

## 2024 General Shareholders' Meeting Meeting agenda book



### **COLOR PRINTER**



The meeting method : physical shareholders' meeting

Date and Time: 9:00 a.m., Wednesday, June 26, 2024

Address: No. 20, Creation Rd. 1, Science Park, Hsinchu, Taiwan 300, R.O.C.

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Avision Inc.  
2024 Annual General Meeting Procedure

- I. Call the Meeting to Order
- II. Chairman in Position
- III. Chairman's Remarks
- IV. Report Items
- V. Ratification Items
- VI. Discussion Items
- VII. Election Item
- VIII. Other Item
- IX. Extraordinary Motions
- X. Meeting Adjourned

# Avision Inc.

## Agenda of 2024 General Shareholders' Meeting

- I. Date and Time: 9:00 a.m., Wednesday, June 26, 2024
- II. Address: No. 20, Creation Rd. 1, Science Park, Hsinchu, Taiwan 300, R.O.C.  
(physical meeting)
- III. Attendees: All shareholders and equity representatives
- IV. Chairman: Sheng, Shao-Lan
- V. Chairman's Remarks
- VI. Report Items:
  - (I) The Company's 2023 Business Report.
  - (II) The Company's 2023 Audit Committee Audit Report.
  - (III) Mainland China investment overview.
  - (IV) The Company's resolution of not distributing dividends for 2023.
  - (V) Execution of the Company's capital increase and operating improvement plan.
  - (VI) Execution of the Company's private placement of ordinary shares.
  - (VII) The accumulated loss of the Company reached half of the paid-in capital.
- VII. Ratification Items:
  - (I) 2023 Business Report and Financial Statements.
  - (II) 2023 Loss Compensation.
- VIII. Discussion Items:
  - (I) Proposal for the Company to perform private placement with issuance of common shares.
- IX. Election Item:
  - (I) Re-election of Directors.
- X. Other Item:
  - (I) To release the newly elected Directors from non-competition restrictions.
- XI. Extraordinary Motions:
- XII. Meeting Adjourned:

## **Report Items**

- I. The Company's 2023 Business Report; please review.

(Proposed by the Board of Directors)

Explanation: 2023 Business Report. (please refer to Attachment 1 on page 13 of this manual)

- II. The Company's 2023 Audit Committee Audit Report; please review.

(Proposed by the Board of Directors)

Explanation: Audit Committee Review Report. (please refer to Attachment 2 on page 14 of this manual)

- III. Mainland China investment overview.

(Proposed by the Board of Directors)

Explanation: Mainland China investment overview. (please refer to Attachment 3 on page 15 of this manual)

- IV. The Company's resolution of not distributing dividends for 2023.

(Proposed by the Board of Directors)

Explanation: The Company did not make a profit in 2023, so it is not planned to distribute dividends.

- V. Execution of the Company's capital increase and operating improvement plan.

(Proposed by the Board of Directors)

Explanation: Execution of the Company's capital increase and operating improvement plan. (please refer to Attachment 4 on pages 16~18 of this manual)

VI. Execution of the Company's private placement of ordinary shares.

(Proposed by the Board of Directors)

Explanation: Execution of the Company's private placement of ordinary shares.  
(please refer to Attachment 5 on page 19 of this manual)

VII. The accumulated loss of the Company reached half of the paid-in capital.

(Proposed by the Board of Directors)

Explanation: The company's accumulated loss as of December 31, 2023 was NT\$1,337,746 thousands, which was one-half of the paid-in capital of NT\$ 2,169,341 thousands. In compliance with Article 211 of the Company Act, "In case the loss incurred by a company aggregates to half of its paid-in capital, the board of directors shall convene and make a report to the meeting of shareholders." (please refer to Attachment 8 on page 49 of this manual)

## **Ratification Items**

Case 1: (Proposed by the Board of Directors)

Proposal: 2023 Business Report and Financial Statements; please ratify.

Explanation: The Company's 2023 financial statements have been audited by PwC Taiwan, and have been audited along with the business report; please ratify. (please refer to Attachment 1 on page 13, Attachment 6 on page 20~33 and Attachment 7 on page 34~48 of this manual).

Resolution:

Case 2: (Proposed by the Board of Directors)

Proposal: 2023 loss compensation; please ratify.

Explanation: The Company's 2023 loss compensation scheme has been approved by the board meeting and audited by the Audit Committee; please ratify. (please refer to Attachment 8 on page 49 of this manual)

Resolution:

## **Discussion Items**

Case 1: (Proposed by the Board of Directors)

Proposal: Proposal for the Company to perform private placement with issuance of common shares.

Explanation: 1. In response to changes in the overall operating environment in the future, the Company is enriching its working capital for its future development funding needs. It also examines factors such as the timeliness, convenience, issuance cost and equity stability of the cost of capital and simulates market conditions and the Company's funding needs. At the appropriate time, the Company issues 20,000,000 ordinary shares through private placement, which is explained as follows according to Article 43-6 of the Securities and Exchange Act:

(I) Basis and rationality of pricing:

The price of the private placement is determined based on the simple arithmetic mean of the closing price of ordinary shares 1, 3 or 5 business days before the pricing date, minus the free allotment and plus the stock price after the capital reduction as the reference price, or the simple arithmetic mean of the closing price of ordinary shares 30 business days before the pricing date, minus the stock and cash dividends and plus the stock price after the capital reduction; the higher of the two will be the reference price. For the subscription price for this private placement of ordinary shares, it is proposed to request the shareholders' meeting to authorize the board of directors to, in accordance with the regulations above, set the private placement price at no less than 80% of the reference price. If the actual price is not lower than the percentage determined by the shareholders' meeting, it is proposed to request the shareholders' meeting to authorize the board of directors to negotiate with specific individuals and determine the price based on market conditions. The price is set by reference to the current situation of the Company and the recent market price of the Company's stock price. The set price should be reasonable.



- (II) Reasons and rationale if the private placement price is below the face value:

According to current laws and the aforementioned pricing method, the price of this private placement may be lower than the face value. However, in accordance with Article 43-8 of the Securities and Exchange Act, there is a 3-year restriction on the free transfer of shares issued through private placement. Therefore, it is still reasonable if the price of this private placement is lower than the face value.

If such a situation occurs, the impact on shareholder equity will be the cumulative loss caused by the difference between the actual private placement price and the face value, which will be eliminated based on the Company's future operating status.

- (III) Method for selection of specific individuals:

- A. Handled in accordance with Article 43-6 of the Securities and Exchange Act.
- B. If the subscriber is a strategic investor:
  - 1. Selection method and purpose: on the premise of not causing significant changes in the Company's future management rights, choose individuals or legal entities who can help the Company improve its technology, develop products, or strengthen customer relationships.
  - 2. Necessity and expected benefits: Enhancing the Company's competitiveness and operational effectiveness through its advantages in experience, technology, knowledge, etc.
- C. If the subscriber is a company insider or related party:
  - 1. List of possible subscribers and relationship with the Company: (1) Sheng Shao-Lan/Chairman (2) Lo Hsiu-Chun/Chairman's spouse (3) Wu Yung-Chuan/Director (4) Kuo Chen/Vice President (5) Gotoda Katsuhiko/Vice-President.
  - 2. Selection method and purpose: priority is given to those who have a clear understanding of the Company's operations and can directly or indirectly

benefit its future operations.

3. If the subscriber is a legal person shareholder or a top-ten shareholder in terms of shareholding ratio, the relationship with the Company: not applicable.

(IV) Necessity for the private placement:

1. Reason for not adopting public offering: the Company still needs the injection of working capital and it may not be easy to obtain the required funds in a short time only through public offering. Therefore, it is proposed to raise funds from specific persons through private placement to quickly inject the required funds. In addition, the fact that the board of directors is authorized to handle private placement based on actual needs also effectively improves the mobility and flexibility of fundraising.
2. This private placement is expected to be divided into one or two instalments; regardless of the number of instalments, the total number of shares to be issued is limited to 20,000,000 shares.
3. Application of funds: the funds from each instalment is to enrich the working capital, or to meet the funding needs of the Company's future development.
4. Expected benefits to be achieved: the expected benefit to be achieved from each instalment is the strengthening of the Company's financial structure, and improvement of the Company's operating effectiveness and overall competitiveness.

(V) If it is expected that the private placement installment cannot be completed before the deadline or if there is no plan to continue the private placement installments within the remaining period, but the original plan is still feasible, then it is deemed that the funds for private placement of securities have been fully received.

(VI) Rights and obligations of the private placement securities: according to the Securities and Exchange Act, the ordinary

shares of the private placement shall not be freely transferred for a period of 3 years from the delivery date. After 3 years from the delivery date, the Company plans to apply with the competent authority for listing and trading of the securities in accordance with the relevant provisions of the Securities and Exchange Act. Other than the provisions above, the rights and obligations of the ordinary shares in this private placement are the same as those of the Company's issued ordinary shares.

- (VII) For the private placement securities, it is proposed that the shareholders' meeting fully authorizes the board of directors to handle related matters within 1 year from the date of resolution of the shareholders' meeting.
- (VIII) The actual issuance price of common shares in this private placement is planned to be no less than 80% of the reference price. In accordance with the provisions of Article 4 of the "Things to Pay Attention to for Publicly Offered Companies to Handle Private Placement of Securities", Taishin Securities Co., Ltd. has been entrusted. For this private placement of common shares, issue an evaluation opinion on the necessity and rationality of the private placement. (please refer to Attachment 9 on page 50~63 of this manual)
- (IX) Regarding the main content of this private placement plan, other than the percentage of private placement, if there is any change due to amendments to relevant laws and regulations or due to the objective environment, it is proposed that the shareholders' meeting authorizes the board of directors to make amendments according to the situation of the current market.

2. Please make a resolution.

Resolution:

## **Election Item**

Case 1: (Proposed by the Board of Directors)

Proposal: Re-election of directors and independent directors.

Explanation: 1. According to Article 16 of the Company's "Articles of Incorporation" that the Company's Directors shall have five to seven Directors. The 12th Board will elect seven Directors (including four Independent Directors). Their three-year term will start from June 26, 2024 (taking office after the general shareholders' meeting) and conclude on June 25, 2027. The 11th of Directors were dismissed at the 12 th of Directors took office.

2. In accordance with Article 192-1 of the Company Law and Article 16 of the Company's "Articles of Incorporation", directors are selected through a candidate nomination system.

### 3. List of Directors and Independent Directors candidates:

	Name	Education	Experience	Present position	Name of the government or legal person represented
Director	Sheng, Shao-Lan	Master of Mechanical Engineering, University of Maryland	President, UMAX Computer Corporation President of AVISION Inc.	President of AVISION Inc.	None
Director	Wu, Yung-Chuan	Master of Law, University of Washington Department of Electrical and Mechanical Engineering, National Taiwan University Master's degree	Chairman, OtO Photonics Inc.	President of OtO Photonics Inc.	None
Director	Shih, Bo-Sheng	Electrical Department from the National Tsing Hua University	Vice president of AVISION Inc.	Vice president of AVISION Inc.	None
Independent Director	Liang, Chiang-Wei	EMBA , National Taiwan University	President, CREATIVE SENSOR Inc. President, ASIA TECH IMAGE Inc.	Independent Director, Ofuna Technology Co., Ltd.	None
Independent Director	Chen, Kuang	Department of Mechanical Engineering, Tatung University	Head of Industrial Safety and Health Office, China Steel Machinery Corporation	Independent Director of AVISION Inc.	None
Independent Director	Tsung, Jui-Yao	PhD in Power Mechanical, National Tsing Hua University	Vice Director, Quanta Computer Inc. President, MegaSmart Technology Inc.	Independent director of AVISION Inc.	None
Independent Director	Peng, Ming-Hsiu	Master of Management School from the National Chiao Tung University Master of Business Administration from the Saginaw Valley State University	CEO/CFO/Spokesman/Director of CHAMPION MICROELECTRONIC CORP.	Director of GOMAX ELECTRONICS, Inc. Independent Director of ACM Research( Shanghai), Inc. CEO of Haihua Investment Co., Ltd. Independent Director of MARS SEMICONDUCTOR CORP.	None

Voting Results:

## **Other Item**

Case 1: (Proposed by the Board of Directors)

Proposal: To release the non-competition restrictions on newly elected Directors.

