

The logo for MACHVISION, featuring the word "MACHVISION" in white, bold, uppercase letters on a dark blue rectangular background with rounded corners and a subtle reflection effect below the text.

MACHVISION Inc. Co., LTD

2020 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System:

<http://mops.twse.com.tw/>

Company Website : <http://www.machvision.com.tw>

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Overseas Securities Exchange

Not applicable.

Corporate Website

<http://www.machvision.com.tw>

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I. Letter to Shareholders

2020 Business Report

Thank you for visiting shareholders' meeting in 2021. Over the past year, the Group's revenue in 2020 was NT\$ 2.398 billion, decline of 5.72%. The net profit after tax in 2020 was NT\$654,515 thousand, decline of 24.50%. The operating net profit margin was 36.24%, the net profit after tax was 27.30%, the return on assets was 19.45%, and the return on equity was 28.15%

1. Business Performance in 2020

(1) Business Performance

Unit: NTD thousands

	2020		2019		Increase(decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenues	2,397,855	100.00	2,543,441	100.00	(145,586)	(5.72)
Gross profit	1,519,665	63.38	1,638,922	64.44	(119,257)	(7.28)
Operating income	869,096	36.24	1,070,497	42.09	(201,401)	(18.81)
Net income before income tax	804,407	33.55	1,052,613	41.39	(248,206)	(23.58)
Net income after income tax	654,515	27.30	866,869	34.08	(212,354)	(24.50)
Earnings per share (NT\$)	15.02		20.01		(4.99)	

(2) Budget execution

The company did not disclose financial forecasts in 2020.

(3) Financial income and expenditure and profitability analysis

項目		2020	2019	2018	
Profitability	Return on assets (%)	19.45	26.66	48.50	
	Return on equity (%)	28.15	40.19	71.42	
	Rate to paid-up capital (%)	Operating income	194	251	372
		Pre-tax net profit	180	247	381
	Net profit ratio (%)	27.30	34.08	42.02	
	Earnings per share (NT\$)	15.02	20.01	30.43	

(4) Research and development status

The main research and development of the company in 2020 were as follows:

1. The circuit inspector keeps developing to higher HDI and FPC products.
2. Mini LED PCB, inspection and 2 in 1 measurement system.
3. Flip Chip market develop AVI, Bump and Tray In (Out) measurement equipment.

2. Summary of the business plan for the year of 2020

Important production and sales policy and company development strategies :

The global economy declined sharply during H1 of 2020 due to the impact of the COVID-19 pandemic, which resulted in deferred capital expenditure demands of related industries. Despite such harsh condition, MACHVISION still managed to dispatch its R&D, customer service, and marketing teams under the leadership of the Chairman and General Manager to mainland China during the outbreak of COVID-19 for business promotion and equipment installation, which allowed our customers to know that we are standing with them and successfully maintain the business performance.

In H2 of 2020, MACHVISION continued to plan its layout of new businesses and new products. The expansion of Smart Camera also allowed granted momentum for the development of AUTOVISION TECH CO., LTD., a subsidiary of the Bethel Unicorn Startups Incubation Center. In addition, we are also significantly contributing to the demands for Mini LED PCB measurement, comprehensive appearance inspection equipment, and substrates for 5G application.

In FY2021, recognizing Taiwan's advantages in semiconductors, many customers have greatly expanded their IC substrate and FPC business in Taiwan. MACHVISION has not been absent and continued to cooperate in development to improve equipment testing efficiency and capabilities to make customers more competitive. For example, the high-resolution online circuit inspector for semi-substrate and HDI products allows our clients to reach a production speed as high as 6 times that of their competitors and also saves labor, costs, as well as management and operating expenses. In addition, the market share of products continued to grow in FY2020. Smart Camera, Mini LED PCB, and 5G-related application products are current development trends of the market. MACHVISION also introduced the high-end rotary 4-line tester in Q4 of 2020, which was a result of the cooperation among us, YTEC, Usun, and FOR WIN TECH. Such equipment is mainly developed for HDI, 5G, Mini LED, and high-end circuits for automobile PCB, which form a part of MACHVISION's blue ocean strategies of circuit testing that offer another new stream of revenue for the Company.

