～2.73%	N/A	$ 20,000
Less:Current portion				(2,963)
				$ 17,037

Details of collateral for secured borrowings of Chailease Finance Co., Ltd. are provided in Note 8.

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 186,147	$ 206,097
Fair value of plan assets	(126,970)	(116,322)
Net defined benefit liability	$ 59,177	$ 89,775

(c) Movements in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 206,097	($ 116,322)	$ 89,775
Current service cost	1,127	-	1,127
Interest expense (income)	1,443	(814)	629
	208,667	(117,136)	91,531
Remeasurements:			
Return on plan assets	$ -	($ 8,410)	($ 8,410)
Change in financial assumptions	(9,243)	-	(9,243)
Experience adjustments	3,305	-	3,305
	(5,938)	(8,410)	(14,348)
Pension fund contribution	-	(18,006)	(18,006)
Paid pension	(16,582)	16,582	-
At December 31	$ 186,147	($ 126,970)	$ 59,177

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 223,734	($ 99,623)	$ 124,111
Current service cost	1,344	-	1,344
Interest expense (income)	671	(299)	372
	225,749	(99,922)	125,827
Remeasurements:			
Return on plan assets	$ -	($ 1,388)	($ 1,388)
Change in demographic assumptions	169	-	169
Change in financial assumptions	(7,542)	-	(7,542)
Experience adjustments	(3,136)	-	(3,136)
	(10,509)	(1,388)	(11,897)
Pension fund contribution	-	(24,155)	(24,155)
Paid pension	(9,143)	9,143	-
At December 31	$ 206,097	($ 116,322)	$ 89,775

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Discount rate	1.30%	0.70%
Future salary increases	4.00%	4.00%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows：

	Discount rate		Future salary increases	
	Increase0.25%	Decrease0.25%	Increase0.25%	Decrease0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 3,655)	$ 3,768	$ 3,226	($ 3,152)
	Increase0.25%	Decrease0.25%	Increase0.25%	Decrease0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 4,417)	$ 4,563	$ 3,920	($ 3,823)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the next year amount to $13,413.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 19,812
1-2 year(s)	10,769
2-5 years	38,824
5-10 years	64,699
	$ 134,104

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were $16,493 and $16,628, respectively.

(12) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
10th employee stock options	2021.05~ 2021.11	10,000	5 years	2 years' service vested 40% 3 years' service vested 70% 4 years' service vested 100%
Cash capital increase reserved for employee preemption	2022.12.27	2,000	Not applicable	Immediate acquisition

B. Details of the share-based payment arrangements are as follows:

	2022		2021	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	10,000	$ 12.69	-	$ -
Options granted	-	-	10,000	12.69
Options invalidated due to resignation	(451)	12.69	-	-
Options outstanding at December 31	9,549	12.69	10,000	12.69
Options exercisable at December 31	-	-	-	-

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2022	
Issue date approved	Expiry date	No. of shares(in thousands)	Exercise price(in dollars)
2021.05	2026.05	6,000	$ 14.35
2021.11	2026.11	4,000	$ 10.20

		December 31, 2021	
Issue date approved	Expiry date	No. of shares(in thousands)	Exercise price(in dollars)
2021.05	2026.05	6,000	$ 14.35
2021.11	2026.11	4,000	$ 10.20

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per share (in dollars)
Employee stock options	2021.05.03	$ 10	$ 14.35	30.00%~ 47.00%	2.50-4.50 years	0.00%	0.20%- 0.28%	$2.7416 ~5.5586
Employee stock options	2021.11.10	10	10.20	48.00%~ 63.00%	2.50-4.50 years	0.00%	0.36%- 0.41%	3.0406 ~5.0994

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E. Information on other equity interest measured at fair value:

Type of arrangement	Grant date	Share price	Exercise Price	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2022.12.17	$ 11.70	$ 10.00	$ 1.70

F. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2022	Year ended December 31, 2021
Share-based payment	$ 15,600	$ 5,795

(13) Share capital

A. As of December 31, 2022, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 400,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,132,211 with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(unit: share in thousands)

	2022	2021
At January 1	189,248	179,248
Cash capital increase	23,777	10,000
At December 31	213,025	189,248

B. To fulfill working capital, repay bank borrowings or meet capital needs of future development and consider mobility and flexibility in raising capital, the Company's shareholders at their annual meeting on July 12, 2021 adopted a resolution to raise additional cash by issuing 10,000 thousand ordinary shares through private placement and authorised the Board of Directors to fully handle the capital increase within a year from the date of the resolution at their annual meeting.

The Company's Board of Directors approved the private placement to be priced at NT$8.74 (in dollars) per share on September 3, 2021. The Company issued 10,000 thousand shares through the private placement and collected $87,400 of proceeds on September 6, 2021 (the effective date).

Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. To fulfill working capital, repay bank borrowings or meet capital needs of future development and consider mobility and flexibility in raising capital, the Company's shareholders at their annual meeting on June 15, 2022 adopted a resolution to raise additional cash by issuing 20,000 thousand ordinary shares through private placement and authorised the Board of Directors to fully handle the capital increase within a year from the date of the resolution at their annual meeting.

The Company's Board of Directors approved the private placement to be priced at NT$8.736 (in dollars) per share on June 15, 2022. The Company issued 3,777 thousand shares through the private placement and collected $32,996 of proceeds on June 29, 2022 (the effective date).

Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

D. On March 18, 2022, the Company's Board of Directors resolved to increase its capital, and increased 20,000 thousand shares and share capital of $200,000, with par value of $10 (in dollars), with the issuing price of $10 (in dollars) per share. The effective date was set on December 1, 2022. The registration has been completed on January 10, 2023.

E. Treasury shares

(a) Reason for share reacquisition was that those shares were held by the subsidiary, Quantum Investment Co.,Ltd. Movements in the number of the Company's treasury shares (unit: in thousands) are as follows:

	December 31, 2022		December 31, 2021	
	Number of shares	Carrying amount	Number of shares	Carrying amount
At January 1/ December 31	196	$ 6,669	196	$ 6,669

(b) Shares of the parent company held by subsidiaries had no voting rights before being reissued.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022				
	Share premium	Employee stock options	Changes in equity of associates and joint ventures accounted for using the equity method	Stock options expired	Total
At January 1	$ -	$ 5,795	$ 63	$ 71,597	$ 77,445
Cash capital increase	(840)	-	-	-	(840)
Share-based payments	3,060	12,200	-	340	15,600
At December 31	$ 2,220	$ 17,995	$ 63	$ 71,937	$ 92,215

	2021			
	Employee stock options	Changes in equity of associates and joint ventures accounted for using the equity method	Stock options expired	Total
At January 1	$ -	$ 63	$ 71,597	$ 71,660
Share-based payments	5,795	-	-	5,795
At December 31	$ 5,795	$ 63	$ 71,597	$ 77,455

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay income tax and offset operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reverse in accordance with the regulations or resolution of shareholders. The remainder, if any, along with prior years' accumulated undistributed earnings, with a limit of 5% to 70%, shall be proposed by the Board of Directors to the shareholdings' meeting for approval. Earnings distributed in the form of cash shall be resolved by the Board of Directors and earnings distributed in the form of shares shall be resolved by the shareholders according to the requirements.

B. The Company’s dividend policy is summarised below：

As the Company operates in a volatile business environment and is in the stable growth stage, the distribution ratio of stock dividends and cash dividends will be determined based on the Company’s future capital expenditures budget and capital needs to consider the Company’s future capital needs and long-term financial plan and maximise the shareholders’ equity. The Company distributes dividends following the aforementioned policy. However, when there are cash dividends distributed, the total amount of cash dividends distributed is between 10% and 100% of the total dividends distributed.

The Company shall distribute earnings or compensate deficit after the end of every half fiscal year according to the Company Act. When distributing earnings, the Company shall first estimate and reserve taxes payable, offset operating losses and set aside legal reserve. Earnings distributed in the form of cash shall be resolved by the Board of Directors and earnings distributed in the form of shares shall be resolved by the shareholders according to the requirements.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The Company will not distribute dividends as the shareholders resolved the deficit compensation for 2021 and 2020 at their meeting on June 15, 2022 and July 12, 2021, respectively. The deficit compensation for 2022 was proposed by the Board of Directors on March 23, 2023 and is yet to be resolved by the shareholders’ meeting in 2023.