Explanation:

1. To prevent newly-elected Directors from violating the restrictions of Article 209 of the Company Law by assisting the Company in expanding its business, it is proposed that the newly-elected Directors be approved by the shareholders' meeting and may conduct acts within the scope of the Company's business for themselves or others.
2. To release the main competitive content of new Directors and Independent Directors. (please refer to Attachment 10 on page 64 of this manual)
3. Please make a resolution.

## **Extraordinary Motions**

## **Meeting Adjourned**

## Attachments 1. Business Report

### Avision Inc. 2023 Business Report

The consolidated operating revenue of the Company in 2023 was NT\$1,965,189 thousand, a decrease of 30.62% from that in 2022, and the total comprehensive income for the current period was a loss of NT\$410,204 thousand. Such a loss is mainly due to the sluggish economy after the epidemic, which led to a decline in sales. However, in the North Asia and Eastern Europe regions where we actively deployed in 2023, sales performance has gradually increased since the fourth quarter, and losses have stopped in the current quarter.

The 2023 operation overview is as follows:

(I) Market Overview:

The global economy experienced various shocks in fiscal year 2023, including inflation in the United States and intensified energy costs due to the conflict between Ukraine and Russia. These factors contributed to subdued demand for general products and delayed equipment replacement by end customers. Despite these challenges, Avision's proactive market expansion efforts in North Asia, Eastern Europe, and the Middle East regions have begun to reflect positively in sales performance.

(II) Overview of Production and Sales:

Avision still has two production sites in Hsinchu, Taiwan and Suzhou of mainland China in 2023. The Suzhou Plant, in particular, is the main production site for printer products. Meanwhile, in light of the macro-environmental changes and market demand increase, the Company is gradually increasing the production ratio of the Hsinchu Plant. In terms of sales, Avision continued to introduce advanced products such as high-speed document scanners and printers capable of printing 40 pages per minute. Despite the global economic impact, Avision's sales have gradually stabilized, particularly with the promotion plans in North Asia and Eastern Europe showing effectiveness in the fourth quarter, leading to an increase in both sales volume and value.

(III) Overview of Research and Development:

Besides constant innovations and advancement in technologies, throughout 2023, Avision continued its efforts in technical innovation and enhancement, particularly in the development of color laser printers and next-generation control chips. Its employees are committed to translating these R&D efforts into sales as quickly as possible, aiming to achieve brighter operational performance and to reward the shareholders' support.

(IV) Financial overview: Please refer to the financial statements attached to this manual.

Chairman:  
Sheng Shao-Lan

Managerial Officers:  
Sheng Shao-Lan

Accounting Manager:  
Chen Shou-Ching

## Attachments 2. Audit Committee Review Report

### Audit Committee Review Report

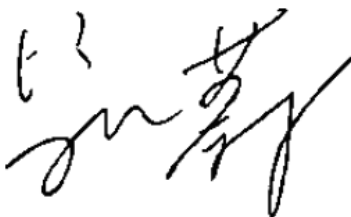
Regarding the Company's 2023 business report, financial statements and loss compensation proposal, the financial statements have been audited by CPAs Chiang Tsai-Yen and Hsieh Chih-Cheng of PwC Taiwan and an audit report has been issued accordingly. The aforementioned business report, financial statements and loss compensation proposal have been reviewed by the Audit Committee and there is no discrepancy found. Therefore, the report above is submitted for your review and approval in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

The Company's 2024 General Shareholders' Meeting

Avision Inc.

Chairman of the Audit Committee: Liang Chiang-Wei

A handwritten signature in black ink, appearing to be 'Liang Chiang-Wei', written over a faint, illegible stamp or background.

March 14, 2024



### Attachment 3. Information on investments in mainland China

AVISION INC. And Subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2023

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023										Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income (loss) of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023						
					Remitted to Mainland China	Remitted back to Taiwan										
Avision (Suzhou) Co., Ltd.	Scanners and multifunction printers	\$ 1,352,791	2	\$ 1,352,791	\$ -	\$ -	\$ 1,352,791	\$ 165,613	100	\$ 165,613	\$ 932,615	\$ 205,688	Note 2			
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	International Trade	6,943	2	6,943	-	-	6,943	5,182	100	5,182	144,391	54,950	Note 2			
Heraen 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	-	-	-	-	(75)	100	(75)	-	-	Note 5			
Suzhou Hongyin Microelectronics Technology Co., Ltd.	Research and development and sales of wafers	76,322	3	-	-	-	-	(28,909)	80.64	(23,312)	19,273	-	Note 4			
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (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.	\$ 1,297,100	\$ 1,354,923	\$ 477,166													

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.
- (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.

Note 5: Yichun Avision Co., Ltd. was deregistered on October 11, 2023.

## Attachment 4. Execution of the Company's Capital Increase and Operating Improvement Plan

### Avision Inc.

#### Execution of the Company's capital increase and operating improvement plan (shareholders' meeting)

- I. Handled in accordance with the letter of the Financial Supervisory Commission dated November 15, 2022 referenced Jin-Guan-Cheng-Fa No. 1110357814.
- II. Summary of operation improvement plan:
  1. The office equipment market has undergone a major transformation in the COVID-19 pandemic period. Avision's main production base and sales market are in mainland China while marketing in the global market, and the main unfavorable factors and countermeasures in the future are as follows:
    - (1) Competitors are all international giants  
Response measures: The Company continues investing in R&D and innovation. In addition to focusing on the market of laser multi-functional business machines, we have developed products with faster output and higher convenience and work closely with customers to develop products to meet customized needs. The Company's self-developed printer control chip can not only improve product differentiation such as intelligent copying, but also provide customized services for enterprises, in order to distinguish the product level and improve market competitiveness, and expand market share.
    - (2) Labor shortage and rising wages in China  
Response measures: The Company will improve its degree of automation in response to the continuous increase in wages and erosion of gross profit in China. Our R&D personnel will actively engage in product research and technological innovation, and continuously improve processes and equipment, in order to save labor costs and maintain the market advantage and competitiveness.
  2. Development strategy:
    - (1) Increasing the market share in the Chinese market through local production and partnership, well managing risks, and exploring the local printer market in mainland China. Currently, XC has been shortlisted as a printer manufacturer in mainland China

but is unable to develop high-end products in the short term; if there is such a demand, it will do so in the form of OEM. New products developed by Avison in the future will be marketed under its own brand in priority. If there is a demand for XC in the market, Avison with the domestic chip advantage will have a good bargaining chip.

- (2) Deeply cultivating customer relationships and establishing “partnerships” in their respective regions and seeking strategic alliances; building more effective sales teams and channels in the post-pandemic period in Europe and the United States, and actively developing customers and markets to create good sales results. Quickly promote the A1 and Rabbit III self-branded printers to Europe, the United States and Taiwan to reduce dependence on the mainland China market.
- (3) Apart from Europe and the United States, developing new markets and new customers to diversify regional risks.
- (4) Actively establishing distribution channels in various regions, expanding sales channels, manage supply chains and delivering products on time to meet customer needs. In addition to the XC printer market, state-owned enterprises and institutions in various parts of China also have various printer demands. For these price-oriented bidding projects, Avison competes with foreign companies in the capacity of a manufacturer. The Eagle and Rabbit III series are competitive and the own-brand sales in mainland China will mainly focus on these two series of products.
- (5) Allying with channel distributors to stimulate self-help copying business.
- (6) Better managing corporate assets and liabilities to more efficiently utilize assets.

### III. Status of implementation in 2023:

Unit: NTD thousand

2023	Full-year actual	Full-year estimate	Full-year difference	Full-year difference ratio
Operating revenue	1,965,189	3,219,790	(1,254,601)	(38.97%)
Operating profit margin	388,925	728,890	(339,965)	(46.64%)
Gross profit margin	19.79%	22.64%	(2.85%)	(12.59%)
Operating expenses	(811,811)	(714,625)	(97,186)	(13.60%)
Operating profit & loss	(422,886)	14,264	(437,150)	(3,064.71%)
Non-operating revenues and expenses	16,170	6,496	9,674	148.92%
Net income before tax	(406,716)	20,761	(427,477)	(2,059.04%)

1. During fiscal year 2023, the global landscape experienced a series of impactful events. From the Federal Reserve's decision to raise interest rates to the ongoing trade tensions between the US and China, coupled with escalating geopolitical conflicts such as the

Ukraine-Russia dispute and turmoil in the Middle East, and the notable downturn in the mainland China property market. These factors collectively resulted in a postponement of equipment upgrades among companies and their clientele. Many entities adjusted their inventory levels accordingly. Nevertheless, amidst these challenges, markets in North Asia, Eastern Europe, and the Middle East gradually showed signs of improvement, positively impacting our sales performance.

2. Avison is not focusing on OEM, but emphasizes continuous investment in new products. To meet the potential demand in the post-pandemic era and strengthen the quality of key products, the R&D expenses are still higher than expected; in addition, a provision was made for bad debts in the fourth quarter, resulting in an impairment of about NT\$50 million that was not estimated in advance. Operating expenses increased by 13.60% compared with the estimated amount.
3. Our strategic initiatives encompass heightened investment in R&D, strategic adjustments to our sales portfolio, and an aggressive pursuit of market share through the promotion of high-margin products. Our overarching objective remains achieving sustainable profitability. With market conditions showing signs of stabilization post-pandemic and our concerted efforts in customer acquisition, we remain steadfast in our endeavor to achieve a balanced financial performance.

## Attachment 5. Execution of the Company's Private Placement of Ordinary Shares

1. The Company executed the private placement of securities according to the resolution of the board meeting on March 23, 2023, and the shareholders' meeting also approved on June 16, 2023 a capital increase in cash with the issuance of 20,000,000 ordinary shares through private placement.
2. The purpose of the funds is to replenish the working capital, repay bank loans or meet the capital demand for future development, in order to strengthen the financial structure, and improve the operation outcome and overall competitiveness of the Company.
3. On June 20, 2023, the board meeting approved the private placement price of NT\$8.08 per share; on June 30, 2023, a total of NT\$30,001,040 was paid in full for 3,713,000 ordinary shares.
4. The private placement funds were fully used to enrich the working capital in the third quarter of 2023 as planned after being fully collected.
5. According to Article 6 of the Directions for Public Companies Conducting Private Placements of Securities, the Company has entered information related to the private placement securities in the private placement section of the MOPS.
6. For the remaining amount for this private placement case, due to the inability to obtain suitable subscribers, the board meeting on May 14, 2024 decided not to continue with the private placement plan.

AVISION INC.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, 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 14, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23000523

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, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 2023 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 \$614,639 thousand as at December 31, 2023. 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. The Group's inventories and allowance for valuation loss are \$846,160 thousand and \$144,500 thousand as at December 31, 2023, respectively. 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 4(11) for accounting policies on inventory allowance and 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 \$404,723 thousand for the year ended December 31, 2023 and the accumulated deficit as at December 31, 2023 was \$1,337,746 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 statements disclosed by the management.

#### ***Others – parent company only financial 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, 2023 and 2022, 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

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 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.

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Chiang, Tsai-Yen

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Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

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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.