MACHVISION is the world's only one-stop supplier of optical inspection equipment. With more than two decades of professional operation, 90% of the world's top 100 PCB manufacturers are currently the loyal customers of MACHVISION. The strong R&D capabilities have always been one of our core competitiveness. The Company will continue to dedicate to developing three core technologies of automatic optical inspection, which would respectively be 2D/3D measurement, circuit inspection, and appearance defect inspection. In 2020, the Smart Image R&D Center was established to invest more R&D resources to develop new products, create a larger market, and improve business performance and profits.

Finally, I would like to thank all the shareholders for your support and kindness. The company's colleagues will continue to work hard to create greater value for all shareholders. We would hope that all Shareholders continuously to give MACHVISION support and encouragement just like the past.

Chairman: Wang, Guang-Shiah

General Manager: Chen, Fu-Sheng

Accounting Supervisor: Wen, Pei-Chun

II. Company Profile

2.1 Date of Incorporation: June 9th, 1998.

2.2 Company History

Year	Milestones
Jun. 1998	Established the research and development center of Machvision Technology Co., Ltd., with a paid-up capital of NTD\$39,900 thousands. Started development of general-purpose 2.5D measuring machine
Mar. 1999	Started to develop linear scanning technology.
Sep. 1999	Started development of ultra-high-speed hole position measuring machine.
Dec. 1999	Approved to enter Science Park.
Jan. 2000	Started research and development of micro blind hole measuring machines.
Mar. 2000	Started development of BGA testing machines and related testing technologies.
Mar. 2001	Started research and development of thin and wide lines width measuring machines.
May. 2001	The business department was established.
May. 2002	Started research and development of gold finger detectors and related technologies. °
Aug. 2002	Promote Alpha2000 and Hole-AOI to overseas markets
May. 2003	Invested in the development of circuit AOI.
Jun. 2003	Capital increase by retain earnings of NTD\$17,800 thousands, and the amount of paid-up capital after capital increase was NTD\$57,700 thousands.
Mar. 2004	Established a manufacturing center in R&D 2nd Road.
May. 2004	Capital increase by retained earnings of NTD\$13,300 thousands, and the amount of paid-up capital after capital increase was NTD\$71,000 thousands.
Dec. 2004	Established Samoa MACHVISION INC.
Jun. 2005	Established Machvision (Dongguan) Testing Equipment Co., Ltd. The high-speed scanning 3D main body technology was successfully developed.
Jun. 2005	Capital increase of NTD\$29,000 thousands, and the amount of