Information about deficit compensation of the Company as approved by the Board of Directors and resolved by the shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(16) Other equity items

	2022		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	$ 36,903	($ 117,459)	($ 80,556)
Revaluation – the Company	-	(6,818)	(6,818)
Revaluation – subsidiaries	-	(39,008)	(39,008)
Currency translation differences:			
–The Company	367	-	367
–Subsidiaries	(3,431)	-	(3,431)
At December 31	$ 33,839	($ 163,285)	($ 129,446)

	2021		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	$ 56,090	($ 50,804)	$ 5,286
Revaluation – the Company	-	(43,206)	(43,206)
Revaluation – subsidiaries	-	(29,009)	(29,009)
Revaluation transferred to retained earnings – subsidiaries	-	5,560	5,560
Currency translation differences:			
–The Company	(720)	-	(720)
–Subsidiaries	(18,467)	-	(18,467)
At December 31	$ 36,903	($ 117,459)	($ 80,556)

(17) Operating revenue

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from contracts with customers	$ 1,699,737	$ 1,000,565

A. Disaggregation of revenue from contracts with customers

The Company derives revenue as follows:

2022	Revenue recognised at a point in time	Revenue recognised over time	Total
Total segment revenue			
Taiwan	$ 55,324	$ -	$ 55,324
Germany	610,616	-	610,616
USA	434,302	1,019	435,321
China	608,587	-	608,587
Brazil	59,041	-	59,041
Japan	32,016	-	32,016
Others	417,919	1,554	419,473
Inter-segment revenue	(520,641)	-	(520,641)
Revenue from external customer contracts	$ 1,697,164	$ 2,573	$ 1,699,737

2021	Revenue recognised at a point in time	Revenue recognised over time	Total
Total segment revenue			
Taiwan	$ 43,473	$ -	$ 43,473
Germany	191,114	-	191,114
USA	363,163	552	363,715
China	427,758	25,752	453,510
Brazil	41,372	-	41,372
Japan	31,552	-	31,552
Others	285,156	413	285,569
Inter-segment revenue	(409,740)	-	(409,740)
Revenue from external customer contracts	$ 973,848	$ 26,717	$ 1,000,565

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	$ 31,535	$ 3,071	$ 15,656

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 2,285	$ 12,870

(18) Interest income

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income：		
Interest income from bank deposits	$ 125	$ 26
Interest income from financial assets measured at amortised cost	76	57
	$ 201	$ 83

(19) Other income

	Year ended December 31, 2022	Year ended December 31, 2021
Other income, others	$ 6,310	$ 836

(20) Other gains and losses

	Year ended December 31, 2022	Year ended December 31, 2021
Income from subleasing right-of-use assets	$ 503	$ 503
Net foreign currency exchange (loss) gain	(45,079)	8,199
Gains on disposals of intangible assets	75,358	72,099
Miscellaneous disbursements	(2,586)	(2,262)
Total	$ 28,196	$ 78,539

(21) Finance costs

	Year ended December 31, 2022	Year ended December 31, 2021
Bank borrowings	$ 5,188	$ 2,627
Other borrowings	1,575	-
Lease liabilities	2,923	3,007
Total	$ 9,686	$ 5,634

(22) Expenses by nature

	Year ended December 31, 2022	Year ended December 31, 2021
Employee benefit expense	$ 424,145	$ 413,400
Depreciation expense	21,038	20,114
Amortisation expense	3,706	4,869
Total	$ 448,889	$ 438,383

(23) Employee benefit expense

	Year ended December 31, 2022		Year ended December 31, 2021	
Wages and salaries	$	343,316	$	343,300
Share-based payments		15,600		5,795
Labour and health insurance fees		31,745		31,328
Pension costs		18,249		18,344
Other personnel expenses		15,235		14,633
Total	$	424,145	$	413,400

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 6% for employees' compensation and shall not be higher than 2% for directors' remuneration. If the Company has accumulated losses, profit should be reserved to cover losses first.

   Whether the aforementioned employees' compensation shall be distributed in the form of shares or in cash shall be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders' meeting. In addition, the Articles of Incorporation shall specify the employees that are entitled to receive the aforementioned shares or cash, including the employees of subsidiaries who meet specific requirements.

B. For the years ended December 31, 2022 and 2021, the Company did not accrue employees' compensation and directors' remuneration as it had accumulated deficit.

C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2022		Year ended December 31, 2021	
Current tax:				
Current tax on profits for the year	$	-	$	-
Prior year income tax underestimation		2,008		1,175
Total current tax		2,008		1,175
Deferred tax:				
Origination and reversal of temporary differences	$	-	$	-
Effect from tax losses		-		-
Total deferred tax		-		-
Income tax expense	$	2,008	$	1,175

(b). Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2022		Year ended December 31, 2021	
Tax calculated based on profit before tax and statutory tax rate	($	6,078)	($	24,950)
Effect from items disallowed by the regulation	(	5,337)	(	2,074)
Prior year income tax underestimation		2,008		1,175
Temporary difference not recognised as deferred tax assets		29	(	2,678)
Taxable loss not recognised as deferred tax assets		11,386		29,702
Income tax expense	$	2,008	$	1,175

(c) The income tax (charge)/credit relating to components of other comprehensive income: None.

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses: None.

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2022			
Year incurred	Amount assessed / filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	$ 196,668	$ 196,668	$ 196,668	2023
2014	199,011	199,011	199,011	2024
2015	76,074	76,074	76,074	2025
2016	248,588	248,588	248,588	2026
2017	411,043	411,043	411,043	2027
2018	360,210	360,210	360,210	2028
2019	62,528	62,528	62,528	2029
2020	46,480	46,480	46,480	2030
2021	95,679	95,679	95,679	2031
2022	56,931	56,931	56,931	2032
	$ 1,753,212	$ 1,753,212	$ 1,753,212	

	December 31, 2021			
Year incurred	Amount assessed / filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	$ 196,668	$ 196,668	$ 196,668	2023
2014	199,011	199,011	199,011	2024
2015	76,074	76,074	76,074	2025
2016	248,588	248,588	248,588	2026
2017	411,043	411,043	411,043	2027
2018	360,210	360,210	360,210	2028
2019	62,528	62,528	62,528	2029
2020	393,599	393,599	393,599	2030
2021	148,511	148,511	148,511	2031
	$ 2,096,232	$ 2,096,232	$ 2,096,232	

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 154,021	$ 171,798

E. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Loss per share

A. Employee stock options for the years ended December 31, 2022 and 2021 had no dilutive effect and were not included in the calculation.

B. Weighted average number of treasury shares outstanding had been deducted from weighted average number of ordinary shares outstanding for the years ended December 31, 2022 and 2021.

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic and diluted losses per share			
Loss attributable to ordinary shareholders of the parent	($ 32,399)	192,806	($ 0.17)

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic and diluted losses per share			
Loss attributable to ordinary shareholders of the parent	($ 125,928)	182,426	($ 0.69)

(26) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant and equipment	$ 13,862	$ 6,999
Add: Opening balance of payable on equipment	301	960
Less: Ending balance of payable on equipment	(922)	(301)
Cash paid during the year	$ 13,241	$ 7,658

(27) Changes in liabilities from financing activities

	2022					
	Short-term borrowings	Long-term borrowings (including current portion)	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 100,000	$ 20,000	$ -	$ 148,410	$ 22	$ 268,432
Changes in cash flow from financing activities	90,141	94,405	25,000	-	-	209,546
Payment of lease principal	-	-	-	(4,833)	-	(4,833)
Interest expense	-	-	-	2,923	-	2,923
Interest paid	-	-	-	(2,923)	-	(2,923)
Changes in other non-cash items	-	-	-	416	-	416
At December 31	$ 190,141	$ 114,405	$ 25,000	$ 143,993	$ 22	$ 473,561

	2021				
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 135,094	$ -	$ 152,577	$ 19	$ 287,690
Changes in cash flow from financing activities	(35,094)	20,000	-	3	(15,091)
Payment of lease principal	-	-	(4,596)	-	(4,596)
Interest expense	-	-	3,007	-	3,007
Interest paid	-	-	(3,007)	-	(3,007)
Changes in other non-cash items	-	-	429	-	429
At December 31	$ 100,000	$ 20,000	$ 148,410	$ 22	$ 268,432

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Quantum Investment Co., Ltd.	A subsidiary which has 100% of shares directly owned by the Company
Avision Development Inc.	A subsidiary which has 100% of shares directly owned by the Company
Avision International Inc.	A subsidiary which has 100% of shares directly owned by the Company
Avision Brasil Ltda.	A subsidiary which has 99% of shares directly owned by the Company
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	A subsidiary which has 100% of shares indirectly owned by the Company
Avision (Suzhou) Co., Ltd.	A subsidiary which has 100% of shares indirectly owned by the Company
Avision Europe GmbH	A subsidiary which has 100% of shares indirectly owned by the Company
Yichun Avision Co., Ltd.	A subsidiary which has 100% of shares indirectly owned by the Company
Avision Labs, Inc.	A subsidiary which has 96.39% of shares indirectly owned by the Company
Suzhou Hongxin Microelectronics Technology Co., Ltd.	A subsidiary which has 79% of shares indirectly owned by the Company
SHENG,SHAO-LAN	Chairman of the company

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2022	Year ended December 31, 2021
Avision Europe GmbH	$ 610,616	$ 191,055
Subsidiaries	34,619	52,388
	$ 645,235	$ 243,443

Goods are sold based on the normal commercial terms and conditions that would be available to third parties.

B. Purchases:

	Year ended December 31, 2022	Year ended December 31, 2021
Avision (Suzhou) Co., Ltd.	$ 541,592	$ 383,848

Goods are purchased from subsidiaries based on the normal commercial terms and conditions.

C. Accounts receivable

	December 31, 2022	December 31, 2021
Avision Europe GmbH	$ 339,595	$ 87,700
Subsidiaries	6,334	20,563
	$ 345,929	$ 108,263

The receivables from related parties arise mainly from sale transactions and the terms of sales transactions are 60 ~ 90 days after monthly billings. The receivables bear no interest.

D. Accounts payable

	December 31, 2022	December 31, 2021
Avision (Suzhou) Co., Ltd.	$ 896,674	$ 769,483

The payables to related parties arise mainly from purchase transactions and are due 90 days after the date of purchase. The payables bear no interest.

E. Other receivables

	December 31, 2022	December 31, 2021
Subsidiaries	$ 6,980	$ 3,874

Other receivables arise mainly from the receivables for payments on behalf of others and receivables for freight fees on behalf of others.

F. Other payables

	December 31, 2022	December 31, 2021
Avision (Suzhou) Co., Ltd.	$ 85	$ 2,584
Avision Labs, Inc.	11,180	7,741
	$ 11,265	$ 10,325

Other payables mainly consist of payables on payments on behalf of others, payables on service fees and rent payables.

G. Property transactions:

Disposal of assets

For the year ended December 31, 2022: No disposal of asset transactions.

		Year ended December 31, 2021	
	Accounts	Proceeds	Gains (Note)
Avision (Suzhou) Co., Ltd.	Intangible assets or research and development expenses	$ 133,269	$ 133,269

Note: It includes the unrealised gain amounting to $125,143.