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. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	505,888	20	\$	445,355	15
1136	Current financial assets at amortised cost, net	8		7,000	-		7,000	-
1150	Notes receivable, net	6(2)		4	-		2	-
1170	Accounts receivable, net	6(2)		419,978	17		787,647	27
1200	Other receivables			34,775	2		23,855	1
130X	Inventories	6(4) and 8		701,660	28		776,193	26
1410	Prepayments			61,834	3		53,557	2
1470	Other current assets			7	-		28	-
11XX	Total current assets			1,731,146	70		2,093,637	71
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		77,326	3		97,187	3
1600	Property, plant and equipment	6(5) and 8		433,717	17		467,785	16
1755	Right-of-use assets	6(6)		180,922	7		207,887	7
1780	Intangible assets			28,563	1		54,962	2
1840	Deferred income tax assets	6(23)		15,475	1		13,250	1
1920	Guarantee deposits paid	8		15,179	1		10,678	-
1990	Other non-current assets			2,678	-		1,190	-
15XX	Total non-current assets			753,860	30		852,939	29
1XXX	Total assets		\$	2,485,006	100	\$	2,946,576	100

(Continued)

**AVISION INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(7), 7 and 8	\$ 764,145	31	\$ 807,262	27
2110	Short-term notes and bills payable		25,000	1	25,000	1
2130	Current contract liabilities	6(16)	27,873	1	37,191	1
2150	Notes payable		-	-	90	-
2170	Accounts payable		354,506	14	283,825	10
2200	Other payables	6(8)	167,923	7	190,111	7
2250	Provisions for liabilities - current		26,988	1	20,683	1
2280	Current lease liabilities		29,728	1	28,428	1
2320	Long-term liabilities, current portion	6(9) and 8	46,730	2	54,886	2
2399	Other current liabilities		8,720	-	10,915	-
21XX	Total current Liabilities		1,451,613	58	1,458,391	50
Non-current liabilities						
2540	Long-term borrowings	6(9) and 8	32,272	2	59,520	2
2580	Non-current lease liabilities		152,710	6	179,887	6
2600	Other non-current liabilities	6(10)	49,754	2	60,690	2
25XX	Total non-current liabilities		234,736	10	300,097	10
2XX	Total liabilities		1,686,349	68	1,758,488	60
Equity attributable to owners of parent						
	Share capital	6(12)				
3110	Share capital - common stock		2,169,341	87	2,132,211	72
	Capital surplus	6(13)				
3200	Capital surplus		102,026	4	92,215	3
	Retained earnings	6(14)				
3320	Special reserve		5,836	-	5,836	-
3350	Accumulated deficit		( 1,337,746)	( 54)	( 924,847)	( 31)
	Other equity	6(15)				
3400	Other equity interest		( 137,511)	( 5)	( 129,446)	( 4)
3500	Treasury stocks	6(12)	( 6,669)	-	( 6,669)	-
31XX	Equity attributable to owners of the parent		795,277	32	1,169,300	40
36XX	Non-controlling interest		3,380	-	18,788	-
3XX	Total equity		798,657	32	1,188,088	40
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 2,485,006	100	\$ 2,946,576	100

**AVISION INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for loss per share)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(16)	\$ 1,965,189	100	\$ 2,832,440	100
5000 Operating costs	6(4)(21)(22)	( 1,576,264)	( 80)	( 2,093,944)	( 74)
5900 Gross profit		<u>388,925</u>	<u>20</u>	<u>738,496</u>	<u>26</u>
Operating expenses	6(21)(22)				
6100 Selling expenses		( 139,579)	( 7)	( 166,031)	( 6)
6200 General and administrative expenses		( 207,468)	( 11)	( 190,430)	( 7)
6300 Research and development expenses		( 411,226)	( 21)	( 401,691)	( 14)
6450 Expected credit impairment loss	12(3)	( 53,538)	( 3)	( 39,344)	( 1)
6000 Total operating expenses		<u>( 811,811)</u>	<u>( 42)</u>	<u>( 797,496)</u>	<u>( 28)</u>
6900 Operating loss		<u>( 422,886)</u>	<u>( 22)</u>	<u>( 59,000)</u>	<u>( 2)</u>
Non-operating income and expenses					
7100 Interest income	6(17)	2,096	-	1,653	-
7010 Other income	6(18)	7,461	1	15,939	1
7020 Other gains and losses	6(19)	39,317	2	27,999	1
7050 Finance costs	6(20) and 7	( 32,704)	( 2)	( 32,839)	( 1)
7000 Total non-operating income and expenses		<u>16,170</u>	<u>1</u>	<u>12,752</u>	<u>1</u>
7900 Loss before income tax		<u>( 406,716)</u>	<u>( 21)</u>	<u>( 46,248)</u>	<u>( 1)</u>
7950 Income tax (expense) benefit	6(23)	( 3,488)	-	9,648	-
8200 Loss for the year		<u>( \$ 410,204)</u>	<u>( 21)</u>	<u>( \$ 36,600)</u>	<u>( 1)</u>
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
8311 Remeasurements of defined benefit plans	6(10)	( \$ 1,049)	-	\$ 14,348	1
8316 Unrealised loss from investments in equity instruments measured at fair value through other comprehensive income	6(3)(15)	( 17,451)	( 1)	( 45,826)	( 2)
8310 Total items that will not be reclassified to profit or loss		<u>( 18,500)</u>	<u>( 1)</u>	<u>( 31,478)</u>	<u>( 1)</u>
Items that may be reclassified to profit or loss:					
8361 Financial statements translation differences of foreign operations	6(15)	9,386	-	( 3,064)	-
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)	( 9,927)	-	11,211	-
8360 Total items that may be reclassified to profit or loss		<u>( 541)</u>	<u>-</u>	<u>8,147</u>	<u>-</u>
8300 Total other comprehensive loss, net of tax		<u>( \$ 19,041)</u>	<u>( 1)</u>	<u>( \$ 23,331)</u>	<u>( 1)</u>
8500 Total comprehensive loss for the year		<u>( \$ 429,245)</u>	<u>( 22)</u>	<u>( \$ 59,931)</u>	<u>( 2)</u>
Loss, attributable to:					
8610 Owners of the parent		( \$ 404,723)	( 21)	( \$ 32,399)	( 1)
8620 Non-controlling interest		( 5,481)	-	( 4,201)	-
		<u>( \$ 410,204)</u>	<u>( 21)</u>	<u>( \$ 36,600)</u>	<u>( 1)</u>
Comprehensive (loss) income attributable to:					
8710 Owners of the parent		( \$ 413,837)	( 21)	( \$ 66,941)	( 2)
8720 Non-controlling interest		( 15,408)	( 1)	7,010	-
		<u>( \$ 429,245)</u>	<u>( 22)</u>	<u>( \$ 59,931)</u>	<u>( 2)</u>
Loss per share	6(24)				
9750 Basic loss per share		<u>( \$ 1.88)</u>		<u>( \$ 0.17)</u>	
9850 Diluted loss per share		<u>( \$ 1.88)</u>		<u>( \$ 0.17)</u>	



AVISION INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained earnings				Other equity interest					
			Capital surplus, additional paid- in capital		Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised losses from financial assets measured at fair value through other comprehensive income			Non-controlling interest	Total equity
Notes	Share capital - common stock			Special reserve				Treasury stocks	Total		
<u>Year ended December 31, 2022</u>											
		\$1,894,441	\$ 77,455	\$ 5,836	(\$ 902,020)	\$ 36,903	(\$ 117,459)	(\$ 6,669)	\$ 988,487	\$ 11,778	\$1,000,265
		-	-	-	( 32,399)	-	-	-	( 32,399)	( 4,201)	( 36,600)
Other comprehensive income (loss) for the year	6(3)(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)(13)	237,770	( 840)	-	( 4,776)	-	-	-	232,154	-	232,154
Share-based payments	6(11)(13)(2)	-	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
<u>Year ended December 31, 2023</u>											
		\$2,132,211	\$ 92,215	\$ 5,836	(\$ 924,847)	\$ 33,839	(\$ 163,285)	(\$ 6,669)	\$1,169,300	\$ 18,788	\$1,188,088
		-	-	-	( 404,723)	-	-	-	( 404,723)	( 5,481)	( 410,204)
Other comprehensive income (loss) for the year	6(3)(15)	-	-	-	( 1,049)	9,386	( 17,451)	-	( 9,114)	( 9,927)	( 19,041)
Total comprehensive income (loss)		-	-	-	( 405,772)	9,386	( 17,451)	-	( 413,837)	( 15,408)	( 429,245)
Cash capital increase	6(12)	37,130	-	-	( 7,127)	-	-	-	30,003	-	30,003
Share-based payments	6(11)(13)(2)	-	9,811	-	-	-	-	-	9,811	-	9,811
Balance at December 31, 2023		\$2,169,341	\$ 102,026	\$ 5,836	(\$1,337,746)	\$ 43,225	(\$ 180,736)	(\$ 6,669)	\$ 795,277	\$ 3,380	\$ 798,657

AVISION INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(\$ 406,716 )	(\$ 46,248 )
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(3)	53,538	39,344
Depreciation expense	6(5)(6)(21)	103,103	113,391
Amortisation expense	6(21)	38,258	32,047
Interest expense	6(20)	32,704	32,839
Interest income	6(17)	( 2,096 )	( 1,653 )
Share-based payments	6(11)(22)	9,811	15,600
Proceeds from disposal of property, plant and equipment	6(19)	( 14 )	( 44 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 2 )	2
Accounts receivable		316,455	( 403,897 )
Other receivables		( 10,761 )	14,189
Inventories		59,585	114,078
Prepayments		( 8,599 )	1,475
Other current assets		22	196
Other non-current assets		-	( 887 )
Changes in operating liabilities			
Contract liabilities		( 8,312 )	( 50,693 )
Notes payable		( 90 )	90
Accounts payable		73,970	( 114,457 )
Other payables		( 9,103 )	( 7,909 )
Provisions		6,059	521
Other current liabilities		3,623	( 1,976 )
Net defined benefit liability		( 11,718 )	( 16,246 )
Cash inflow (outflow) generated from operations		239,717	( 280,238 )
Interest received		2,096	1,653
Interest paid		( 32,704 )	( 32,839 )
Income taxes paid		( 5,694 )	-
Net cash flows from (used in) operating activities		203,415	( 311,424 )

(Continued)

AVISION INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	12(3)	\$ -	(\$ 1,138 )
Acquisition of property, plant and equipment	6(25)	( 58,591 )	( 37,311 )
Proceeds from disposal of property, plant and equipment		( 355 )	459
Acquisition of intangible assets		( 12,447 )	( 14,599 )
Increase in guarantee deposits paid		( 4,130 )	( 7,127 )
Net cash flows used in investing activities		( 75,523 )	( 59,716 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(26)	1,379,636	263,529
Decrease in short-term borrowings	6(26)	( 1,411,412 )	-
Increase in long-term borrowings	6(26)	25,000	135,000
Repayment of long-term borrowings	6(26)	( 60,402 )	( 40,595 )
Increase in short-term notes and bills payable	6(26)	50,000	25,000
Decrease in short-term notes and bills payable	6(26)	( 50,000 )	-
(Increase) decrease in guarantee deposits paid	6(26)	( 237 )	24
Payments of lease liabilities	6(26)	( 29,148 )	( 27,305 )
Cash capital increase	6(12)	30,003	232,154
Net cash flows (used in) from financing activities		( 66,560 )	587,807
Effect of exchange rate change		( 799 )	( 6,685 )
Net increase in cash and cash equivalents		60,533	209,982
Cash and cash equivalents at beginning of year	6(1)	445,355	235,373
Cash and cash equivalents at end of year	6(1)	\$ 505,888	\$ 445,355

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23004003

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 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 \$365,153 thousand as at December 31, 2023. 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, the inventory and allowance for inventory valuation loss amounted to \$412,079 and \$81,577 as at December 31, 2023, respectively. 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 4(10) for accounting policy on inventory valuation, 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 \$404,723 thousand for the year ended December 31, 2023 and the accumulated deficit as at December 31, 2023 was \$1,337,746 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 statements 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.