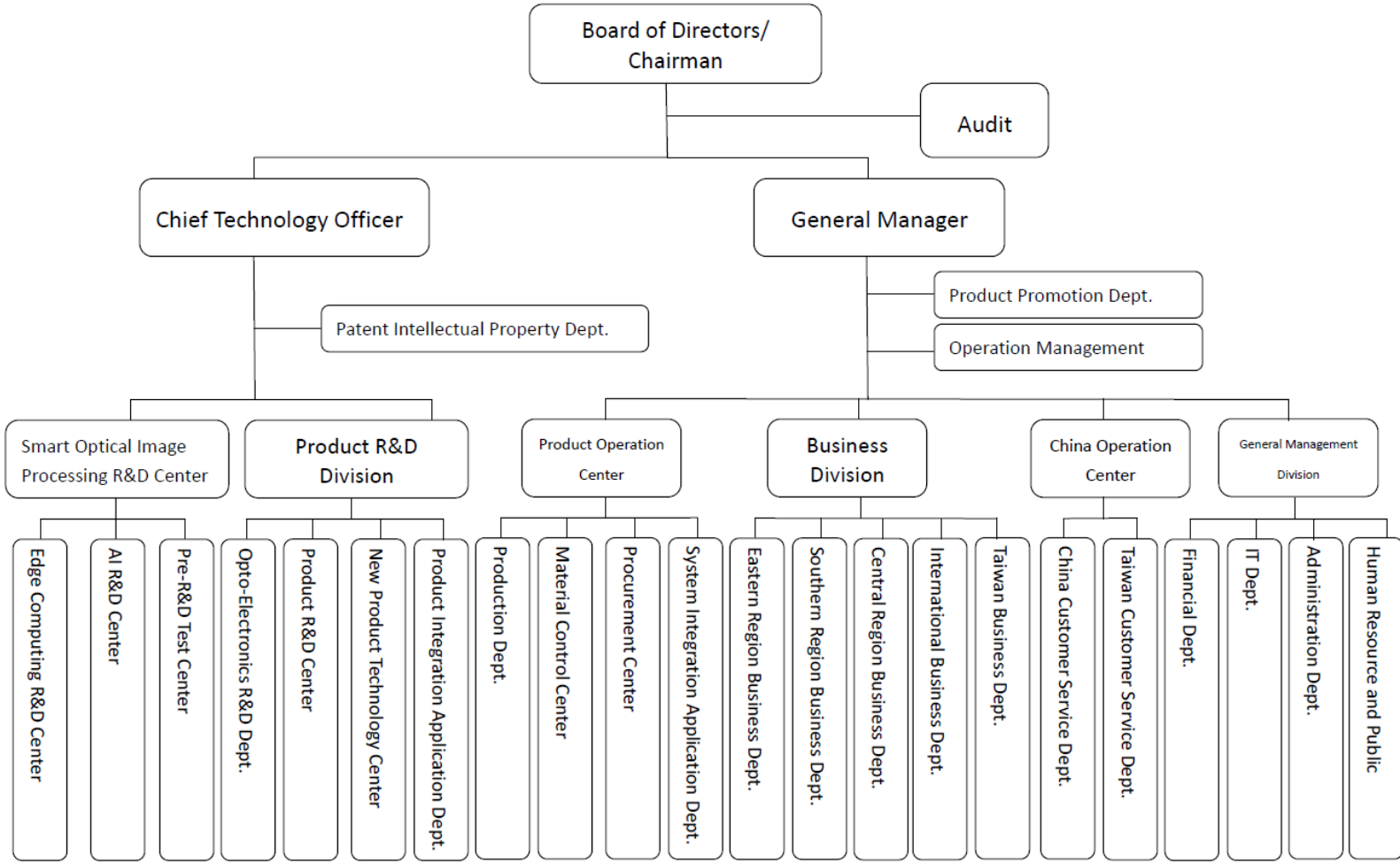
Year	Milestones
	paid-up capital after capital increase was NTD\$100,000 thousands.
Jan. 2006	Established the Kaohsiung office and is committed to software development.
Jun. 2006	Expand the operations center.
Jun. 2006	Capital increase by retained earnings of NTD\$40,000 thousands, and the amount of paid-up capital after capital increase was NTD\$140,000 thousands.
Feb. 2007	The manufacturing center is expanding and moved.
Feb. 2007	Capital increase for NTD\$21,000 thousands, and the paid-up capital after the capital increase was NTD\$161,000 thousands.
May. 2007	Handle stock public offerings.
Jun. 2007	Company's stock is registered in the trading market.
Aug. 2007	Capital increase by retained earnings of NTD\$33,919 thousands, and the amount of paid-up capital after capital increase was NTD\$194,919 thousands.
Sep. 2008	Capital increase for NTD\$30,578 thousands, and the paid-up capital after the capital increase was NTD\$225,496 thousands.
Dec. 2008	Launched a 3D stereo measuring machine.
Feb. 2009	Launched CSP Bump detector and next-generation circuit AOI inspection machine.
Mar. 2009	Invested in the development of ultra-high-speed inner inspection machine and 3D AOI printing circuit stereo inspection machine.
May. 2009	Launched the second generation AFI automatic appearance final inspection machine.
Aug. 2009	Introduced ultra-high speed inner inspection machine.
Nov. 2009	Launched 3D AOI printed circuit stereo inspection machine.
Dec. 2009	Invested in the development of LED Lead Frame inspection machine.
Sep. 2010	Launched LED Lead Frame high precision measuring machines.
Jan. 2011	Capital increase for NTD\$30,070 thousands, and the paid-up capital after the capital increase was NTD\$255,566 thousands.
Jan. 2011	Company stock IPO.
Mar. 2011	Launched FGF flexible PCB gold finger inspection machines.
Aug. 2011	Launched a roll-to-roll AOI inspection machine.
Aug. 2011	Capital increase for NTD\$51,113 thousands, and the paid-up capital after the capital increase was NTD\$306,679 thousands.
Dec. 2011	Launched FVRS Gold Finger re-inspection machines.