H. Loans from related parties:

	Year ended December 31, 2022				
	Ending balance	Amount	Contract period	Rate	Interest expense
SHENG,SHAO-LAN	$ -	$ 19,500	2022.1.26 ~ 2023.1.26	2.10%	$ 168

For year ended December 31,2021: None.

I. Loans to /from related parties:

(a) Other receivables

	December 31, 2022	December 31, 2021
Subsidiaries	$ -	$ 194

(b) The Company transfers accounts receivable due from related parties that are over a certain period of the normal credit period to other receivables. The ageing distribution is as follows

		Past due amount	
	Ageing distribution	December 31, 2022	December 31, 2021
Subsidiaries	120 to 180 days	$ -	$ 194
	Over 180 days	-	-
		$ -	$ 194

The collection terms of the Company’s credit to Avision Brasil Ltda. are individually determined at the time of shipment (approximately 60 days after monthly billings). As of December 31, 2022 and 2021, the balance of accounts receivable amounted to $5,847 and $3,571, respectively, of which accounts receivables that were past due over 120 days were $0 and $194, respectively, which were reclassified to other receivables - related parties.

J. Other expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Avision Labs, Inc.	$ 29,610	$ 20,023
Avision (Suzhou) Co., Ltd.	710	2,815
	$ 30,320	$ 22,838

Other expenses mainly state payments on service fees and rent.

(3) Key management compensation

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and other short-term employee benefits	$ 11,117	$ 11,480
Post-employment benefits	684	-
Share-based payments	1,002	476
	$ 12,803	$ 11,956

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2022	Book value December 31, 2021	Purpose
Time deposits (shown as "current financial assets at amortised cost)	$ 7,000	$ 7,000	Performance guarantee for land lease
Inventory	34,896	-	Other long-term borrowings
Property, plant and equipment	217,250	225,335	Short-term borrowings and credit line
Guarantee deposits paid	8,578	994	Performance guarantee
	$ 267,724	$ 233,329	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On March 23, 2023, the Board of Directors resolved to increase its capital through private placement by issuing 20 million shares, which is yet to be resolved by the shareholders.

12. Others

(1) Countermeasures to improve operating and financial condition

The Company incurred losses of NT$32,399 thousand for the year ended December 31, 2022. As of December 31, 2022, the accumulated deficit balance amounted to NT$924,847 thousand. However, due to the deficit in recent years, the Company intends to implement the following measures to improve the Company's operations and financial condition：

A. Actively developing business

Under the technical support of our existing products, the Company actively developed new customers and product cooperation projects and will endeavour to continually increase our shipments in the future, in order to bring growth momentum to our future operations.

B. Adjust operation strategies

Optimize the purchasing and producing process, calculate the minimum production volumes to reduce excessive raw material purchases through integrating orders for the same products, actively closeout inventory and increase inventory turnover.

C. Capital financing plan

(a) The Company has been maintaining good credit relationships with correspondent banks and based on the history record and experience, the Company will actively apply for renewal of existing financing limit from financial institutions. Additionally, the Company pledged the property as collateral to obtain new financing limits in order to make the capital movement flexibly.

(b) Obtained financing limits from non-financial institutions through negotiating to increase the space for capital movement.

(c) On March 23, 2023, the Board of Directors resolved to issue ordinary shares to raise the capital.

D. Assets revitalization

The Company makes more effective utilization (including the possibility of leasing or selling) of the Company's existing tangible assets, such as, land, factories and premises (including three plants in Hsinchu and Suzhou). Additionally, the Company negotiated for selling patent-related intellectual property rights and other intangible assets or collecting royalties from the aforementioned intangible assets. For the reinvestment, the Company is also actively seeking for counterparties to dispose of its shareholdings in order to obtain cash inflows. The Company has disposed part of financial assets at fair value through other comprehensive income to obtain cash inflows.

The Company assesses that the implementation of the above countermeasures will effectively improve its operations and financial condition and that there is no significant uncertainty regarding events or circumstances that may cause significant doubt on the Company's ability to continue as a going concern.

(2) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. During the year ended December 31, 2022, the Company's strategy, which was unchanged from 2021, was to maintain the gearing ratio within 50%.

(3) Financial instruments

A. Financial instruments by category

	December 31, 2022		December 31, 2021	
Financial assets				
Financial assets at fair value through other comprehensive income	$	20,831	$	26,511
Financial assets at amortised cost				
Cash and cash equivalents		274,169		38,917
Notes receivable		2		4
Accounts receivable (including related parties)		587,128		311,035
Other receivables (including related parties)		27,411		23,293
Guarantee deposits paid		8,578		994
Other financial assets		7,000		7,000
	$	925,119	$	407,754
Financial liabilities				
Financial liabilities at amortised cost				
Short-term borrowings	$	190,141	$	100,000
Short-term notes and bills payable		25,000		-
Long-term borrowings (including current portion)		114,405		20,000
Accounts payable (including related parties)		939,382		850,152
Other accounts payable (including related parties)		107,833		116,465
Guarantee deposits received		22		22
	$	1,376,783	$	1,086,639
Lease liability	$	143,993	$	148,410

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (the Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets, liabilities and net investments in foreign operations.

ii. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows：

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (in thousands of New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 23,645	30.710	$ 726,138
EUR: NTD	1,277	32.720	41,783
JPY: NTD	820	0.2324	191
RMB: NTD	153	4.4080	674
Non-monetary items			
Investments accounted for under equity method			
USD: NTD	$ 34,475	30.710	$ 1,058,712
Financial assets at fair value through other comprehensive income			
USD: NTD	338	30.710	10,378
Financial liabilities			
Monetary items			
USD: NTD	$ 31,884	30.710	$ 979,158

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (in thousands of New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 13,495	27.680	$ 373,542
EUR: NTD	219	31.320	6,859
JPY: NTD	2,259	0.2405	543
RMB: NTD	6,762	4.3440	29,374
Non-monetary items			
Investments accounted for under equity method			
USD: NTD	$ 36,764	27.680	$ 1,017,634
Financial assets at fair value through other comprehensive income			
USD: NTD	464	27.680	12,849
Financial liabilities			
Monetary items			
USD: NTD	$ 31,469	27.680	$ 871,062

iv. The total exchange gain and (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to ($45,079) and $8,199, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation：

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 7,261	$ -
EUR: NTD	1%	418	-
JPY: NTD	1%	2	-
RMB: NTD	1%	7	-
Non-monetary items			
Investments accounted for under equity method			
USD: NTD	1%	$ -	$ 10,587
Financial assets at fair value through other comprehensive income			
USD: NTD	1%	$ -	$ 104
Financial liabilities			
Monetary items			
USD: NTD	1%	($ 9,792)	$ -

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 3,735	$ -
EUR: NTD	1%	69	-
JPY: NTD	1%	5	-
RMB: NTD	1%	294	-
Non-monetary items			
Investments accounted for under equity method			
USD: NTD	1%	$ -	$ 10,176
Financial assets at fair value through other comprehensive income			
USD: NTD	1%	$ -	$ 128
Financial liabilities			
Monetary items			
USD: NTD	1%	($ 8,711)	$ -

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, other components of equity would have increased/decreased by $2,011 and $2,651, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $1,800 and $960, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable, other receivables and guarantee deposits paid based on the agreed terms, and the contract cash flows of bank deposits.

ii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. In line with credit risk management procedure, when the counterparty's contract payments are past due over 365 days, the default has occurred.

iv. The Company adopts the assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate expected credit loss.

vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

viii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties). On December 31, 2022 and 2021, the provision matrix is as follows:

At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.09%	$ 301,785	$ 275
Up to 30 days	3.62%	215,956	7,818
31~90 days	3.62%	49,896	1,806
91~180 days	4.14%	23,891	990
180~270 days	84.38%	41,539	35,050
271~360 days	-	-	-
Over 360 days	100.00%	522	522
		$ 633,589	$ 46,461

At December 31, 2021	Expected loss rate	Total book value	Loss allowance
Not past due	0.10%	$ 201,615	$ 202
Up to 30 days	5.35%	52,413	2,805
31~90 days	5.35%	53,373	2,858
91~180 days	8.87%	9,632	854
180~270 days	27.12%	907	246
271~360 days	62.26%	159	99
Over 360 days	100.00%	2,827	2,827
		$ 320,926	$ 9,891

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022
	Accounts receivable
At January 1	$ 9,891
Amount written off due to irrecoverability	(1,244)
Provision for impairment	37,814
At December 31	$ 46,461

	2022
	Accounts receivable
At January 1	$ 10,481
Reversal of impairment loss	(590)
At December 31	$ 9,891

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
NTD	$ 52,859	$ 130,000

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 190,141	$ -	$ -
Long-term borrowings (including current portion)	54,886	59,519	-
Accounts payable (including related parties)	939,382	-	-
Other payables (including related parties)	107,833	-	-
Lease liability	7,011	27,295	153,036

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 100,000	$ -	$ -
Long-term borrowings (including current portion)	2,963	17,037	-
Accounts payable (including related parties)	850,152	-	-
Other payables (including related parties)	116,465	-	-
Lease liability	7,728	27,190	159,763

(4) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificate is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. Other than those equity investments without active market whose fair value are included in level 2, the fair value of equity investments without active market are included in Level 3.

B. The carrying amounts of cash, notes receivable, accounts receivable, other receivables, long-term and short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 20,831	$ 20,831

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 26,511	$ 26,511

(b) The methods and assumptions the Company used to measure fair value are as follows：

i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

ii. When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Equity instrument
At January 1,2022	$ 26,511
Acquire for the year	1,138
Losses recognised in other comprehensive income	(6,818)
At December 31,2022	$ 20,831

	Equity instrument
At January 1,2021	$ 76,364
Disposals for the year	(6,647)
Losses recognised in other comprehensive income	(43,206)
At December 31,2021	$ 26,511

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by frequently calibrating valuation model and updating inputs used to the valuation model and making any other necessary adjustments to the fair value

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 20,831	Market comparable companies	Price to book ratio multiple	1.41~3.63	The higher the multiple, the higher the fair value;
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability,the lower the fair value.