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Chiang, Tsai-Yen

Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

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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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 174,487	8	\$ 274,169	10
1136	Current financial assets at amortised cost, net	8	7,000	-	7,000	-
1150	Notes receivable, net	6(2)	4	-	2	-
1170	Accounts receivable, net	6(2)	68,680	3	241,199	9
1180	Accounts receivable - related parties	6(2) and 7	188,349	9	345,929	12
1200	Other receivables		25,601	1	20,431	1
1210	Other receivables - related parties	7	13,508	1	6,980	-
130X	Inventories	6(4) and 8	330,502	15	358,239	13
1410	Prepayments		28,349	1	22,698	1
1470	Other current assets		7	-	29	-
11XX	<b>Total current assets</b>		<u>836,487</u>	<u>38</u>	<u>1,276,676</u>	<u>46</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	41,219	2	20,831	1
1550	Investments accounted for under equity method	6(5)	972,634	44	1,104,048	39
1600	Property, plant and equipment	6(6) and 8	228,360	10	239,237	9
1755	Right-of-use assets	6(7)	136,793	6	138,764	5
1780	Intangible assets		660	-	3,437	-
1920	Guarantee deposits paid	8	13,555	-	8,578	-
15XX	<b>Total non-current assets</b>		<u>1,393,221</u>	<u>62</u>	<u>1,514,895</u>	<u>54</u>
1XXX	<b>Total assets</b>		<u>\$ 2,229,708</u>	<u>100</u>	<u>\$ 2,791,571</u>	<u>100</u>

(Continued)

**AVISION INC.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(8) and 8	\$ 180,000	8	\$ 190,141	7
2110	Short-term notes and bills payable		25,000	1	25,000	1
2130	Current contract liabilities	6(17)	20,429	1	31,535	1
2150	Notes payable		-	-	90	-
2170	Accounts payable		66,857	3	42,708	2
2180	Accounts payable - related parties	7	754,062	34	896,674	32
2200	Other payables		95,001	4	96,568	4
2220	Other payables to related parties	7	9,765	1	11,265	-
2250	Provisions for liabilities - current		5,771	-	7,003	-
2280	Current lease liabilities		5,057	-	4,179	-
2320	Long-term liabilities, current portion	6(10) and 8	46,731	2	54,886	2
2399	Other current liabilities		6,917	-	3,689	-
21XX	Total current Liabilities		1,215,590	54	1,363,738	49
Non-current liabilities						
2540	Long-term borrowings	6(10) and 8	32,272	2	59,519	2
2580	Non-current lease liabilities		138,045	6	139,814	5
2600	Other non-current liabilities	6(11)	48,524	2	59,200	2
25XX	Total non-current liabilities		218,841	10	258,533	9
2XXN	Total Liabilities		1,434,431	64	1,622,271	58
Equity						
	Share capital	6(13)				
3110	Share capital - common stock		2,169,341	98	2,132,211	76
	Capital surplus	6(14)				
3200	Capital surplus		102,026	4	92,215	4
	Retained earnings	6(15)				
3320	Special reserve		5,836	-	5,836	-
3350	Accumulated deficit		( 1,337,746)	( 60)	( 924,847)	( 33)
	Other equity	6(16)				
3400	Other equity interest		( 137,511)	( 6)	( 129,446)	( 5)
3500	Treasury stocks	6(13)	( 6,669)	-	( 6,669)	-
3XXN	Total equity		795,277	36	1,169,300	42
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 2,229,708	100	\$ 2,791,571	100



**AVISION INC.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except loss per share)

		Year ended December 31			
Items	Notes	2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17) and 7	\$ 1,124,347	100	\$ 1,699,737	100
5000 Operating costs	6(4)(22)(23) and 7	( 957,026 )	( 85 )	( 1,259,907 )	( 74 )
5900 Gross profit		167,321	15	439,830	26
5910 Unrealized profit from sales		( 9,143 )	( 1 )	( 12,931 )	( 1 )
5920 Realized profit on from sales		9,786	1	11,706	1
5950 Net operating margin		167,964	15	438,605	26
Operating expenses	6(22)(23) and 7				
6100 Selling expenses		( 72,117 )	( 6 )	( 104,342 )	( 6 )
6200 General and administrative expenses		( 68,917 )	( 6 )	( 69,627 )	( 4 )
6300 Research and development expenses		( 308,394 )	( 28 )	( 310,858 )	( 19 )
6450 Expected credit impairment loss	12(3)	( 8,259 )	( 1 )	( 37,814 )	( 2 )
6000 Total operating expenses		( 457,687 )	( 41 )	( 522,641 )	( 31 )
6900 Operating loss		( 289,723 )	( 26 )	( 84,036 )	( 5 )
Non-operating income and expenses					
7100 Interest income	6(18)	702	-	201	-
7010 Other income	6(19)	582	-	6,310	-
7020 Other gains and losses	6(20)	66,450	6	28,196	2
7050 Finance costs	6(21) and 7	( 10,272 )	( 1 )	( 9,686 )	( 1 )
7070 Share of (loss) profit of associates and joint ventures accounted for using equity method, net	6(5)	( 169,734 )	( 15 )	( 28,624 )	( 2 )
7000 Total non-operating income and expenses		( 112,272 )	( 10 )	( 53,645 )	( 3 )
7900 Loss before income tax		( 401,995 )	( 36 )	( 30,391 )	( 2 )
7950 Income tax expense	6(24)	( 2,728 )	-	( 2,008 )	-
8200 Loss for the year		( \$ 404,723 )	( 36 )	( \$ 32,399 )	( 2 )
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
8311 Remeasurements of defined benefit plans	6(11)	( \$ 1,049 )	-	\$ 14,348	1
8316 Unrealised loss from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)	20,388	2	( 6,818 )	( 1 )
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)	( 37,839 )	( 4 )	( 39,008 )	( 2 )
8310 Total items that will not be reclassified to profit or loss		( 18,500 )	( 2 )	( 31,478 )	( 2 )
Items that may be reclassified to profit or loss:					
8361 Financial statements translation differences of foreign operations	6(16)	863	-	367	-
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)	8,523	1	( 3,431 )	-
8360 Total items that may be reclassified to profit or loss		9,386	1	( 3,064 )	-
8300 Total other comprehensive loss, net of tax		( \$ 9,114 )	( 1 )	( \$ 34,542 )	( 2 )
8500 Total comprehensive loss for the year		( \$ 413,837 )	( 37 )	( \$ 66,941 )	( 4 )
Loss per share	6(25)				
9750 Basic loss per share		( \$ 1.88 )		( \$ 0.17 )	
9850 Diluted loss per share		( \$ 1.88 )		( \$ 0.17 )	

AVISION INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Capital surplus		Retained earnings		Other equity interest			
		Share capital - common stock	Additional paid-in capital	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised losses from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
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
Year ended December 31, 2023									
Balance at January 1, 2023		\$ 2,132,211	\$ 92,215	\$ 5,836	(\$ 924,847)	\$ 33,839	(\$ 163,285)	(\$ 6,669)	\$ 1,169,300
Loss for the year		-	-	-	( 404,723)	-	-	-	( 404,723)
Other comprehensive income (loss) for the year	6(11)(16)	-	-	-	( 1,049)	9,386	( 17,451)	-	( 9,114)
Total comprehensive income(loss)		-	-	-	( 405,772)	9,386	( 17,451)	-	( 413,837)
Cash capital increase	6(13)	37,130	-	-	( 7,127)	-	-	-	30,003
Share-based payments	6(12)(14)(23)	-	9,811	-	-	-	-	-	9,811
Balance at December 31, 2023		\$ 2,169,341	\$ 102,026	\$ 5,836	(\$ 1,337,746)	\$ 43,225	(\$ 180,736)	(\$ 6,669)	\$ 795,277





AVISION INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		( \$ 401,995 )	( \$ 30,391 )
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(3)	8,259	37,814
Depreciation expense	6(6)(7)(22)	20,999	21,038
Amortisation expense	6(22)	2,777	3,706
Interest expense	6(21)	10,272	9,686
Interest income	6(18)	( 702 )	( 201 )
Share-based payments	6(12)(23)	9,811	15,600
Losses on disposals of property, plant and equipment	6(18)	56	-
Gain on disposal of intangible assets	6(20)	( 66,129 )	( 75,358 )
Share of profit(loss) of associates and joint ventures accounted for using the equity method	6(5)	169,734	( 28,624 )
Unrealised gains on affiliates		9,143	12,931
Realised gains on affiliates		( 9,786 )	( 11,706 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 2 )	2
Accounts receivable		164,260	( 76,241 )
Accounts receivable-related parties		157,580	( 237,666 )
Other receivables		( 5,170 )	( 1,206 )
Other receivables-related parties		( 6,528 )	( 2,912 )
Inventories		27,737	101,746
Prepayments		( 5,652 )	2,397
Other current assets		22	195
Changes in operating liabilities			
Contract liabilities		( 11,106 )	28,464
Notes payable		( 90 )	90
Accounts payable		24,149	( 37,961 )
Accounts payable-related parties		( 142,612 )	127,191
Other payables		( 645 )	( 10,193 )
Other payables-related parties		( 1,499 )	940
Provisions		( 1,232 )	2,208
Other current liabilities		3,227	( 4,945 )
Net defined benefit liability		( 11,719 )	( 16,246 )
Cash outflow generated from operations		( 56,841 )	( 169,642 )
Interest received		702	201
Interest paid		( 10,272 )	( 9,686 )
Income taxes paid		( 2,728 )	-
Net cash flows used in operating activities		( 69,139 )	( 179,127 )

AVISION INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	12(3)	\$ -	(\$ 1,138 )
Acquisition of property, plant and equipment	6(26)	( 5,000 )	( 13,241 )
Acquisition of intangible assets		-	( 525 )
Increase in guarantee deposits paid		( 4,977 )	( 7,584 )
Net cash flows used in investing activities		( 9,977 )	( 22,488 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term borrowings	6(27)	25,000	135,000
Repayment of long-term borrowings	6(27)	( 60,402 )	( 40,595 )
Increase in short-term notes and bills payable	6(27)	50,000	25,000
Decrease in short-term notes and bills payable	6(27)	( 50,000 )	-
Decrease in guarantee deposits received	6(27)	( 6 )	-
Payments of lease liabilities	6(27)	( 5,020 )	( 4,833 )
Increase in short-term loans	6(27)	220,000	190,141
Decrease in short-term loans	6(27)	( 230,141 )	( 100,000 )
Cash capital increase	6(13)	30,003	232,154
Net cash flows (used in) from financing activities		( 20,566 )	436,867
Net (decrease) increase in cash and cash equivalents		( 99,682 )	235,252
Cash and cash equivalents at beginning of year		274,169	38,917
Cash and cash equivalents at end of year		\$ 174,487	\$ 274,169

## Attachment 8. Loss Compensation Schedule

Avision Inc.  
Loss Compensation Schedule  
2023

Unit: In New Taiwan Dollars

Item	Amount
Loss pending compensation at the beginning of period	(924,845,787)
Minus: 2023 loss after tax	(404,722,682)
Minus: Amount of items other than current after-tax profit that are included in the current year's undistributed earnings - capital increase in cash	(7,128,960)
Minus: Amount of items other than current after-tax profit that are included in the current year's undistributed earnings - capital increase in cash	(1,048,350)
Loss pending compensation at the end of the period	(1,337,745,779)

Chairman:  
Sheng Shao-Lan

Managerial Officers:  
Sheng Shao-Lan

Accounting Manager:  
Chen Shou-Ching

## Attachment 9. Securities Underwriters' Evaluation Opinion on the Necessity and Reasonableness of private placement of ordinary shares

Avision Inc.

### Evaluation Opinion on the Necessity and Rationale of Private Placement

Opinion client: Avision Inc.

Recipient: Avision Inc.

Designated use of opinions: For use only by Avision Inc. in the 2024 private placement

Report Type: Evaluation Opinion on the Necessity and Rationale of Private Placement

Evaluator: Taishin Securities Co., Ltd.