Year	Milestones
Aug. 2012	Capital increase by retained earnings for NTD\$30,668 thousands, and the paid-up capital after the capital increase was NTD\$337,347 thousands.
Sep. 2012	Launched FCCSP appearance inspection machine (elastic type).
Oct. 2012	Launched large countertop appearance inspection machine
Dec. 2012	Launched flexible appearance inspection machine.
Jul. 2013	Capital increase by retained earnings of NTD\$33,735 thousands, and the amount of paid-up capital after capital increase was NTD\$371,082 thousands.
Aug. 2013	Introduced new automatic appearance inspection machine AFI2 3000x400.
Oct. 2013	Capital increase for NTD\$55,000 thousands, and the paid-up capital after the capital increase was NTD\$426,735 thousands.
Jan. 2014	Moved to newly acquired building, No. 2~3, Industrial East 2nd Road, Hsinchu Science Park.
Mar. 2015	Launched PCB appearance inspection machine AOFI.
May. 2016	Introduced wafer appearance inspection machine Wafer AVI.
Apr. 2017	Introduced smart AOI 4.0.
Dec. 2017	Launched flexible PCB continuous circuit inspection machine
Aug. 2018	Launched thin film flip chip package appearance inspection machine and thin film flip chip packaging circuit inspection machine.
Sep. 2018	AI R&D Center established.
Mar. 2019	Established the Bethel Unicorn Incubation Center
Apr. 2019	Got listed on the Taiwan Stock Exchange Corporation (TSEC)
Oct. 2019	Introduced Color CSP AFI
May 2020	Capital increase for NTD\$21,200 thousands, and the paid-up capital after the capital increase was NTD\$447,282 thousands.
Oct. 2020	Introduced Tray In(Out) inspection equipment, including of AVI , bump, and board warpage.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Tasks and responsibility
Audit Department	<ol style="list-style-type: none"> 1. Check whether company's internal control system continues to operate effectively, whether operational activities are carried out according to established plan, whether laws and regulations are actually followed and propose improvements. 2. Coordinate and promote self-inspection operations of relevant internal control implementations of various departments.
Business Department	<ol style="list-style-type: none"> 1. Responsible for sales, promotion and execution of various products. 2. Responsible for business gathering and market development, analysis and forecasting. <p>Product Promotion Department: Market/product marketing planning activities are promoted.</p>
Customer Service Department	<ol style="list-style-type: none"> 1. Installation, testing, upgrade, customer education training and question and answer after sales of domestic and foreign machines. 2. Various engineering support work within the company.
Information Security Management Department	<ol style="list-style-type: none"> 1. Responsible for the planning, promotion and management of company information operations. 2. Information computerization promotion center. 3. Various computerized information collection, provision and control. 4. Various software and hardware equipment planning and control. 5. Various computer knowledge education and training implementation promotion center.
System Integration Application Department	<ol style="list-style-type: none"> 1. Integrate system resources of various departments. 2. Process improvement works in various departments.