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 26,511	Market comparable companies	Price to book ratio multiple	1.49~6.08	The higher the multiple, the higher the fair value;
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability,the lower the fair value.

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multipliers and discounts	±1	$ -	$ -	$ 282	($ 282)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multipliers and discounts	±1	$ -	$ -	$ 358	($ 358)

(5) Details of the impact of the Covid-19 pandemic to the Company's operations in 2022

With the gradual recovery of global business activities in 2022, the number of customer orders also gradually increased. As of December 31, 2022, the Covid-19 pandemic had no significant impact on the Company's going concern, impairment of assets and financing risks under the Company's assessment. The Company will continue to track the development of the pandemic so that the Company can timely adjust the operational strategies in response.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

Not applicable.

AVISION INC. And Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Celling on total loans granted (Note 3)	Footnote
													Item	Value			
1	AVISION INC.	Avision Europe GMBH	Other receivables - related parties	Yes	$ 4,938	$ -	$ -	2.867%	1	$ 187,896	-	$ -	None	$ -	$ 598,577	$ 116,930	
0	AVISION INC.	Avision Brasil Ltda.	Other receivables - related parties	Yes	$ 445	$ -	$ -	2.867%	1	$ 3,546	-	-	None	$ -	$ 9,147	$ 116,930	

Note 1: The Company is ‘0’, and the subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the nature of the loan as follows:

A. Fill in 1 for business transactions.

B. Fill in 2 for short-term financing.

Note3: For the companies having business relationship with the Company, ceiling on total loans granted is 10% of the Company’s net assets; financial limit on loans granted to a single party is the higher value of business transactions amount during current year on the year of financing. For companies having short-term loans, celling on total loans is 20% of the Company’s net assets, and celling on loans to a single party with short-term financing is 10% of the Company’s net assets.

AVISION INC. And Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value (Note)	Ownership (%)	Fair value	
AVISION INC.	Stocks of OTO PHOTONICS INC.	None	Financial assets at fair value through other comprehensive income	1,046,243 shares of ordinary shares.	$ 4,662	3.13	$ 4,662	
AVISION INC.	Stocks of AETAS Technology Inc.	None	Financial assets at fair value through other comprehensive income	250,000 shares of ordinary shares.	-	0.56	-	
AVISION INC.	Stocks of PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	None	Financial assets at fair value through other comprehensive income	323,400 shares of ordinary shares.	699	2.72	699	
AVISION INC.	Stcoks of WIN CO E-TECHNOLOGY CORP.	None	Financial assets at fair value through other comprehensive income	390,950 shares of ordinary shares.	5,092	19.35	5,092	
AVISION INC.	JimTec Group Holding Inc.	None	Financial assets at fair value through other comprehensive income	50,000 shares of ordinary shares.	4,270	1.00	4,270	
AVISION INC.	Capsovision Inc.	None	Financial assets at fair value through other comprehensive income	1,269,566 shares of preference shares.	6,108	1.10	6,108	
Quantum Investment Co.,Ltd.	SOLIDLITE CORPORATION	None	Financial assets at fair value through other comprehensive income	1,256,000 shares of ordinary shares.	7,997	5.72	7,997	
Quantum Investment Co.,Ltd.	AVISION INC.	The parent company	Financial assets at fair value through other comprehensive income	195,879 shares of ordinary shares.	2,184	0.09	2,184	
Sunglow International Inc.	Henan Centrix Technology Co.,Ltd.	None	Financial assets at fair value through other comprehensive income	Cash of USD 281,320	-	15.00	-	
Avision (Suzhou) Co., Ltd.	Yichun Yilian Print Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income	Cash of CNY 30,000,000	68,378	9.54	68,378	

Note: Fill in the amount after adjusted at fair value for the marketable securities measured at fair value.

AVISION INC. And Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
AVISION INC.	Avision (Suzhou) Co., Ltd.	The company's subsidiary	Purchases	$ 541,592	54	45 days after monthly billings	Not applicable	Not applicable	($ 896,674)	(90)	
AVISION INC.	Avision Europe GMbH	The company's subsidiary	Sales	(610,616)	36	90 days after monthly billings	Not applicable	Not applicable	339,595	44	
Avision (Suzhou) Co., Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	Affiliate	Sales	(291,280)	(13)	90 days after monthly billings	Not applicable	Not applicable	43,373	6	

AVISION INC. And Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Avision (Suzhou) Co., Ltd.	AVISION INC.	The ultimate parent company	$ 896,674	0.65	$ -	Not applicable	$ 261,391	$ -
AVISION INC.	Avision Europe GMbH	The company's subsidiary	339,595	2.86	-	Not applicable	110,188	-

Note: The Group's capital is used in an overall coordinated plan, and the net inter-company accounts receivable and accounts payable will be reserved first, and then remaining funds are remitted according to each company's capital requirement plan.

AVISION INC. And Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	AVISION INC.	Avision (Suzhou) Co., Ltd.	1	Purchases	$ 541,592	Based on the price lists in force and terms	0.19
0	AVISION INC.	Avision (Suzhou) Co., Ltd.	1	Accounts payable	896,674	Payment terms for 45 days after monthly billings	0.30
0	AVISION INC.	Avision (Suzhou) Co., Ltd.	1	Sales	594,098	Based on the price lists in force and terms	0.21
0	AVISION INC.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	1	Sales	14,489	Based on the price lists in force and terms	0.01
0	AVISION INC.	Avision Labs, Inc.	1	Other expenses	29,610	Based on the price lists in force and terms	0.01
0	AVISION INC.	Avision Labs, Inc.	1	Sales	10,983	Based on the price lists in force and terms	0.00
0	AVISION INC.	Avision Labs, Inc.	1	Accounts payable	11,180	Based on the price lists in force and terms	0.00
0	AVISION INC.	Avision Europe GMbH	1	Sales	610,616	Based on the price lists in force and terms	0.22
0	AVISION INC.	Avision Europe GMbH	1	Accounts receivable	339,595	Collection term for 90 days after the transation	0.12
1	Avision (Suzhou) Co., Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	3	Sales	291,280	Based on the price lists in force and terms	0.10
1	Avision (Suzhou) Co., Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	3	Accounts receivable	43,373	Payment terms for 60 days after monthly billings	0.01

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:
for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction:
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosing only the amount exceeded NT$10 million of transactions, and then the corresponding related party transactions are not disclosed separately.

AVISION INC. And Subsidiaries

Information on investees (not including investees in Mainland China)

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Note
AVISION INC.	Avision International Inc.	Samoa	Investment	$ 1,067,810	$ 1,067,810	38,546,389	100.00	$ 1,042,792	($ 9,230)	($ 9,230)	Subsidiary
AVISION INC.	Avision Development Inc.	Samoa	Investment	287,794	287,794	8,390,475	100.00	15,920	9,294	9,294	Subsidiary
AVISION INC.	Avision Brasil Ltda.	Brazil	Maintenance of scanners and multifunction printers	49,822	49,822	-	99.00	11,033	1,891	1,872	Subsidiary
AVISION INC.	Quantum Investment Co.,Ltd.	Taiwan	Investment	1,000	1,000	100,000	100.00	34,303	26,688	26,688	Subsidiary
Avision International Inc.	Fortune Investments Ltd.	Samoa	Investment	1,098,614	1,098,614	39,498,705	100.00	1,354,920	(9,230)	(9,230)	Second-tier subsidiary
Quantum Investment Co.,Ltd.	Avision Europe GmbH	Germany	Maintenance service of scanners	2,379	2,379	-	100.00	40,098	27,187	27,187	Investee companies of the Company's subsidiary
Avision Development Inc.	Sunglow International Inc.	Samoa	Investment	287,794	287,794	8,390,475	100.00	17,460	9,294	9,294	Second-tier subsidiary
Sunglow International Inc.	Avision Labs, Inc.	United States	Sales and maintenance service of scanners	48,694	48,694	800,000	96.39	17,448	9,642	9,294	Investee companies of the Company's second-tier subsidiary

AVISION INC. And Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Avision (Suzhou) Co., Ltd.	Scanners and multifunction printers	$ 1,352,791	2	$ 1,352,791	$ -	$ -	$ 1,352,791	($ 30,905)	100	($ 30,905)	$ 1,229,418	$ 205,688	Note 2
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	International Trade	6,943	2	6,943	-	-	6,943	19,875	100	19,875	141,552	54,950	Note 2
Henan Centrix Technology Co., Ltd.	Discs for laser reading system and international trade	63,727	2	9,559	-	-	9,559	-	15	-	-	-	
Yichun Avision Co., Ltd.	Scanners and multifunction printers	15,608	3	-	-	-	-	(168)	100	(168)	2,183	-	Note 4
Suzhou Hongxin Microelectronics Technology Co., Ltd.	Research and development and sales of wafers	69,988	3	-	-	-	-	(21,735)	79	(17,170)	47,038	-	Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
AVISION INC.	$ 1,240,878	$ 1,296,195	$ 701,580

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, Avision International Inc.and Fortune Investments Ltd., which then invested in the Avision (Suzhou) Co., Ltd. and Avision Digital Office Equipment (Shanghai) Trading Co., Ltd. in Mainland China.
Through investing in an existing company in the third area, Avision Development Inc.and Sunglow International Inc., which then invested in the Henan Centrix Technology Co.,Ltd. in Mainland China.

(3) Others

Note 2: Investment income (loss) recognised by the Company was based on the financial statements of the investee that were audited by R.O.C. parent company’s independent accountants.