Representative : Kuo, Chia-Hung

(The content of this letter of opinion is only used as a reference for the resolutions of the private placement of the Avision Inc. in the 2024 board of directors and shareholders meeting, and shall not be used for other purposes. This letter of opinion is based on the financial information provided by Avision Inc. and the information disclosed in the Market Observation Post System, and shall not be held liable for any damages or loss caused by this opinion. )

May 14, 2024

In anticipation of future modifications to the business environment, Avison Inc. intends to enhance its operating funds and satisfy its future development capital requirements. The Company intends to address concerns regarding the private placement of securities under Article 43-6 of the "Securities and Exchange Act," in accordance with the "Directions for Public Companies Conducting Private Placements of Securities," taking into account factors such as the timeliness, convenience, issuance cost, and stability of fundraising costs. The board meeting on May 14, 2024, and the shareholders' meeting on June 26, 2024, are scheduled to discuss this proposal. The intention is to privately place a maximum of 20,000 thousand common shares. Pursuant to Paragraph 3 of Article 4 of the "Directions for Public Companies Conducting Private Placements of Securities," if there has been, is, or will be any significant change in managerial control during the period from 1 year preceding the day on which the board of directors resolves on the private placement of securities to 1 year from the delivery date of those privately placed securities, the Company shall engage a securities underwriter to provide an assessment opinion on the necessity and reasonableness for conducting the private placement, and shall state the opinion in the notice to convene the shareholders' meeting to serve as a reference for the shareholders to decide whether to agree. The underwriter's evaluation is explained as follows:

#### I. Company Profile

Avison Inc. (2380) (hereinafter referred to as "Avison") was established in 1991 with a current capital of NT\$2.169 billion. Its main products include image scanners, digital office equipment, and multi-function peripherals related products. Avison is the first company in Taiwan to develop office-specific image scanners. With superior technology and excellent quality, the Company has secured ODM contracts with internationally renowned companies such as FUJITSU and PENTAX. This achievement has made Avison the first domestic image scanner manufacturer to provide ODM products to large Japanese international companies.

In order to cope with the constantly growing demand on the market for printers and multi-functional business machines, Avison has been devoted to the R&D of multi-functional laser business machines for more than twelve years. In 2014, Avison completed the development of laser printers (AP510 series) and became the first manufacturer in Taiwan to successfully develop and manufacture a printer. At the end of 2016, Avison completed the development of the multi-function office machine (AM30 and AM7850 series), which innovatively integrates the functions of scanning, printing and networking in a single machine. Besides continuing to devote itself to operations in the market for laser multi-functional business machines, Avison 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. Avison 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”.

The condensed financial information of the last five years is as follows:

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

Unit: NTD thousand

Year Item		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		755,990	641,094	867,561	1,276,676	836,487
Property, plant, and equipment		264,002	247,774	240,456	239,237	228,360
Intangible asset		9,046	4,158	6,618	3,437	660
Other assets		1,733,399	1,342,005	1,215,176	1,272,221	1,164,201
Total Assets		2,762,437	2,235,031	2,329,811	2,791,571	2,229,708
Current liability	Before distribution	997,799	862,173	1,107,924	1,363,738	1,215,590
	After distribution	997,799	862,173	1,107,924	1,363,738	Unappropriated
Non-current liabilities		305,722	272,133	233,400	258,533	218,841
Total liabilities	Before distribution	1,303,521	1,134,306	1,341,324	1,622,271	1,434,431
	After distribution	1,303,521	1,134,306	1,341,324	1,622,271	Unappropriated
Equity attributable to owners of the parent company		1,458,916	1,100,725	988,487	1,169,300	795,277
Share capital		1,624,411	1,794,441	1,894,411	2,132,211	2,169,341
Capital surplus		71,660	71,660	77,455	92,215	102,026
Retained earnings	Before distribution	(178,832)	(763,993)	(896,184)	(919,011)	(1,331,910)
	After distribution	(178,332)	(763,993)	(896,184)	(919,011)	Unappropriated
Other equities		(49,805)	5,286	(80,556)	(129,446)	(137,511)
Treasury shares		(8,548)	(6,669)	(6,669)	(6,669)	(6,669)

Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	1,458,916	1,100,725	988,487	1,169,300	795,277
	After distribution	1,458,916	1,100,725	988,487	1,169,300	Unappropriated

Note 1: Financial information from 2019 to 2023 has all been audited and certified by CPAs.

Note 2: For the 2023 earnings distribution, to be resolved by the shareholders' meeting.

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

Unit: NTD thousand

Year Item	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,037,753	838,940	1,000,565	1,699,737	1,124,347
Operating profit margin	102,947	75,118	221,575	438,605	167,964
Operating profit & loss	(358,803)	(374,347)	(265,315)	(84,036)	(289,723)
Non-operating income and expense	161,590	(37,626)	131,562	53,645	112,272
Net income before tax	(197,213)	(411,973)	(124,753)	(30,391)	(401,995)
Current net income from continuing business units	(198,146)	(412,651)	(125,928)	(32,399)	(404,723)
Loss on discontinued operations	-	-	-	-	-
Net income (loss) for the period	(198,146)	(412,651)	(125,928)	(32,399)	(404,723)
Other comprehensive income for this period (net of tax)	(4,294)	2,942	(79,505)	(34,542)	(9,114)
Total comprehensive income in the current period	(202,440)	(409,709)	(205,433)	(66,941)	(413,837)
Net profit attributable to the owners of the parent company	(198,146)	(412,651)	(125,928)	(32,399)	(404,723)
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent company	(202,440)	(409,709)	(205,433)	(66,941)	(413,837)
Total comprehensive profit and loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share (Note 2)	(1.22)	(2.36)	(0.69)	(0.17)	(1.88)

Note 1: Financial information from 2019 to 2023 has all been audited and certified by CPAs.



Note 2: Earnings per share is the profit or loss of the current period divided by the weighted number of outstanding shares of the current period, regardless of retrospective adjustment due to bonus shares allotment after the period.

**Consolidated Balance Sheets – as per the International Financial Reporting Standards**

Unit: NTD thousand

Year Item		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		1,573,567	1,618,847	1,624,620	2,093,637	1,731,146
Property, plant, and equipment		605,536	546,667	490,729	467,785	433,717
Intangible asset		35,758	34,085	40,262	54,962	28,563
Other assets		446,345	497,442	429,797	330,192	291,580
Total Assets		2,661,206	2,697,041	2,585,408	2,946,576	2,485,006
Current liability	Before distribution	909,414	1,238,987	1,288,850	1,458,391	1,451,613
	After distribution	909,414	1,238,987	1,288,850	1,458,391	Unappropriated
Non-current liabilities		292,724	357,189	296,293	300,097	234,736
Total liabilities	Before distribution	1,202,138	1,596,176	1,585,143	1,758,488	1,686,349
	After distribution	1,202,138	1,596,176	1,585,143	1,758,488	Unappropriated
Equity attributable to owners of the parent company		1,458,916	1,100,725	988,487	1,169,300	795,277
Share capital		1,624,441	1,794,441	1,894,441	2,132,211	2,169,341
Capital surplus		71,660	71,660	77,455	92,215	102,026
Retained earnings	Before distribution	(178,832)	(763,993)	(896,184)	(919,011)	(1,331,910)
	After distribution	(178,832)	(763,993)	(896,184)	(919,011)	Unappropriated
Other equities		(49,805)	5,286	(80,556)	(129,446)	(137,511)
Treasury shares		(8,548)	(6,669)	(6,669)	(6,669)	(6,669)

Non-controlling interests		152	140	11,778	18,788	3,380
Total Equity	Before distribution	1,459,068	1,100,865	1,000,265	1,188,088	798,657
	After distribution	1,459,068	1,100,865	1,000,265	1,188,088	Unappropriated

Note 1: Financial information from 2019 to 2023 has all been audited and certified by CPAs.

Note 2: For the 2023 earnings distribution, to be resolved by the shareholders' meeting.

**Consolidated Income Statement – as per the International Financial Reporting Standards**

Unit: NTD thousand

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,633,335	1,835,372	2,828,116	2,832,440	1,965,189
Operating profit margin	368,645	326,091	603,738	738,496	388,925
Net operating profit	(441,359)	(363,259)	(126,711)	(59,000)	(422,886)
Non-operating income and expense	313,612	(48,693)	(5,438)	12,752	16,170
Net income before tax	(127,747)	(411,952)	(132,149)	(46,248)	(406,716)
Current net income from continuing business units	(198,294)	(412,653)	(125,887)	(36,600)	(410,204)
Loss on discontinued operations	-	-	-	-	-
Net income (loss) for the period	(198,294)	(412,653)	(125,887)	(36,600)	(410,204)
Other comprehensive income for this period (net of tax)	(4,304)	2,932	(80,663)	(23,331)	(19,041)
Total comprehensive income in the current period	(202,598)	(409,721)	(206,550)	(59,931)	(429,245)
Net profit attributable to the owners of the parent company	(198,146)	(412,651)	(125,928)	(32,399)	(404,723)
Net profit attributable to non-controlling interests	(148)	(2)	41	(4,201)	(5,481)
Total comprehensive income attributable to owners of parent company	(202,440)	(409,709)	(205,433)	(66,941)	(413,837)
Total comprehensive profit and loss attributable to non-controlling interests	(158)	(12)	(1,117)	7,010	(15,408)
Earnings per share (Note 2)	(1.22)	(2.36)	(0.69)	(0.17)	(1.88)

Note 1: Financial information from 2019 to 2023 has all been audited and certified by CPAs.

Note 2: Earnings per share is the profit or loss of the current period divided by the weighted number of outstanding shares of the current period, regardless of retrospective adjustment due to bonus shares allotment after the period.

II. A review of material changes in operating rights within one year prior to the private placement resolved by the board of directors

Due to the expiration of the term of office of the directors in the 2021 Shareholders' Meeting of Avison, all directors were elected. The current term of directors is from July 12, 2021 to July 11, 2024. Apart from Director Chen Yen-Cheng retired on April 17, 2024, as of May 14, 2024, the remaining board members have not changed. The changes are summarized as follows:

Title	List of Directors before re-election in July 2021	List of Directors (present) in May 2024	Changes
Director	Sheng Shao-Lan	Sheng Shao-Lan	No
Director	Chen Yen-Cheng	Vacant	Yes (retirement)
Director	Wu Yung-Chuan	Wu Yung-Chuan	No
Independent Director	Chen Kuang-Chi	Chen Kuang-Chi	No
Independent Director	Tsung Jui-Yao	Tsung Jui-Yao	No
Independent Director	Wen Mu-Jung	Wen Mu-Jung	No
Independent Director	Liang Chiang-Wei	Liang Chiang-Wei	No

As of the date of this report, there has been one change in the board of directors' seats of Avison, with a change ratio of 1/7. There have been no changes in the board seats that meet the criteria specified in Article 4, Paragraph 3 of the "Directions for Public Companies Conducting Private Placements of Securities," which stipulates that there should be no significant changes in the management rights within one year before the board resolution to conduct a private placement of securities.

III. It is unclear whether there is a significant change in the operating rights after the introduction of specific investors through private placement.

The time point for the private placement of common shares is expected to be after the 2024 shareholders meeting, and no applicant has yet been determined. Therefore, whether the specific investors introduced by the private placement of common shares have obtained a certain number of director seats to

participate in the Company's operations, resulting in a material change in the right of management. However, considering that the target for this private placement of common shares by the Company will be selected in accordance with Article 43-6 of the Securities and Exchange Act and the Financial Supervisory Commission's directive (91) Tai-Cai-Zheng-Yi-Zi No. 0910003455 issued on June 13, 2002, the primary consideration is to choose specific individuals who have a thorough understanding of the Company's operations and can contribute beneficially to future operations. The intended recipients for this private placement include the Company's chairman and the management team, with additional subscribers still under negotiation. The selection of actual subscribers will be conducted in accordance with relevant regulations once negotiations are finalized, ensuring that the selection process remains appropriate.

Given that the Company currently has 216,934 thousand issued shares, the planned private placement of 20,000 thousand shares will increase the total to 236,934 thousand shares. The total number of shares from this private placement will account for an estimated 8.44% of the post-placement share capital. There is a possibility that the future acquisition of board and supervisory positions may result in significant changes in management control. Therefore, in accordance with the "Directions for Public Companies Conducting Private Placements of Securities," the Company has sought an evaluation opinion from this securities underwriter regarding the necessity and reasonableness of this private placement. However, as specific investors have not yet been confirmed, it remains inconclusive whether the introduction of these specific investors will result in significant changes in management control.