Department	Tasks and responsibility
Production Department	<ol style="list-style-type: none"> 1. Responsible for the assembly of all project machines. 2. Support all projects to carry out a large number of on-site upgrades and installations. 3. Technical data management. 4. Responsible for the installation and testing of all project machines. 5. Responsible for all project machines to be handed over to the quality assurance inspection assembly.
Material Control Center	<ol style="list-style-type: none"> 1. Production scheduling. 2. Production/logistics/warehousing management.
Procurement Center	<ol style="list-style-type: none"> 1. Plan various direct/indirect material procurement strategies and formulate procurement performance targets. 2. Collect market information on supply and demand and prices of materials in the industry, and maintain good relations with various manufacturers. 3. Integrate production schedule and material balance, and is responsible for production and sales coordination. 4. Inventory management.
Smart Optical Image R&D Center	<p>Pre-development testing center:</p> <ol style="list-style-type: none"> 1. Core algorithm development. 2. New technology integration design. 3. Feasibility assessment of new product development. <p>Artificial Intelligence R&D Center:</p> <ol style="list-style-type: none"> 1. Develop and improve AI technologies. 2. AI technologies import to AOI and AVI products
R&D Department	<p>Product research and development:</p> <ol style="list-style-type: none"> 1. Develop and develop new products. 2. Control and conduct development projects. 3. Support the core technologies required for each project development. 4. Collection/induction of project documentations.
	<p>Opto-Electronics R & D Department:</p> <ol style="list-style-type: none"> 1. Support the core technologies required for each project development. 2. Optical machine designs and optical machine experiments. 3. Project image data maintenance. 4. Collection and summary of project documents. 5. R&D to production data and technology transfer. 6. Engineering change data transfer (drawing, material list, checklist).
	<p>Product Integration Application Department</p> <ol style="list-style-type: none"> 1. Product review in the initial R&D process and the improvement process. 2. Assembling and installing of all R&D machines. To improve and manage the technical and testing documents.

Department	Tasks and responsibility
	3. Support R&D Demo and PK.
Administration center	<p>Administrative Personnel Center:</p> <ol style="list-style-type: none"> 1. Coordinating administrative, general affairs, and human resources matters. 2. Planning, coordination and promotion of project plans. 3. Company image and marketing affairs planning and execution. <p>Information Management Center:</p> <ol style="list-style-type: none"> 1. Responsible for the management of the issuance, recycling, destruction and archiving of related documents. 2. Production, modification, filing and storage of technical documents. 3. Technical drawings, engineering specifications, BOM changes/releases/management. <p>Labor Safety Center:</p> <ol style="list-style-type: none"> 1. Responsible for work environment safety measures. 2. Emergency response plan. 3. Health implementation of labor safety operations.
Public Relations and human resources Relations Department	<ol style="list-style-type: none"> 1. Human resources. 2. Responsible for shaping of the corporate image and developing PR strategies and campaigns. 3. Responsible for managing communication between a company's corporate management and its investors.
Financial Department	<ol style="list-style-type: none"> 1. Responsible for accounting operations, business analysis and tax planning. 2. Responsible for financing planning, fund management and scheduling, and customer credit management. 3. Long-term and short-term investment evaluation and management.

3.2 Directors and Management Team

3.2.1 Directors

MARCH 30, 2021

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Chairman	R.O.C.	WANG/ GUANG-SHIAH	Male	12/14/18	3	06/10/13	1,366,353			3.21%	1,426,740	3.19%	
Director	R.O.C.	CHUANG/ YUNG-SHUN	Male	12/14/18	3	05/29/19	401,721	0.94%	417,711	0.93%	-	-	-	-	Master of International Business Studies, National Taiwan University Master of Business Administration, Tulane University, USA Bachelor of Electronic Engineering, National Taiwan University of Science and Technology Chairman of AAEON Technology Co., Ltd.	Chairman of AAEON Technology Co., Ltd. (legal representative) Chairman of Yenyu Investment Co., Ltd. (legal representative) Chairman of Medical Yang Technology Co., Ltd. (legal representative) Chairman of AAEON Technology (Suzhou) Co., Ltd. (legal representative)	-	-	-	Please see note 1 for other concurrent positions.