Note 3: At the end of this period, the investment amount transmitted from Taiwan to mainland China was US$41,634 thousand counted with original currency. The investment amount permitted by the Investment Commission of Ministry of Economic Affairs (MOEA) was US$43,490 thousand counted with original currency, of which US$1,135 thousand was capital increase through capitalisation of earnings, and did not include in the limit of the Investment Commission of Ministry of Economic Affairs (MOEA).

Note 4: It was pertained to the investment in the investee in Mainland China through Avision (Suzhou) Co., Ltd. There was no amount remitted to Mainland China during the year.

AVISION INC. And Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others
Avision (Suzhou) Co., Ltd.	($ 1,135,691)	75	$ -	-	($ 953,584)	91	$ -	-	$ -	$ -	-	$ -	None
Avision (Suzhou) Co., Ltd.	594,098	27	-	-	56,910	7	-	-	-	-	-	-	None
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	14,489	1	-	-	40	-	-	-	-	-	-	-	None

AVISION INC. And Subsidiaries
Major shareholders information
December 31, 2022

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
LUO,SIOU-CHUN	21,370,178	11.05
SHENG,SHAO-LAN	14,117,300	7.00
“Avision Inc. trust, hope and love” fund account of the charitable trust in Bank SinoPac	10,325,886	5.34
TAIWAN MASK CORPORATION	10,000,000	5.17

VI. Any financial difficulties for the Company and its affiliated companies in the most recent year and as of the date of publication of the annual report, and their impacts on the Company's financial status: Not applicable.

Seven. Financial Status and Financial Performance Review Analysis & Risk Matters.

I. Financial Status

Main reasons for the variation in the assets, liabilities, and shareholders' equity in the most recent two years

Unit: NTD thousand

Item \ Year	2022	2021	Variation	
			Difference	%
Current Assets	2,093,637	1,624,620	469,017	28.87
Property, plant, and equipment	467,785	490,729	(22,944)	(4.68)
Intangible asset	54,962	40,262	14,700	36.51
Other assets	330,192	429,797	(99,605)	(23.17)
Total Assets	2,946,576	2,585,408	361,168	13.97
Current liability	1,458,391	1,271,813	186,578	14.67
Non-current liabilities	300,097	313,330	(13,233)	(4.22)
Total liabilities	1,758,488	1,585,143	173,345	10.94
Share capital	2,132,211	1,894,441	237,770	12.55
Capital surplus	92,215	77,455	14,760	19.06
Retained earnings	(919,011)	(896,184)	(22,827)	(2.55)
Other equities	(129,446)	(80,556)	(48,890)	(60.69)
Treasury shares	(6,669)	(6,669)	-	-
Non-controlling interests	18,788	11,778	7,010	59.52
Total Equity	1,188,088	1,000,265	187,823	18.78

Description of major changes: (at least 20% of variance and an amount involved in the variance of NTD 20 million and above)

(1) Current assets increased: mainly due to the capital increase in cash for the current period and the increase in cash and cash equivalents by NTD 209,982 thousand from the previous period.

(2) Other assets dropped and other equities dropped: mainly due to the persistent recognition of losses from the securities held.

II. Financial Performance

Main reason for the changes in the operating income, operating net profit, and pre-tax net profit over the most recent two years

Unit: NTD thousand

Item \ Year	2022	2021	Difference	Difference ratio (%)
Operating revenue	2,832,440	2,828,116	4,324	0.15
Operating profit margin	738,496	603,738	134,758	22.32
Operating loss	(59,000)	(126,711)	67,711	53.44
Non-operating income and expense	12,752	(5,438)	18,190	334.50
Net loss before tax	(46,248)	(132,149)	85,901	65.00
Tax gains	9,648	6,262	3,386	54.07
Current period net loss	(36,600)	(125,887)	89,287	70.93
Net amount of other combined gains or losses	(23,331)	(80,663)	57,332	71.08
Total comprehensive income in the current period	(59,931)	(206,550)	146,619	70.98

Analysis and Description of Changes in the Increase/Decrease (at least 20% of variance and an amount involved in the variance of NTD 20 million and above)

(1) Operating gross profit increased: The optimized portfolio in 2022 and the increase in the shipment of products of high gross profits drove up the gross profit rate at the same time.

(2) Operating loss dropped: The gross profit rate in 2022 climbed compared to that in 2021 and the loss dropped from 2021.

(3) Non-operating income and expenditure increased: The gains from foreign exchange in 2022 increased compared to that in 2021.

(4) Net loss before tax dropped: Mainly due to the optimized portfolio in 2022 and the increase in the shipment of products of high profits, which drove up the gross profit rate and the gains from foreign exchange in 2022 also rose compared to those in 2021.

(5) Net loss dropped for the current period: mainly because of the reduced net loss before tax and the income tax gains for the current period.

(6) Net amount of other combined gains or losses and total amount increased: Besides the reduced losses before and after tax, the unrealized appraisal losses from investments in equity tools measured at fair value through other combined gains or losses also dropped.

III. Cash flows of the most recent year

1. Analysis of changes in cash flows over the most recent year:

Unit: NTD thousand

Item \ Year	2022	2021	Variation	
			Difference	Difference ratio (%)
Operating activities	(311,424)	(349,261)	37,837	10.83
Investment activities	(59,716)	(82,252)	22,536	27.40
Fundraising activities	587,807	77,881	509,926	654.75

Clarification:

(1) The net cash out-flows from operating activities dropped mainly due to the increase in the cash inflows from operating activities.

(2) Net cash out-flows of investments dropped mainly due to the decrease in deferred asset expenditure.

(3) Net cash in-flows from financing activities dropped mainly due to the capital increase in cash and the increase in short-term borrowings for the current period.

2. Plan for improving insufficient liquidity:

The Company has been developing its own printers and multi-functional business machines for more than ten years and the funds were mostly from existing scanners, market financing, and borrowings from banks and meant to support operational and R&D needs. The Company has begun to proactively promote the marketing of printers and multi-functional business machines over the past few years. No other companies in the nation are capable of production and manufacturing on their own. The Company has approached multiple contractors in Mainland China and sales on the Mainland China market began as scheduled and proactive efforts are made to deploy in the markets in Europe, America, and Russia. Despite the impacts of COVID-19 over the past few years, which led to delays in the respective markets and purchase times made by customers, it is expected that sales will grow steadily while the pandemic gradually eases.

3. Cash liquidity analysis for the coming year

Unit: NTD thousand

Cash balance at start of the period (1)	Expected net cash flows from operating activities throughout the year (2)	Expected cash flows of investments and financing activities throughout the year (3)	Cash flow surplus (deficit) amount (1)+(2)+(3)	Remedial measures for cash flow deficit	
				Investment Plan	Wealth management plan
445,355	275,537	(146,437)	574,455	-	-

IV. Influence of major capital expenditures on financial business in the most recent year: None.

V. Reinvestment policy in the most recent year and the main reasons for its profit or loss, improvement plan, and investment plan for the coming year

1. Reinvestment policy for the most recent year:

The Company has already defined the Subsidiaries Supervision and Management Guidelines for companies that it invests in and subsidies will be managed accordingly. Major subsidiaries send back financial and operational statements to the main office the following month to facilitate discussion and analysis and to enhance the overall investment performance and protect the rights of shareholders.

The Company will carefully evaluate the investment plan from a long-term strategic perspective in order to cope with the future market and the demand for expansion of the production capacity and to continue reinforcing global competitive advantages.

2. Main reasons for their profit or loss and improvement plans for the coming year:

Unit: NTD thousand; Shares

Reinvestment Business	Gains or losses recognized for 2022	Cause of profit or deficit	Improvement plan	Investment plan for the next year
Avision International Inc.	(9,230)	Recognize gains of second-tier Avision (Suzhou) and Shanghai Awinic	-	None.
Quantum Investment Co., Ltd.	26,688	Recognize gains of Subsidiary Avision Europe GmbH	-	None.
Avision Development Inc.	9,294	Recognize gains of 2nd-tier subsidiary Avision Labs, Inc.	-	None.
Avision Brasil Ltda	1,872	Maintaining the market is the primary purpose in the beginning if the operation is yet to come of scale.	-	None.
Fortune Investments Ltd.	(9,230)	Recognize gains of Subsidiary Avision (Suzhou) and Shanghai Awinic	-	None.
Avision Europe GmbH	27,187	The Company is stable operationally and continues to make profits.	-	None.
Sunglow International Inc.	9,294	Recognize gains of Subsidiary Avision Labs, Inc.	-	None.
Avision (Suzhou) Co., Ltd.	(30,905)	The Company is stable operationally and continues to make profits.	Operating income is increased.	None.
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	19,875	The Company is stable operationally and continues to make profits.	-	None.
Avision Labs, Inc	9,294	The Company is stable operationally and continues to make profits.	-	None.
Yichun Avision Inc.	(168)	No operating income and hence continued operation is of no value.	The procedure to finish operations has begun.	None.
Suzhou Hongxin Microelectronics Co., Ltd.	(17,170)	Newly established company; it is still at the R&D stage and does not have any operating income yet.	It is expected that R&D results will be available in 2023.	None.

VI. Analysis and Evaluation of Risk Matters over the Most Recent Year up to the Date the Annual Report was Printed

(I) The effects that interest rate, exchange rate fluctuations, and inflation have on the profits and losses of the Company as well as the future countermeasures.

(1) Changes in interest rates

The interest income and interest expenditure of the Company for 2022 were, respectively, NTD 1,653 thousand and NTD 32,047 thousand, accounting for 0.06% and 1.13%, respectively, of the net operating income; the fluctuating interest rate does not impact the overall profitability of the Company much. As operating income increases and the demand for funds drops, however, the Company will not only continue to maintain optimal relations with corresponding banks in order to obtain funds at a relatively low cost but also properly manage borrowings from banks and continue to lower the amount borrowed in order to minimize the risk of interest rate change in the future.