#### IV. Contents of the private placement plan

In order to respond to the changes in the overall business environment in the future, to enrich the working capital and to meet the capital requirements of the Company's future development, and considering factors such as timeliness and convenience of fund-raising costs, issuance costs, and stable equity options, the Company may consider raising funds through the offering or issuance of marketable securities. Due to the rapid and convenient nature of private placements, the Company intends to issue new shares for cash capital increase through private placements in accordance with Article 7 and Article 43-6 of the Securities and Exchange Act. Whether in the first or second round of public offering, the total number of shares issued shall not exceed the limit of 20,000 thousand shares, and the pricing per share shall not be lower than 80% of the higher price calculated based on the following two benchmarks before the Company's pricing date:

1. The simple average of the closing prices of the common shares calculated one, three or five business days before the pricing day, minus the ex-right and ex-dividend shares paid as dividend, and add the stock price after decapitalization and reversal of ex-right.
2. The simple average of the closing prices of the common shares for the 30 business days prior to the pricing day, minus the ex-right and ex-dividend shares paid as dividend, and add the stock price after decapitalization and reversal of ex-right.

#### V. Assessment of the necessity and reasonableness of the private placement

##### (I) The necessity of private placement

The operating revenue, gross profit, operating profit (loss) and profit (loss) before tax for the past three years listed in the consolidated financial statements are as follows:

Unit: NTD thousand

Item \ Year	2021	2022	2023
Operating revenue	2,828,116	2,832,440	1,965,189
Operating profit margin	603,738	738,496	388,925
Net operating profit (loss)	(126,711)	(59,000)	(422,886)
Net profit (loss) before tax	(132,149)	(46,248)	(406,716)

Source: Consolidated financial statements audited and reviewed by CPAs.

Although the global impact of COVID-19 has gradually decreased, and the high-speed document scanner launched by Avison has also received positive responses from the market, it was not until the beginning of 2023 that China officially lifted the lockdown, which still has an effect and impact on the market. As of December 31, 2023, the inventory and allowance for valuation losses were NT\$846,160 thousand and NT\$144,500 thousand, respectively. Due to the rapid change in technology and the development of the market towards paperless due to the development of environmental protection, energy saving and carbon reduction, such inventories are at higher risk of obsolescence, so they are recognized as inventories and allowance for impairment loss. Although the Company continues to innovate and refine its technology, it also spares no effort in the development of new products such as high-speed laser printers and copiers. However, capital injection still needs to be introduced, and the Company's performance will take time to develop and ferment. Given the Company's current constitution, it may be difficult to attract investors' favor by issuing new shares. Considering the issuance cost of private common shares and fund-raising method, it is relatively fast, convenient, and timely, which is more conducive



to the Company's operational plan for 2024. Therefore, private placement of common shares is chosen as the means to obtain long-term capital.

In summary, in order to promote the long-term operation and development of Avison, and at the same time consider the timeliness of rapid and convenient fundraising, the Company should adopt a private placement this time.

(II) The reasonableness of private placement

Avison expects to pass the resolution at the shareholders' meeting on June 26, 2024, and will also enumerate the matters related to private placement of securities in the agenda of the shareholders meeting in accordance with Article 43-6-6 of the Securities and Exchange Act. There are no significant anomalies associated with this matter.

The Company's use of the funds raised is to enrich working capital or to meet other fund requirements for the Company's future development. It is expected to achieve positive benefits to shareholders' equity by strengthening the Company's financial structure, enhancing the Company's operational effectiveness and overall competitiveness.

The private placement not only secures long-term stable funding but also, compared to public offerings, has a restriction where privately placed common stock cannot be freely transferred within three years. This ensures a long-term cooperative relationship between the Company and the specific investors being introduced, which is beneficial for the Company's medium-term operational growth. The private placement subscription price is not less than 80% of the reference price, which is in compliance with the relevant laws and regulations.

In conclusion, the securities underwriter, in accordance with the provisions of "Directions for Public Companies Conducting Private Placements of Securities," believes that it is necessary and reasonable for Avison to handle the private placement.

VI. The reasonableness and necessity of the change in management rights due to the private placement

(I) Impacts of major changes in management rights on the Company's business, finance and shareholders' equity

1. Impact on the Company's business

The Company raises funds through private placement in order to supplement its working capital or other funding needs for future development. Through this private placement, it is able to introduce candidates who can directly or indirectly benefit the Company's future operations, in order to strengthen the overall competition increase the profitability of the Company, which will bring positive benefits to the business development of the Company.

2. Financial impact on the Company

The Company plans to issue common stock through private placement, with a total number of shares not exceeding 20,000 thousand shares. The reference price will be determined based on the simple arithmetic average of the closing prices of the common stock on one, three, or five trading days prior to the pricing date, after accounting for adjustments such as stock splits or dividends, and adjusted for the effects of capital reduction. Alternatively, the price can be based on the simple arithmetic average of the closing prices of the common stock over the thirty trading days prior to the pricing date, similarly adjusted for stock splits, dividends, and capital reduction effects. The higher of the two, the private placement of common shares issue price shall be based on 80% of the reference price. The capital raised by this private placement will be used to enrich the working capital or other capital needs in response to the Company's future development, and then enhance the Company's operating competitiveness. Therefore, the Company's immediate and effective injection of private placement capital has positive effects on its finances.

3. Effect on the Company's shareholders' equity

The funds raised from the private placement are used to supplement the working capital or other capital requirements for the Company's future development. The benefits achieved are to strengthen the Company's financial structure, improve the Company's operating results and overall competitiveness. Moreover, the subscription price of the private placement is executed at no less than 80% of the reference price, which complies with relevant laws and regulations and has a limited impact on shareholders' equity.



(II) Selection of subscriber, feasibility and necessity

The subscribers of the Company's private placement of common shares will be selected in accordance with Article 43-6 of the Securities and Exchange Act and the letter (91) Tai-Cai-Zheng-Yi-Zi No. 0910003455 issued by the Taiwan Stock Exchange on June 13, 2022. The Company is currently considering selecting specific individuals who can directly or indirectly benefit the Company as the primary consideration. However, the actual selection of subscribers will be conducted in accordance with relevant regulations after negotiations, so the selection method of subscribers is considered appropriate.

The purpose of this private placement is to improve the Company's financial health, in order to effectively expand the Company's operation scale and ensure the sustainable development of the Company's operations, and protect the rights and interests of employees and shareholders. There should be feasibility and necessity for the inquiries of the subscriber of the private placement.

(III) The reasonableness of the expected benefits from the private placement

The Company's use of the funds raised is to enrich its working capital. The expected benefits are to strengthen the Company's financial structure, improve the Company's operating results and overall competitiveness, etc., and bring positive benefits to shareholders' equity. Moreover, if the subscribers introduced by the Company are strategic investors, their funds, experience, or channels, in addition to enabling collaborative cooperation in technology, knowledge, or channels, are also expected to enhance profitability, increase efficiency, and expand market scale, among other strategic cooperative benefits. This is aimed at enhancing the overall shareholder equity of the Company and should have a positive impact on the Company's finances and shareholder equity. The funds raised will be used to enrich the working capital, and the expected benefits should be reasonable.

Overall, the Company intends to conduct a private placement to raise funds to enrich its working capital, strengthen the Company's operating strength and competitiveness, and enhance overall shareholders' equity. After considering factors such as the current operating conditions of the Company, the timeliness of fundraising, and the feasibility of raising funds, the Company intends to conduct this cash capital increase and new share issuance plan through private placement. This approach is deemed necessary and reasonable, and the benefits expected to arise from the private placement and the selection of subscribers are based on a comprehensive consideration of various factors, including their impact on the Company's business,

finances, and shareholder equity. It is anticipated that after the subsequent injection of funds, the overall business, financials, and shareholder equity of the Company should improve.

**Attachment 10. Proposal of release the Prohibition on Directors and Independent Directors from participation in Competitive Business**

Director' s name	Concurrent company name	Concurrent company position
Sheng, Shao-Lan	Avision (Suzhou) Co., Ltd. Avision Digital Office Equipment (Shanghai) Trading Co., Ltd. Quantum Investment Co., Ltd.	Chairman  Chairman Chairman
Wu, Yung-Chuan	OtO Photonics Inc.	President
Independent Director' s name	Concurrent company name	Concurrent company position
Liang, Chiang-Wei	Yifeng Venture Capital Co., Ltd. Ofuna Technology Co., Ltd.	Director Independent Director
Peng, Ming-Hsiu	GOMAX ELECTRONICS, INC. Haihua Investment Co., Ltd. ACM Research( Shanghai), Inc. MARS SEMICONDUCTOR CORP.	Director  CEO  Independent Director Independent Director

## Appendix 1: Rules of Procedure for Shareholders' Meeting

### Avision Inc. Rules of Procedure for Shareholders' Meeting

- I. The shareholders' meetings of the Company shall be conducted in accordance with these Rules.
- II. The term "shareholder" as used herein means the shareholder himself/herself and the proxy appointed by the shareholder.
- III. Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors.

Changes to how the Company convenes its shareholders' meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholders' meeting notice.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms and the origins of and explanatory materials related to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders' meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholdings of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting. In addition, before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:

1. For physical shareholders' meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared in form of electronic files on the virtual meeting platform.

3. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

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

The election or dismissal of directors, change of articles of incorporation, reduction of capital, application for suspension of public offering, permission for directors to compete for business, transfer of capital from surplus, transfer of capital from provident fund, dissolution, merger, demerger or division of the Company or the matters set forth in Paragraph 1 of Article 185 of the Company Act, Article 26-1 and 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Guidelines Governing the Offering and Issuance of Marketable Securities by Issuers, shall be listed in the cause of convocation and the main contents thereof shall be stated, and shall not be raised by extraordinary motion.

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

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any sub-paragraph of paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

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

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

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform

the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

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

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

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

If, after a proxy form is delivered to the Company, a shareholder who wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

- V. The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

A shareholders meeting convened by the Company via video conferencing is not subject to the preceding convening location restriction.

- VI. The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (hereinafter referred to collectively as the "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.

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

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

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

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

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company 2 days before the meeting date.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

VI-1. When the Company convenes a video shareholders' meeting, the following matters shall be set forth in the notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. II. The handling of obstacles caused by natural disasters, incidents or other force majeure events to the video conference platform or video participation includes at least the following matters:
  - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed and the date to which the meeting is postponed or on which the meeting will resume.
  - (2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
  - (3) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from

voting on all proposals on meeting agenda of that shareholders' meeting.

- (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

VII. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise his/her power and authority the Vice Chairman to act as a proxy thereof; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise his/her power and authority, the Chairman shall appoint one of the Managing Directors to act as chair, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one Director as a proxy thereof.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for 6 months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the chairman of the Board in person and attended by a majority of the directors, at least one Audit Committee member in person and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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

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

Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual



meeting.

In case of a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operations interface of the virtual meeting platform.

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

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

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

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

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

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

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

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

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

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

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

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

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

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

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

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

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

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

The number of shares that may not exercise voting rights in the preceding paragraph shall not be counted in the number of voting rights of shareholders present.

Except for a trust business or a stock agency approved by the competent securities authority, if a person is appointed by more than two shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the total voting rights of the issued shares, and the voting rights in excess shall not be counted.

XIII. Shareholders have one vote per share; However, this does not apply to those who are restricted or have no voting rights listed in Paragraph 2 of Article 179 of the Company Act.

When the Company convenes the shareholders' meeting, it shall exercise its voting rights electronically and in writing; When shareholders exercises voting rights in writing or electronically, the method of exercise shall be set forth in the notice of convening the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to have attended the shareholders' meeting in person. They are deemed to have abstained from the provisional motion and the amendment to the original motion for that shareholders' meeting, and therefore the Company is advised to refrain from proposing the provisional motion and the amendment to the original motion.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this does not apply if the previous expression is withdrawn.