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Director	R.O.C.	YU/ MING-CHANG	Male	12/14/18	3	05/27/16	1,032,829			2.42%	1,073,940	2.40%	
Director	R.O.C.	CHANG/ YUNG-YANG	Male	12/14/18	3	05/26/17	1,282,842	3.01%	1,333,904	2.98%	—	—	—	—	Doctor of Science and Technology, Institute of Science and Technology Management, Chung Hua University Associate Professor, Kainan University Vice-principal of Taoyuan community college Consultant of Changqiao Accounting firm	Chairman of Changhong Enterprise Management Consulting Co., Ltd. Director of Jiuwei International company Supervisor of Avountes Co., Ltd.				

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Director	R.O.C.	YAN/ WEI-CHYUN	Male	12/14/18	3	12/14/18	265,433			0.62%	275,998	0.62%	
Director	R.O.C.	CHEN/ FU-SHEN	Male	12/14/18	3	06/10/13	26,000	0.06%	27,034	0.06%	—	—	—	—	Master of Industrial Engineering, Tsinghua University Wafer works Group Chairman Special Assistance and Deputy General Manager of Subsidiary Operations	Company's general manager Chairman of Avoutes Co., Ltd.(legal representative) Chairman of ChipAI Co., LTD.(legal representative) Director of board of SISSCA Co.,Ltd.(legal representative)				
Director	R.O.C.	LEE/ TSU-DER	Male	05/29/19	3	05/29/19	—	—	—	—	—	—	—	—	Bachelor of Dental Medicine, Taipei Medical University Chairman of Taipei Medical University	Director of Taipei Medical University				Please see note 3 for other concurrent positions
Director	R.O.C.	YEN/ TZONG-MING	Male	12/14/18	3	05/27/16	—	—	—	—	—	—	—	—	Master of Economics, Soochow University Director of Science and Technology Parks Professor, Department of Business Administration, Hsuan Chuang University	Supervisor of Alberex Electronic Co., Ltd. Director of Private Hsinchu Guangfu Senior High School Senior Consultant of Wholtech System Hitech Limited				

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	DU/ MING-HAN	Male	12/14/18	3	05/26/17	—	—	—	—	—	—	—	—	Master of Management Science, Tamkang University Senior Deputy General Manager of Taiwan Microsoft Corporation President of Taiwan World Vision	International World Vision Asia Convener				

Note 1: Director of AAEON electronics Inc., director of AAEON TECHNOLOGY (Europe) BV, director of AAEON TECHNOLOGY GMBH, director of AAEON TECHNOLOGY SINGAPORE PTE. LTD., director of Mcfees Group Inc. director of sunengine corporation LTD (legal representative), director of Lihong Biochemical Technology Co., Ltd. ,director of board of Tongheng Technology Ltd. Co. (legal representative), director of Atech OEM Co., Ltd. (legal representative), director of Danyang Qiye Technology Co.,Ltd, director of Outstanding Electronics (dongguan) manufacturer Co., Ltd., director of CHC Healthcare Group (legal representative), director of Machvision (Dongguan) Co., Ltd. (legal representative), chairman of Yanxin Investment Co., Ltd., director of Top union Electronics (Suzhou) Co., Ltd. (legal representative), Independent director of Top union Electronics Co., Ltd., director of board of Allied Oriental International Ltd. (legal representative), , chairman of Fu Li Investment Co., Ltd. director of Litemax Electronics Inc., director of king core electronic Inc., chairman of EVERFOCUS ELECTRONICS CORP, chairman of Onyx Healthcare (Shanghai)Inc.(legal representative), Chairman of changyang technology Inc.(legal representative),director of ONYX Healthcare Europe B.V., director of ONYX Healthcare USA, INC., director of yibao-jihhren Inc.(legal representative), director of Winmate Inc.(legal representative), director of IBASE TECHNOLOGY INC.(legal representative), director of Taiwan university of science and technology innovation Inc., director of Fengxin venture capital Inc. (legal representative), chairman of the AAEON Culture and Education Foundation.