(2) Exchange rate risk

The exchange gains of the Company for 2022 came to NTD 30,938 thousand, accounting for 1.09% of the net operating income. The Company purchases and sells mainly in US Dollars. In Mainland China, on the other hand, CNY is adopted as the primary bookkeeping currency in order to minimize the impacts the exchange rate fluctuations have on the Company's gains or losses. As far as foreign currency funds management is concerned, besides adequately retaining the foreign currency positions of sales income in order to pay off accounts payable in foreign currency and to accomplish natural hedging, the Finance Department of the Company is also proactively collecting information about exchange rates, paying attention to changes in the primary currency on the international exchange market so as to keep track of the exchange rate and to minimize the impacts that the fluctuating exchange rate has on the gains or losses of the Company.

(3) Inflation

The Company closely monitors fluctuating market prices and maintains optimal interactions with suppliers and customers in order to avoid significant impacts of inflation on the Group.

(II) Policies for engaging in high-risk and high-leverage investments, fund loans to others, endorsements, and derivative products; main reason for profit or loss; and future countermeasures.

(1) Policies on high-risk and high-leverage investments, the main reason for profit or loss, and countermeasures in the future:

The Company focuses on its main scope of operation and, in honor of the principles of being conservative and robust, never engages itself in high-risk and high-leverage investments.

(2) Policies on lending funds to others, endorsements/guarantees, and derivative products; the main reason for profit or loss; and countermeasures in the future:

The Company has defined applicable regulations such as the “Operating Procedure for Lending of Funds and Endorsement/Guarantee” and the “Operating Procedure for Trading Derivatives” to be followed as needed for related operations in order to ensure maximum interests of the Company. As of the date the Annual Report was printed, the Company and its subsidiaries had only lent funds to the Company and its subsidiaries.

(III) Future R&D plan and estimated R&D expenses

Avision will continue to invest resources in the following projects in order to maintain the core competitive advantages of the Company.

- A4 Self-service copiers and various auxiliary self-service printing/copying cloud management programs
- Development of APPs for the network and cloud
- Image processing chips of the new generation
- Development of information management and safety printing and management software to go with the introduction of the smart copier

The R&D plan expected to take place in 2023 is generally as follows:

1. Continue to introduce smart copiers based on the product development roadmap of the Company
2. Introduce conforming black-and-white laser printing engines based on the product development roadmap
3. Continue to enhance the scanning/image processing speed and digital office equipment features
4. High-speed document scanner

R&D Budget Forecast

The Company’s R&D expenditure mainly consists of investments in the development of future products and is not necessarily proportional to the amount of sales for the current year. Avision believes that only proactive devotion to research and development is the key to keeping the Company competitive and the only way to maintain the existing strengths of the Company. As such, R&D expenditure is never delayed as a result of undesirable external settings at Avision. The total R&D expenditure of Avision in 2023 is equivalent to that in prior years.

(IV) The influence of the changes in important policies and regulatory environment at home or abroad on the Company’s financial business, and countermeasures

The Company complies with national policies and regulatory requirements. Related units closely monitor important changes in policies and laws and adjust the Company’s internal systems and operating activities accordingly to ensure that the Company is working smoothly.

(V) The influence of changes in technology (including cyber security risks) and the industry on the Company's financial business and countermeasures

The market for scanners is seeing is declining. The Company therefore is speeding up the development of printers and multi-function business machines.

The R&D unit of the Company will also closely monitor possible impacts brought about by technological and industrial changes on the Company. Meanwhile, the R&D unit reinforces the development of high value-added and highly profitable products to boost further diversification and advancement of corporate products in order to secure profit-making sources. So far, no technological and industrial changes have impacted the financial operations of the Group.

(VI) The effects that corporate image have on corporate crisis management and the countermeasures:

The Company is known for its righteous corporate image and enforces optimal risk control. As of the date the Annual Report was printed, no impacts on corporate risk management as a result of altered corporate images had occurred; the corporate image has been optimal.

(VII) Estimated benefits and potential risks of M&A and countermeasures: None.

(VIII) Expected benefits and possible risks of the expansion of plants and countermeasures: This did not happen.

(IX) Risks of supplier or client concentration and countermeasures:

Most of the purchases/sales clients of the Company are well-known domestic and international businesses. Besides maintaining optimal relations with existing customers and suppliers, the Company is proactively seeking new sources of customers and developing new products in an effort to diversify sales customers. As far as the purchases/sales of the most recent year is concerned, no risk of focused purchases/sales had occurred.

(X) The influence of massive transfer or replacement of shares by the directors or shareholders each holding more than 10 % of the shares issued by the Company, the risk thereof, and countermeasures: None.

(XI) The effects and risks that operating rights changes have to the Company as well as the countermeasures: None.

(XII) Litigation or non-litigation incidents of the Company and its directors, President, substantial person-in-charge, shareholders holding more than 10% of shares, and affiliates: This did not happen.

(XIII) Other important risks and countermeasures:

(1) Information technology security risk and management measures

In order to ensure the confidentiality, integrity, and usability of the IT assets that belong to the Company (including physical hardware/software facilities, data, information, staff, and service) and to comply with applicable regulatory requirements so that they are free of intention or accidental internal and external threats and that corporate business operations are not interrupted, the “Information Security Policy and Management Guidelines” are prepared.

Information security management covers 13 information security management matters in order to avoid improper use, destruction, loss, or disclosure due to negligence, intentionally, or as a result of natural disasters and possible resultant risks and hazards for the Company.

Management measures:

a. The “Information and Communication Security Management Task Force” should review and revise this policy and such revisions are subject to approval by the senior executives before they are enforced in order to ensure that the policy meets current demand.
b. Respective departmental officers shall spontaneously communicate this security policy and all information security-related requirements and demand that their subordinates understand and follow them accordingly.
c. All employees shall follow the requirements set forth herein.
d. Temporary workers, contractors, and contract service providers are all responsible for abiding this safety policy.
e. All employees are responsible for reporting discovered information security accidents or weaknesses through an appropriate reporting system.
f. Any behavior that jeopardizes information security shall be subject to proper discipline or legal action.
g. Related information security measures or regulations shall be compliant with current regulatory requirements.

(2) Impacts of COVID-19 and countermeasures

COVID-19 impacted the supply chain of IT products, which will probably expedite the transfer and diversification of the supply chain. It also poses the risk of adjusting the global economy downwards over the long term.The Company will continue to closely monitor macro-environmental changes, flexibly adjust the organization and business operation, and also reinforce its working capital at the same time to cope with various changes.

(3) Adjustment of supplier strategy and countermeasures

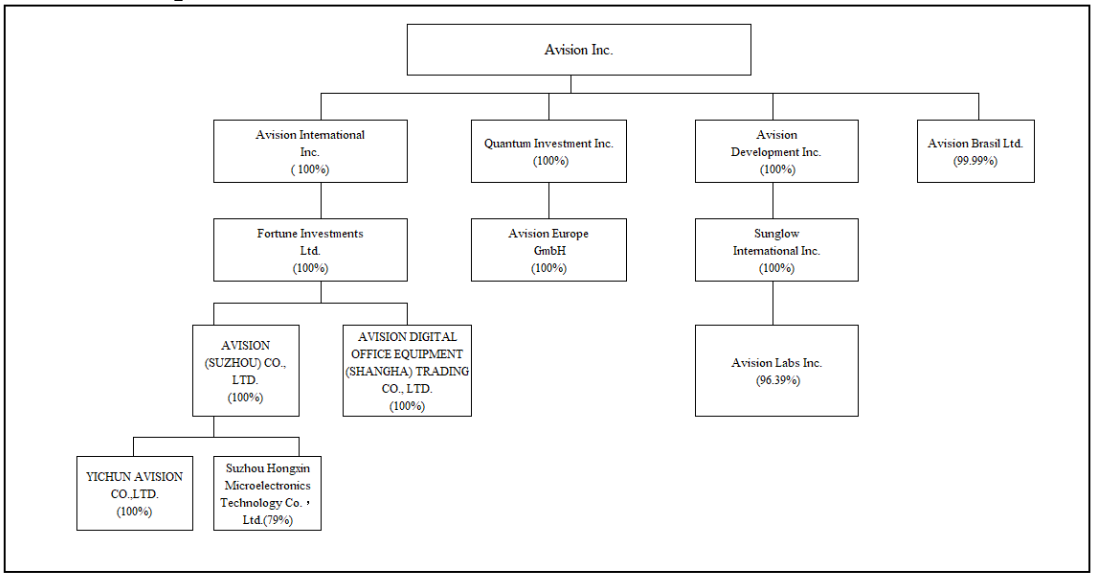
The international environment and geographical conflicts led to the required cooperation in the supply chain strategy. The Company will adequately integrate and adjust resources and expedite the growths of other suppliers as well as add competitive suppliers and products to maximize the efficacy for the Company.

VII. Other material issues: None.

Eight. Special Record Items

I. Affiliated Enterprises Related Information

(I) Affiliate organization chart



1. Investments made by the Company

December 31, 2022
Unit: USD/EUR/CNY; Share

Affiliate	Shares Ratio	Number of shares held		
Avision International Inc.	100.00%	Common share	38,546,389 shares	
Fortune Investments Ltd.	100.00%	Common share	39,498,705 shares	
Avision Development Inc.	100.00%	Common share	8,390,475 shares	
Sunglow International Inc.	100.00%	Common share	8,390,475 shares	
Avision Labs, Inc.	96.39%	Preference share	800,000 shares	
Avision Brasil Ltda	99.00%	Cash	USD1,675,526.79	
Avision (Suzhou) Co., Ltd.	100.00%	Cash Equipment	USD 38,639,689 USD 2,360,311	
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	100.00%	Cash	USD 200,000	
Yichun Avision Inc.	100.00%	Cash	RMB 3,500,000	
Suzhou Hongxin Microelectronics Co., Ltd.	79.00%	Cash	RMB 13,317,100	
Quantum Investment Co., Ltd.	100.00%	Common share	100,000 shares	
Avision Europe GmbH	100.00%	Cash	EUR 50,000	

2. Investments in the Company by subsidiaries

   Quantum Investment Co., Ltd. holds shares in the Company; as of December 31, 2022, the total number of shares held came to 195,879.