After a shareholder has exercised his or her voting rights in writing or electronically, if he or she wishes to attend the shareholders' meeting in person or by video, he or she shall revoke the expression of the exercise of voting rights in the preceding paragraph in the same manner as the exercise of voting rights 2 days before the shareholders' meeting; In the event

of revocation exceeds the time limit, the voting rights exercised in writing or electronically shall prevail. If the voting rights are exercised in writing or electronically and the proxy is entrusted to attend the shareholders' meeting with a power of attorney, the voting rights exercised by proxy shall prevail.

Except as otherwise provided in the Company Act and the Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, the chairman or his designee shall announce the number of voting rights of the shareholders present case-by-case, and the shareholders shall vote case-by-case, and on the day of the shareholders' meeting, the results of the shareholders' approval, opposition and abstention shall be entered into the Public Information Observatory.

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

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

The counting of votes for voting or election proposals at the shareholders' meeting shall be carried out in a public place in the shareholders' meeting venue, and the voting results, including the weights of statistics, shall be announced on the spot after the counting of votes is completed, and a record shall be made.

When the Company convenes a shareholders' meeting by video conference, the shareholders participating by video shall vote on each motion and election motion through the video conference platform after the chairman announces the opening of the meeting, and shall complete the voting before the chairman announces the closing of the voting, and any delay shall be deemed as abstention.

Suppose a shareholders' meeting is held via a video conferencing method. In that case, the votes shall be counted once the chair announces the voting is closed, and the voting and election results shall be announced.

When the Company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by video in accordance with Article 6 and wish to attend the physical shareholders' meeting in person shall deregister in the same manner as they registered 2 days prior to the shareholders' meeting; if they deregister beyond the time limit, they may attend the shareholders' meeting by video only.

If a shareholder exercises his or her voting rights in writing or electronically and does not revoke his or her intention, and participates in the shareholders' meeting by video, he or she

may not exercise his or her voting rights on the original motion or propose amendments to the original motion or exercise his or her voting rights on amendments to the original motion, except for a temporary motion.

- XIV. In the event of an election of directors at the shareholders' meeting, the election results shall be announced on the spot, including the list of elected directors and the number of votes they received, as well as the list of unsuccessful directors and the number of votes they received.

The election ballots for the aforementioned election shall be sealed and signed by the scrutineers and kept in a safe place for at least one year. However, if a lawsuit is filed by the shareholders' meeting in accordance with Article 189 of the Company, it shall be kept until the end of the lawsuit. The related information shall be kept until the end of the lawsuit.

- XV. The matters resolved at the shareholders' meeting shall be made into a meeting minutes, signed or sealed by the chairman, and shall be distributed to the shareholders within 20 days after the meeting. The production and distribution of the meeting minutes shall be done electronically.

For the distribution of the above meeting minutes, the Company may use the Public Information Observatory to make an announcement.

The meeting date, month, day, place, name of the chairman, method of resolution, main points of the proceedings, and voting results (including the number of votes) shall be recorded, and when there is an election of directors, the number of votes received by each candidate shall be disclosed. The meeting minutes shall be retained permanently for the duration of the Company's existence.

If a shareholders' meeting is convened by video, the meeting minutes shall include, in addition to the matters required to be recorded in the preceding paragraph, the starting and ending time of the shareholders' meeting, the manner in which the meeting is convened, the names of the chairman and the recorder, and the manner and circumstances under which the video conference platform or participation by video obstructed due to natural disasters, events or other force majeure circumstances.

When the Company convenes a video shareholders' meeting, in addition to the provisions of the preceding paragraph, it shall specify in the meeting minutes the alternative measures provided to shareholders who have difficulties in participating in meeting by video.

- XVI. The number of shares solicited by the requester, the number of shares represented by proxy, and the number of shares attended by shareholders in writing or electronically shall be clearly disclosed in the shareholders' meeting venue on the date of the shareholders' meeting in a statistical form prepared in accordance with the prescribed format; if the shareholders' meeting is held by video, the Company shall upload the aforementioned information to the

video conference platform of the shareholders' meeting at least 30 minutes before the start of the meeting and continue to disclose it until the end of the meeting.

When the Company convenes a video conference for shareholders, the total number of shares of shareholders present shall be disclosed on the video conference platform when the conference is announced. The same applies if the total number of shares and voting rights of shareholders present at the meeting is otherwise counted.

If a resolution at a shareholders' meeting is a material information required by law or by the Taiwan Stock Exchange Corporation, the Company shall transmit the content to the Market Observation Post System within the limited time.

- XVII. The staff serving on the shareholders' meeting shall wear identity certificates or arm-bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel are present to help maintain order, they should wear armbands or identification cards.

If the meeting place is equipped with sound amplifying equipment, the chairman may stop the shareholders from speaking unless they are using the equipment equipped by the Company.

If a shareholder disobeys the chairman's correction for violating the rules of procedure and obstructs the proceedings of the meeting, the chairman may direct the inspector or the security officer to ask him/her to leave the meeting.

- XVIII. While a meeting is in progress, the chairman may declare a break at an appropriate time or, in the event of irresistible events, the chairman may suspend the meeting temporarily and, as the case may be, declare the time for resumption of the meeting.

If the meeting venue cannot be used until the agenda and proceedings of the shareholders' meeting (including temporary motions) are completed, the shareholders' meeting shall resolve to find another venue to continue the meeting.

The shareholders' meeting shall, in accordance with the provisions of Article 182 of the Company Act, resolve to adjourn or renew the meeting within 5 days.

- XIX. If a shareholders' meeting is held by video, the Company shall disclose the voting results of each motion and election results on the video conference platform of the shareholders' meeting immediately after the close of voting in accordance with the regulations, and shall continue to do so for at least 15 minutes after the meeting is adjourned by the chairman.

- XX. When the Company holds a video shareholders' meeting, the chairman and the recorder shall be present at the same place in the country, and the chairman shall announce the address of such place at the time of the meeting.

XXI. If a shareholders' meeting is held by video, the Company may provide a simple connection test for shareholders before the meeting and provide related services immediately before and during the meeting to assist in handling technical problems of communication.

If a shareholders' meeting is convened by video, the chairman shall, at the time of announcing the meeting, separately announce that, except for the circumstances specified in paragraph 4, Article 44-20 of the Guidelines Governing the Administration of Shareholder Services of Public Companies that do not require the adjournment or continuation of the meeting, if, before the chairman announces the adjournment of the meeting, an obstacle to participation on the video conference platform or by video occurs due to a natural disaster, an event or other force majeure that lasts for more than 30 minutes, the date of the meeting shall be adjourned or renewed within 5 days, and the provisions of Article 182 of the Company Act shall not apply.

In the event of the preceding paragraph, the meeting shall be postponed or resumed, and shareholders who have not registered to participate in the original shareholders' meeting by video shall not participate in the postponed or resumed meeting.

For shareholders who have registered to participate in the original shareholders' meeting by video and completed the registration, and those who have not participated in the postponed or resumed meeting, the number of shares, voting rights and voting rights exercised at the original shareholders' meeting of them shall be included in the total number of shares, voting rights and voting rights of shareholders attending the postponed or resumed meeting.

If the shareholders meeting is postponed or reconvened according to the provisions of the paragraph 2, there is no need to re-discuss and resolve on the motions for which polling and counting have been completed and the voting results or the names of the directors elected have been announced.

Suppose a video-assisted shareholders meeting held by the Company cannot continue due to issues described in Paragraph 2. In that case, the shareholders' meeting shall continue if the total number of shares in attendance still reaches the statutory quota for the shareholders' meeting resolution after deducting the number of shares attending the shareholders meeting by video. There is no need to postpone or reconvene the meeting according to Paragraph 2.

In the event that the meeting shall continue in the event of the preceding paragraph, the number of shares present at the shareholders' meeting shall be included in the total number of shares of the shareholders present in the event that the meeting shall be continued in the event of the preceding paragraph, but they shall be deemed to have abstained in respect of all the proposals of the meeting.

If the shareholders meeting' is postponed or reconvened according to the provisions provided by Paragraph 2, the relevant preparatory work according to the original shareholders' meeting date and the relevant provisions shall be implemented in accordance with the Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

During the period specified in the latter paragraph 3 of Article 12 and Article 13 of the rules for the use of power of attorney for shareholders' meetings of a publicly offered company, and the second paragraph 2 of Article 44-5, Article 44-15 and paragraph 1 of Article 44-17, Paragraph 1 of the Guidelines Governing the Administration of Shareholder Services of Public Companies, the Company shall postpone or resume the date of the shareholders' meeting in accordance with the provisions of Paragraph 2.

XXII. If the Company convenes a shareholders meeting via video conferencing, appropriate alternatives shall be provided for shareholders who have difficulty attending the shareholders meeting via video conferencing.

XXIII. The Rules shall be implemented after approval by the shareholders meeting, and the same shall apply to its amendments.

These Rules were amended at the shareholders' meeting held on June 10, 2015.

These Rules were amended at the shareholders' meeting held on June 18, 2021.

These Rules were amended at the shareholders' meeting held on June 16, 2023.



## Appendix 2: Articles of Incorporation

### Avision Inc. Articles of Incorporation

#### Chapter 1 General Rules

Article 1 The Company is organized in accordance with the provisions of the Company Act on companies limited by shares, and is named "Avision Inc."

Article 2 The scope of business of the Company shall be as follows:

- I. CB01020 Affairs Machine Manufacturing,  
CC01060 Wired Communication Mechanical Equipment  
Manufacturing.  
CC01101 Controlled Telecommunications Radio-Frequency  
Devices and Materials Manufacturing.  
CC01110 Computer and Peripheral Equipment Manufacturing.  
CE01030 Optical Instruments Manufacturing.  
CF01011 Medical Devices Manufacturing.  
F401010 International Trade.  
F401021 Restrained Telecom Radio Frequency Equipments and  
Materials Import.  
F108031 Wholesale of Medical Devices.  
F208031 Retail Sale of Medical Apparatus.

Research, development, production, manufacturing and sales of products in the left column:

1. Digital photocopy machine
  2. Multi-function office machine
  3. Electronic whiteboard
  4. Fast paper feeding/paging system
  5. Scanning module
  6. High resolution film/image scanner
  7. High-end printer
  8. Digital projector
  9. Fax machine and assemblies
  10. Optical engine/module
  11. Wi-Fi version of handheld mobile scanner
  12. Blood analyzer
  13. Capsule endoscopy system and data reader
- II. Technical consultation and service related to the aforementioned products.
  - III. Concurrent import and export trading businesses related to the

business scope of the Company.

- Article 2-1 The Company's reinvestments is not subject to the restriction stipulated in Article 13 of the Company Act that the total investment amount shall not exceed 40% of the paid-in capital.
- Article 3 The Company has its head office located in the Hsinchu Science Park in Taiwan, Republic of China. If necessary, branch offices may be established at home and abroad with the resolution of the board and the approval of the competent authority.
- Article 4 The public announcement method of the Company shall be handled according to Article 28 of the Company Act.
- Article 4-1 The Company may provide external endorsements and guarantees in accordance with the "Procedures for Fund Lending and Endorsements and Guarantees."

## Chapter 2 Share

- Article 5 The total capital of the Company shall be NTD 3,000,000,000 divided into 300,000,000 shares, at a par value of NTD 10, and the Board of Directors is authorized to perform share issuance at discrete times. Within the total amount of capital referred to in the preceding paragraph, NT\$400 million shall be reserved for the issuance of employee stock option certificates, totaling 40 million shares at NT\$10 per share, which may be issued in installments based on board resolutions.
- Article 5-1 The objects to whom the Company transfers the shares bought back in accordance with laws and regulations may include employees of controlled or affiliated companies who meet certain conditions.
- The objects to whom the Company issues employee stock option certificates in accordance with laws and regulations may include employees of controlled or affiliated companies who meet certain conditions.
- The employees who may subscribe to new shares in accordance with the Company Act may include employees of controlled or affiliated companies who meet certain conditions.
- The employees who may subscribe to new shares with restricted employee rights in accordance with the Company Act may include employees of controlled or affiliated companies who meet certain conditions.
- Article 6 The Company's shares are registered and issued after being certified by the competent authority or its approved issuance registration agency. The shares issued by the Company are exempt from printing and should be registered with a securities central depository institution.
- Article 7 (deleted).

- Article 8 (deleted).
- Article 9 Any change and transfer registration of shares shall be prohibited within 60 days prior to the ordinary shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the record date for the distribution of dividends or bonuses or other benefits by the Company.

### Chapter 3 Shareholders' Meeting

- Article 10 The Company's shareholders' meetings are divided into the following two types:
- I. The regular meeting of shareholders that shall be convened within 6 months after close of each fiscal year by the Board of Directors.
  - II. The special meeting of shareholders that is held when necessary by the Board of Directors.

The meeting method of the Company's shareholders' meeting, if resolved by the board meeting, can be physical shareholders' meeting aided with video, video shareholders' meeting or other methods announced by the central regulatory authority.

However, if a meeting is held via video conference, shareholders attending the meeting through video conference shall be deemed to attend the meeting in person.

- Article 11 A shareholders' meeting shall be chaired by the chairman. When the chairman of the Board is on leave or for any reason unable to exercise the powers of the chairman, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 12 A meeting notice specifying the date, location and reasons for convening a shareholders meeting shall be sent to all shareholders before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting.
- Article 13 Where a shareholder for any reasons cannot attend a shareholders' meeting in person, the shareholder may appoint a proxy to attend the shareholders' meeting by providing the signed or sealed proxy form issued by the Company and stating the scope of the proxy's authorization.
- Article 14 (Deleted).
- Article 15 Except as otherwise provided in the related laws and regulations, the passage

of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders at a meeting attended by shareholders who represent a majority of the total number of issued shares.

Article 15-1 A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under Article 179 of the Company Act.

#### Chapter 4 Directors and managerial officers

Article 16 The Company shall have 5-7 directors with a 3-year term of office. Among the aforementioned directors, the number of independent directors shall be no less than 2, and shall be no less than one fifth of the total number of directors.

In the process of electing directors, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect.

Election of directors shall adopt the candidate nomination measure provided in Article 192 of the Company Act, and directors shall be elected from among the list of candidates for directors by the shareholders' meeting. Matters regarding method of nomination and public announcement shall be subject to the rules prescribed by the Company Act and Securities and Exchange Act. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

Functional Committees supervised by the Board of Directors of the Company may be formed, and rules and regulations governing duties of each functional committee shall be adopted and enacted upon the approval of the Board of Directors.

The Audit Committee that is composed of all independent directors shall perform its duties pursuant to Article 14-4 of the Securities and Exchange Act.

With regard to the duties performed by the Company's directors, whether the Company records a profit or loss, payments of compensation to directors, determined by the Board of Directors based on the industrial standards and to the extent of the maximum salary set in the Company's regulations governing the approval of salary, may be made. If the Company records a profit, remuneration shall be allocated in accordance with Article 27 herein.

Article 16-1 The Company may obtain liability insurance to reduce the risk of

- shareholder or related-party lawsuits for directors arising from performing their duties.
- Article 17 (Deleted).
- Article 18 The Board of Directors shall elect a chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman shall represent the Company externally.
- Article 19 Meetings of the Board of Directors shall be convened by the chairman of the Board of Directors. The majority or more of the directors may, by filing a written proposal the subjects for discussions and the reasons, request the chairman to convene a meeting of the Board of Directors. If the chairman of the Board of Directors fails to convene a Board meeting within 15 days after the filing of the request, the majority or more of the directors may convene a meeting of Board of Directors on their own. Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.
- Article 20 The chairman of the Board of Directors shall preside the meeting of the Board of Directors. In case the chairman of the Board of Directors is on leave or cannot exercise his or her power and authority for any cause, the chairman of the Board of Directors shall designate one of the directors to act on his or her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the Board of Directors. Each director shall attend the meeting of the Board of Directors in person; if attendance in person is not possible, they may, appoint another director to attend as their proxy. A proxy under preceding paragraph may accept a proxy from one person only.
- Article 21 The reasons for calling a Board of Directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice for the convention of Board of Directors' meeting of the Company may be made in writing, e-mail or facsimile method to inform all Directors.
- Article 22 (Deleted).
- Article 23 The Company shall have one president and several vice presidents and the appointment and discharge of the president shall be decided by a resolution to be adopted by a majority vote of the directors. The appointment and dismissal of vice presidents shall be proposed by the president and decided by a resolution to be adopted by a majority vote of the directors.
- Article 24 The president shall manage the Company in accordance with resolutions

adopted by the Board of Directors.

## Chapter 5 Accounting

- Article 25 The fiscal year for the Company shall be from January 1 to December 31. Annual closing of books shall be made at the close of each fiscal year.
- Article 26 Pursuant to Article 228 of the Company Act, at the close of each fiscal year, the Board of Directors shall prepare the following statements and records and shall forward the same to the Audit Committee not later than the 30th day prior to the meeting date of a general meeting of shareholders and submit the Audit Committee's examination report to the shareholders' meeting for ratification.
- I. Business Report.
  - II. Financial statements.
  - III. Earnings distribution or loss make-up proposal.
- Article 26-1 If the Company has a profit for a fiscal year, 6% of the profit shall be appropriated as the remuneration of employees, and no more than 2% of the profit shall be appropriated as the remuneration of 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 include the employees of companies controlled by or affiliated to the Company meeting certain criteria that are to be set by the Board of Directors.
- The proposal for distribution of remunerations of employees and directors shall be approved through the resolution of a board of directors' meeting attended by more than two-thirds of the directors and the consents of a majority of attending directors, and shall also be reported to the shareholders' meeting.
- Article 27 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.
- Article 27-1 The industrial environment of the Company changes and the corporate'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 budget 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.

The Company may propose the earnings distribution or loss make-up at the close of each half fiscal year in accordance with the Company Act. While distributing earnings, the Company shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the legal reserve to be set aside. If such earnings are distributed in the form of cash, it shall be approved by a meeting of the Board of Directors; if in the form of new shares to be issued by the Company, the issuance shall be approved by a resolution adopted by the shareholders meeting in accordance with relevant laws and regulations.

Article 27-2 The Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash in accordance with Paragraph 5, Article 240 of the Company Act, and the legal reserve and capital reserve in whole or in part be paid in cash in accordance with Article 241 of the same Act after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors. Such a resolution shall be subsequently reported in a shareholders' meeting.

Article 28 Only the shareholders recorded in the Company's register of shareholders within 5 days prior to the record date of dividends and bonuses are entitled to dividends distribution.

Article 29 The Company's organizational charters and operational regulations are adopted separately.

Article 30 Any matters not specified in this Article of Incorporation shall be handled in accordance with the provisions of the Company Act.

The original Articles of Incorporation was established on April 3, 1991. The first amendment was made on October 23, 1991; The second amendment was made on April 24, 1994. The third amendment was made on April 20, 1996. The fourth amendment was made on April 19, 1997. The fifth amendment was made on April 25, 1998. The sixth amendment was made on May 26, 1999. The seventh amendment was made on May 17, 2000. The eighth amendment was made on May 17, 2000. The ninth amendment was

made on May 4, 2001. The tenth amendment was made on June 6, 2002. The eleventh amendment was made on June 3, 2003. The twelfth amendment was made on June 15, 2004. The thirteenth amendment was made on June 14, 2005. The fourteenth amendment was made on June 14, 2006. The fifteenth amendment was made on June 13, 2007. The sixteenth amendment was made on June 13, 2008. The seventeenth amendment was made on June 9, 2010. The eighteenth amendment was made on June 10, 2011. The nineteenth amendment was made on June 12, 2012. The twentieth amendment was made on June 13, 2013. The twenty first amendment was made on June 12, 2014. The twenty second amendment was made on June 15, 2016. The twenty third amendment was made on June 7, 2017. The twenty fourth amendment was made on April 12, 2019. The twenty fifth amendment was made on June 15, 2022. The twenty sixth amendment was made on June 16, 2023. The Articles of Incorporation shall come into effect upon the amendment and approval by the shareholders' meeting.



## Appendix 3: Procedures for Election of Directors

### Avision Inc.

#### Director Election Method

Article I The Company's directors shall be elected in accordance with these Regulations.

Article II The Company's directors are elected at the shareholders' meeting.

Article III The Company adopts the "Candidate Nomination System" for the election of Directors. Shareholders elect from the list of candidates (hereinafter referred to as the "Candidates") announced by the Company. The cumulative voting method is adopted by the Company for the election of directors. In the process of electing directors, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers. The names of the voters may be printed on the ballots and the attendance card numbers may be substituted.

Article IV The voting rights of independent directors and non-independent directors are calculated separately according to the number of directors required by the Articles of Incorporation, and the candidate with the largest number of votes is elected in descending order. The candidates receiving the same number of votes shall draw lots to determine the election. The candidates not in attendance shall draw lots on behalf of the chair.

Article V At the beginning of the election, the chair shall appoint a number of ballot scrutineers and tally clerks to monitor the counting of votes.

Article VI The ballot boxes shall be prepared by the Company and publicly checked by the vote monitoring personnel before voting commences.

Article VII A voter may select one candidate from the list of "candidates" compiled by the Company in the "candidate" column of each ballot. However, this does not apply to shareholders exercising their voting rights electronically.

Article VIII A ballot is invalid if one of the following occurs:

1. The ballot is not used in accordance with these Regulations.
2. Blank ballots are placed in the voting cabinet.
3. The handwriting is illegible and indecipherable.
4. In addition to the name of the candidate and its shareholder account number or ID card number, other words, symbols, or unknown things are entered.
5. Ballots that have not been placed in the ballot box.
6. There are two or more candidates selected.
7. The name of the candidate is the same as that of other shareholders, but the account number is not filled in; the name of the candidate is filled in but without the

shareholder's account number or ID Card number for identification.

8. The total number of voting rights cast by the voters exceeds the total number of voting rights held by the voters.

Article IX The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on the site.

Article X The Board of Directors will issue a notice to the elected directors.

Article XI Matters not provided for in these Procedures shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article XII These Procedures, and any amendments hereto, shall be implemented upon the approval of the Shareholders' Meeting.

(These Procedures passed by the shareholders' meeting on June 10, 2015)

(These Procedures passed by the shareholders' meeting on June 7, 2017)

(These Procedures passed by the shareholders' meeting on July 12, 2021)

(These Procedures passed by the shareholders' meeting on June 15, 2022)

## Appendix 4: Number of shares held by all Directors

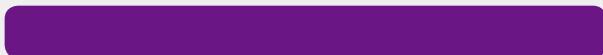
### Avision Inc.

Number of shares held by all directors and minimum number of shares to be held

- I. The number of shares of the current directors of the Company are as follows:
1. The Company has paid-in capital of NT\$2,169,340,840 and issued 216,934,084 shares of common stock.
  2. The minimum number of shares required to be held by all directors under Article 26 of the Securities and Exchange Act is 12,000,000 shares.
  3. The number of shares held by all directors of the Company has reached the statutory percentage standard.
  4. The Company has an audit committee, so there is no statutory shareholding for supervisors.
- II. The number of shares held by all directors as of the date of cessation of transfer at the regular shareholders' meeting held on April 28, 2024 is as follows:

As of April 28, 2024

Title	Name	As of the date on which the shareholders' meeting ceases to transfer the property	
		Number of shares held as recorded in the register of shareholders	Holding ratio (%)
Chairman	Sheng Shao-Lan	16,870,300	7.78
Director	Wu Yung-Chuan	39	0.00
Independent Director	Liang Chiang-Wei	-	0.00
Independent Director	Wen Mu-Jung	-	0.00
Independent Director	Chen Kuang	-	0.00
Independent Director	Tsung Jui-Yao	-	0.00
Total		16,870,300	7.78



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