3. Investments between subsidiaries: None.

(II) Basic information of each affiliates

December 31, 2022
Unit: NTD/ USD/EUR/CNY

Enterprise name	Date of establishment	Address	Paid-in Capital	Main business or production items
Avision International Inc.	1999.10.05	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	USD 38,546,389	Long-term investment and share-holding
Fortune Investments Ltd.	1999.10.08	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	USD 39,498,705	Long-term investment and share-holding
Avision Development Inc.	2001.06.26	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	USD 8,390,475	Long-term investment and share-holding
Sunglow International Inc.	2001.06.26	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	USD 8,390,475	Long-term investment and share-holding
Avision Labs, Inc.	2003.09.03	6815 Mowry Avenue, Newark, CA 94560, United States	USD 1,642,241	Sale and repairs of scanners
Avision (Suzhou) Co., Ltd.	1999.12.03	No. 9, Suhong West Road, Suzhou Industrial Park	USD 41,000,000	Single-color desktop scanner
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	2002.08.05	A-D, Unit #6, No. 20, Sucui Road, Waigaoqiao Free Trade Zone, Shanghai	USD 200,000	International trade
Yichun Avision Inc.	2017.06.19	Pharmaceutical Industrial Park, Yuanzhou District, Yichun City, Jiangxi	RMB 3,500,000	Manufacture of printer parts
Suzhou Hongxin Microelectronics Co., Ltd.	2021.07.01	Suite 405, Building 1, 3E Industrial Park at No. 18, Chunyao Road, Caohu Street, Suzhou	RMB16,857,100	R&D and sale of chips
Quantum Investment Co., Ltd.	2000.09.15	2F.-13, No. 67, Gaocui Rd., Xiangong Vil., East Dist., Hsinchu City	NTD 1,000,000	Long-term investment and share-holding
Avision Europe GmbH	2009.02.05	Bischofstr. 101, 47809 Krefeld, Germany	EUR 50,000	Scanner repairs
Avision Brasil Ltda	2010.12.17	Rua Flórida, 1670 - CJ 22 - Ed. Palmares- Berrini - São Paulo, Brasil - CEP: 04565-904	USD 1,675,527	Sale and repairs of scanners and multi-function business machines

(III) Information on the same shareholders who are presumed to have control and affiliation relations: None.

(IV) Industries covered in the scope of operation of affiliates as a whole: The Company and its affiliates are dealing with research, development, production, manufacture, and sale of fax machine components, electronic white boards, high-resolution negatives/image scanners, rapid paper-feeding/paging systems, among others, and a small number of affiliates focus on investment and share-holding business.

(V) Information on directors, supervisors, and president of affiliates

December 31, 2022
Unit: USD/EUR/CNY; Share; %

Enterprise name	Title	Name or representative	Shareholding		
			Shares		Shares Ratio
Avision International Inc.	Director (Chairman)	Sheng Shao-Lan	Common share	38,546,389 shares	100%
Fortune Investments Ltd.	Director (Chairman)	Sheng Shao-Lan	Common share	39,498,705 shares	100%
Avision Development Inc.	Director (Chairman)	Sheng Shao-Lan	Common share	8,390,475 shares	100%
Sunglow International Inc.	Director (Chairman)	Sheng Shao-Lan	Common share	8,390,475 shares	100%
Avision Labs, Inc.	President	Charlie Chou	Preference share	800,000 shares	96.39%
Avision (Suzhou) Co., Ltd.	Director (Chairman)	Sheng Shao-Lan	Cash Equipment	USD 38,639,689 USD 2,360,311	100%
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	Director (Chairman)	Sheng Shao-Lan	Cash	USD 200,000	100%
Quantum Investment Co., Ltd.	Chairman (President)	Sheng Shao-Lan	Common share	100,000 shares	100%
Avision Europe GmbH	Manage Director	William Kuo	Cash	EUR 50,000	100%
Avision Brasil Ltda	Manage Director	Adriano,Fabio Akioi	Cash	USD1,675,527	99%
Yichun Avision Inc.	Director (Chairman)	Tan Wen-Chang	Cash	RMB 3,500,000	100%
Suzhou Hongxin Microelectronics Co., Ltd.	Director (Chairman)	Wang Tse-Wu	Cash	RMB 13,317,100	79%

(VI) 2022 Operational Overview of Respective Affiliates

(Unit: NTD thousand)

Enterprise name	Paid-in Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings Per Share (NTD) (After-tax)
Avision Inc.	2,132,211	2,791,571	1,622,271	1,169,300	1,699,737	(84,036)	(32,399)	(0.17)
Avision International Inc.	1,273,978	1,355,283	-	1,355,283	-	-	(9,229)	Note 2
Fortune Investments Ltd.	1,302,973	1,354,848	-	1,354,848	-	-	(9,229)	Note 2
Avision (Suzhou) Co., Ltd.	1,352,321	2,284,355	1,054,936	1,229,419	2,164,655	(75,196)	(30,904)	Note 2
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	6,943	204,017	62,465	141,552	365,608	26,211	19,875	Note 2
Avision Development Inc.	273,442	17,460	-	17,460	-	-	9,294	-
Sunglow International Inc.	273,429	17,448	-	17,448	-	-	9,294	-
Avision Labs, Inc.	49,386	21,874	3,785	18,089	74,251	8,768	9,642	Note 2
Quantum Investment Co., Ltd.	1,000	40,564	467	40,097	-	(33)	26,688	266.88
Avision Europe GmbH	2,379	406,570	380,255	26,315	668,680	14,274	27,187	Note 2
Avision Brasil Ltda.	41,067	19,059	8,093	10,966	23,853	(4,604)	1,504	Note 2
Yichun Avision Inc.	15,719	2,183	-	2,183	-	(173)	(168)	Note 2
Suzhou Hongxin Microelectronics Co., Ltd.	72,283	47,038	-	47,038	-	(21,765)	(21,735)	Note 2

Note 1: Exchange rate: USD/NTD=30.7100; RMB/NTD=4.408; BRL/NTD=5.886; EUR/NTD=32.72.
Note 2: Limited company; Therefore, it is not applicable.

(VII) Consolidated Financial Statements of Affiliates

Companies that should be included in the compiled consolidated financial statements of affiliates are identical to those that should be compiled in the consolidated statements of the parent company and its subsidiaries as per International Financial Reporting Standard 10 and all the information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent company and its subsidiaries. The Consolidated Financial Statements of Affiliates are not prepared separately and the Declaration on Consolidated Statements of Affiliates is not issued (Refer to “Six. Financial Overview V. Financial Statements of the Most Recent year in this handbook).

II. Private placement of securities in the most recent year up to the publication date of this annual report

Item	First private placement of 2021 (Note 1) Stock delivered on: October 15, 2022	First private placement of 2022 (Note 1) Stock delivered on August 8, 2022
Type of Private Placement Securities (Note 2)	Common share	Common share
Date and Amount Approved through the Shareholders' Meeting(note 3)	July 12, 2021 20,000,000 shares	June 15, 2022 20,000,000 shares
Basis for and Legitimacy of Pricing	For the current private placement price, either the price obtained with the simple arithmetic mean of the closing prices of common stock shares over the one, three, or five business days prior to the pricing date, with the free allotment ex-right subtracted and capital decrease reverse ex-right added back up or the price obtained with the simple arithmetic mean of the closing prices of common stock shares over the thirty business days prior to the pricing date, with the free allotment ex-right and dividends subtracted and capital decrease reverse ex-right added back up,whichever is higher,is adopted as the reference price.For the subscription price of common stock shares in the current private placement, it is intended to be proposed during the shareholders'meeting that the Board of Directors shall be authorized to set the private placement price at no less than 80% of the reference price.Where the actual price is no less than the percentage decided during the shareholders'meeting,it is intended to be proposed during the shareholders'meeting that the Board of Directors shall be authorized to set it reflective of the conditions of the specified person and the market in the future. Prices are set with reference to the current situation at the Company and also to market prices of recent transactions over corporate shares. The above-said prices shall be reasonable.	For the current private placement price, either the price obtained with the simple arithmetic mean of the closing prices of common stock shares over the one, three, or five business days prior to the pricing date, with the free allotment ex-right subtracted and capital decrease reverse ex-right added back up or the price obtained with the simple arithmetic mean of the closing prices of common stock shares over the thirty business days prior to the pricing date, with the free allotment ex-right and dividends subtracted and capital decrease reverse ex-right added back up,whichever is higher,is adopted as the reference price.For the subscription price of common stock shares in the current private placement, it is intended to be proposed during the shareholders'meeting that the Board of Directors shall be authorized to set the private placement price at no less than 80% of the reference price.Where the actual price is no less than the percentage decided during the shareholders'meeting,it is intended to be proposed during the shareholders'meeting that the Board of Directors shall be authorized to set it reflective of the conditions of the specified person and the market in the future. Prices are set with reference to the current situation at the Company and also to market prices of recent transactions over corporate shares.The above-said prices shall be reasonable.

Item	First private placement of 2021 (Note 1) Stock delivered on: October 15, 2022	First private placement of 2022 (Note 1) Stock delivered on August 8, 2022
How specified persons are selected (Note 4)	A. Follow the requirements in Article 43-6 of Securities and Exchange Act. B. In the event that the subscriber is a strategic investor: 1. How to choose and the purpose: Choose individuals or corporations that will help the Company boost technologies, develop products, or reinforce customer relations. 2. Necessity and expected benefits: Enhance the Company's competitive advantages and operational performance applying their strengths in terms of experience, technology, and knowledge. C. If the subscriber is an insider or a related party: 1. List of prospective subscribers and affiliation with the Company: (1) Sheng Shao-Lan/Chairman (2) Lo Hsiu-Chun/Spouse of Chairman (3) Chen Yen-Cheng(Director)(4) Wu Yung-Chuan/Director (5) Chou Chung-Li/ Vice President (6) Kuo Chen/Vice President (7) Gotoden Katsuhiko/Vice President. 2. How to choose and purpose: Prioritize those who have quite some knowledge of corporate operation and can help with operations in the future directly or indirectly. 3. Affiliation with the Company of subscribers who are Top 10 corporate shareholders in terms of their shareholding ratio: Not applicable.	A. Follow the requirements in Article 43-6 of Securities and Exchange Act. B. In the event that the subscriber is a strategic investor: 1. How to choose and the purpose: Choose individuals or corporations that will help the Company boost technologies, develop products, or reinforce customer relations. 2. Necessity and expected benefits: Enhance the Company's competitive advantages and operational performance applying their strengths in terms of experience, technology, and knowledge. C. If the subscriber is an insider or a related party: 1. List of prospective subscribers and affiliation with the Company: (1) Sheng Shao-Lan/Chairman (2) Lo Hsiu-Chun/Spouse of Chairman (3) Chen Yen-Cheng (Director) (4) Wu Yung-Chuan/Director (5) Chou Chung-Li (Vice President (6) Kuo Chen/Vice President (7) Gotoden Katsuhiko/Vice President. 2. How to choose and purpose: Prioritize those who have quite some knowledge of corporate operation and can help with operations in the future directly or indirectly. 3. Affiliation with the Company of subscribers who are Top 10 corporate shareholders in terms of their shareholding ratio: Not applicable.
Rationale for private placement	1. Reason that public offering is not adopted: The Company needs to invest in the working capital at present, but financing through public offering is unlikely to secure the funds needed within a short period of time. This is why private placement is adopted instead; it helps quickly raise the required	1. Reason that public offering is not adopted: The Company needs to invest in the working capital at present, but financing through public offering is unlikely to secure the funds needed within a short period of time. This is why private placement is adopted instead; it helps quickly raise the required

<table>
<tr><th>Item</th><th colspan="5">First private placement of 2021 (Note 1)
Stock delivered on: October 15, 2022</th><th colspan="5">First private placement of 2022 (Note 1)
Stock delivered on August 8, 2022</th></tr>
<tr><td></td><td colspan="5">funds from specified persons. By authorizing the Board of Directors to organize private placement reflective of the actual demand, on the other hand, it also effectively enhances financing mobility and flexibility.
2. For the current private placement, it is expected to be completed in one or two efforts. Either way, the combined total number of shares issued may not exceed 10,000,000.
3. How will the funds be used: All the funds raised are meant to enrich the working capital, to pay off borrowings from banks, or to meet the needs of developments in the future.
4. Expected efficacy to be fulfilled: The efficacy to be fulfilled each time is meant to reinforce the corporate financial structure and to also boost corporate operational efficacy and overall competitive advantages.</td><td colspan="5">funds from specified persons. By authorizing the Board of Directors to organize private placement reflective of the actual demand, on the other hand, it also effectively enhances financing mobility and flexibility.
2. For the current private placement, it is expected to be completed in one or two efforts. Either way, the combined total number of shares issued may not exceed 20,000,000.
3. How will the funds be used: All the funds raised are meant to enrich the working capital, to pay off borrowings from banks, or to meet the needs of developments in the future.
4. Expected efficacy to be fulfilled: The efficacy to be fulfilled each time is meant to reinforce the corporate financial structure and to also boost corporate operational efficacy and overall competitive advantages.</td></tr>
<tr><td>Number of shares (or number of corporate bonds)</td><td colspan="5">10,000,000 shares</td><td colspan="5">3,777,000 shares</td></tr>
<tr><td>Payment and filing dates</td><td colspan="5">Payment date: September 6, 2021
Filing date: September 7, 2021</td><td colspan="5">Payment date: June 29, 2022
Filing date: July 1, 2022</td></tr>
<tr><td rowspan="4">Subscriber profile</td><td>Target of private placement (Note 5)</td><td>Eligibility criteria (Note 6)</td><td>Quantity subscribed (shares)</td><td>Relationship with the Company</td><td>Involvement in corporate operation</td><td>Target of private placement (Note 5)</td><td>Eligibility criteria (Note 6)</td><td>Quantity subscribed (shares)</td><td>Relationship with the Company</td><td>Involvement in corporate operation</td></tr>
<tr><td rowspan="3">Taiwan Mask Corporation</td><td rowspan="3">Sub-paragraph 2</td><td rowspan="3">10,000,000</td><td rowspan="3">None.</td><td rowspan="3">None.</td><td>Sheng Shao-Lan</td><td>Sub-paragraph 3</td><td>2,232,000</td><td>Chairman</td><td>Chairman</td></tr>
<tr><td>Lo Hsiu-Chun</td><td>Sub-paragraph 3</td><td>973,000</td><td>Spouse of Chairman</td><td>None.</td></tr>
<tr><td>Sheng Shih-Chao</td><td>Sub-paragraph 2</td><td>572,000</td><td>Employee</td><td>None.</td></tr>
</table>

Item	First private placement of 2021 (Note 1) Stock delivered on: October 15, 2022	First private placement of 2022 (Note 1) Stock delivered on August 8, 2022
Actual subscription (or conversion)price(Note 7)	NTD 8.74 per share	NTD 8.736 per share
Difference between the actual subscription(or conversion) price and the reference price (Note 7)	None.	None.
Impacts of private placement on shareholder equity (such as: increase in accumulated deficits...)	The current private placement prices is below the par value and the accumulated earnings/deficits adjusted to reflect the difference came to NTD 12,600 thousand.	The current private placement prices is below the par value and the accumulated earnings/deficits adjusted to reflect the difference came to NTD 4,774 thousand.
Utilization of Privately Placed Funds and Project Implementation Status	The funds raised were meant to enrich the working capital,pay off borrowings from banks,or to meet the needs of developments in the future for the sake of strengthening the financial structure and enhancing corporate operational efficacy and overall competitiveness of the Company.The payments received of shares were then used, respectively,to enrich the working capital-pay off costs of goods and materials and to pay for general expenses in the third quarter of 2021 and all the funds were drawn down completely in the fourth quarter of 2021.	The funds raised were meant to enrich the working capital, pay off borrowings from banks, or to meet the needs of developments in the future for the sake of strengthening the financial structure and enhancing corporate operational efficacy and overall competitiveness of the Company.The payments received of shares were then used, respectively, to enrich the working capital - pay off costs of goods and materials and to pay for general expenses in the second quarter of 2022 and all the funds were drawn down completely in the third quarter of 2022.
Demonstration of Private Placement Efficacy	The financial structure and solvency improved in 2021.	The financial structure and solvency improved in 2022.

Note 1: The number of fields may be adjusted reflective of the actual number of occurrences. If private placement of securities takes place in separate efforts, they shall be listed separately.
Note 2: Provide the type of security included in the private placement, such as common stock, preferred stock, convertible preferred stock, preferred stock with subscription warrants, common corporate bond, convertible corporate bond, corporate bond with subscription warrants, overseas convertible corporate bond, global depository receipt, and employee share subscription warrant, among others.
Note 3: When no approval through the shareholders' meeting is required in the case of private placement corporate bonds, the date and amount approved by the Board of Directors shall be provided.
Note 4: For ongoing private placements, if subscribers have been approached and determined, the names of subscribers and their relationship with the Company shall be specified.
Note 5: The number of fields may be adjusted reflective of the actual number.
Note 6: Indicate Article 43-6 Paragraph 1 Sub-paragraph 1, Sub-paragraph 2, or Sub-paragraph 3 of the Securities and Exchange Act.
Note 7: The actual subscription (or conversion price) refers to that set when private placement securities are actually issued.

III. Subsidiaries holding or disposing of the Company's shares in the most recent year and up to the publication date of this annual report

Unit: NT$ thousand; thousand shares; %

Investee	Paid-in Capital	Source of funds	Shareholding ratio of the Company	Date received or disposed of	Number of shares acquired and amount	Number of shares disposed of and amount	Investment income or loss	Number of shares held and amount as of the date the Annual Report was printed	Pledge-setting status	Amount available for the Company when providing any of its subsidiaries with endorsements/guarantees.	Limits of funds lent between the Company and its subsidiaries
Quantum Investment Co., Ltd.	1,000	Self-owned funds	100%	2022 up to when the current Annual Report was printed	-	-	-	Shares: 196 thousand shares Amount: 2,037 thousand	-	-	-

Note 1: The amount herein refers to the actual amount acquired or disposed of.

Note 2: Impacts on corporate financial performance and financing standing: Not applicable.

IV. Other matters requiring supplementary information: None.

V. Matters with important impacts on shareholders' equity or prices of securities as indicated in Article 36 Paragraph 3 Subparagraph 2 of the Act over the past year up to the date the Annual Report was printed shall also be specified one by one: None.

Avision Inc. 

Chairman: Sheng Shao-Lan 

Avision

A vision of your office

Avision Inc. | No. 20, Creation Rd. I, Hsinchu Science Park 300093, Taiwan, R.O.C. | Tel: 886-3-5782388 | Fax: 886-3-5777017