Note 2: Director of board of AAEON TECHNOLOGY (Europe) BV, Director of board of AAEON Technology Inc.(legal representative), Chairman of Danyang Qiye Technology Co.,Ltd. (legal representative), Chairman of Outstanding Electronics (dongguan) manufacturer Co., Ltd. (legal representative), , Independent Director of Mudong Optoelectronics Co., Ltd., Chairman of Yayuan (Yichang) Electronics Co., Ltd. (legal representative), director of ATECH Technology (SAMOA) Ltd. (legal representative)), director of Growth Profits Group Limited (legal representative), director of Outstanding Electronics Manufacturer Group Co., Ltd. (legal representative), Supervisor of Autovision Technology Inc., independent director of Yinghua Precision Technology Co., Ltd., director of Sigold Optics Co., Ltd. (legal representative) , director of Avountes co., Ltd. (legal representative), director of QQE TECHNOLOGY CO., LTD. (legal representative).

Note 3:Director of handing Ltd.(legal representative), Chairman of handing biotechnology management consultant Ltd.(legal representative), Independent director of China general plastics corporation, director of Diamond capital management Ltd. (legal representative), director of Diamond biotechnology investment Ltd. (legal representative), directo of Xinyao biotechnology investment Ltd.(legal representative), director of Onyx Healthcare Ltd., Director of board of Dermei Int. Co., Ltd, director of yibao-jihhren Inc., Advisory Committee Member of NHRI.

Note4: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

Major shareholders of the institutional shareholders: None.

Major shareholders of the Company's major institutional shareholders: None.

Professional qualifications and independence analysis of directors and supervisors

MM DD, 2020

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
WANG/ GUANG-SHIA H	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	0
YU/ MING-CHAN G			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	1
CHANG/ YONGSHUN	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0
CHUANG/ YONGZHEN			✓	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	1
YAN/ WEI-CHYUN			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2
CHEN/ FU-SHEN			✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0

LEE/ TSU-DER			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
YEN/ TZONG-MING	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
DU/ MING-HAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: **not** a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the

laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: **not** a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 Management Team

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman and Chief Technology Officer of R/D dept.	R.O.C.	WANG/GUANG-SHIAH	Male	07/01/06	1,426,740	3.19%	72,426	0.16%	—	—	Ph.D., Institute of Industrial Engineering, Pennsylvania State University Professor, Department of Industrial Engineering Management, Chung Hua University	Director of Machvision (Dongguan) Inc.. Chairman of Autovision Technology Inc. Ltd. (legal representative) Chairman of Sigold Optics Inc. (legal representative) Chairman of SISSCA Co.,Ltd. (legal representative)	—	—	—	
General Manager	R.O.C.	CHEN/FU-SHEN	Male	04/10/14	27,034	0.06%	—	—	—	—	Master of Industrial Engineering, Tsinghua University Wafer works Group Chairman Special Assistance and Deputy General Manager of Subsidiary Operations Associate deputy	Chairman of Avountes Co., Ltd.(legal representative) Chairman of ChipAI Co., LTD.(legal representative) Director of SISSCA Co. Ltd. (legal representative)	—	—	—	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Business Deputy General Manager	R.O.C.	TSENG/WEI-LUN	Male	07/01/19	—	—	—	—	—	—	EMBA of National Chiao Tung University(Studying) Section manage of Chip Power Technology Corp.	NA	—	—	—	
Research and Development Deputy General Manager	R.O.C.	WANG/YUAN-NAN	Male	07/01/19	4,000	0.01%	—	—	—	—	Master of Taiwan University Department of Mechanical Engineering General manager of Sigold Optics Inc. General manager of Anderson Industrial Corp. General manager of Lianyuan Inc.	NA	—	—	—	
Financial and accounting officer	R.O.C.	TSAI/CHIA-FEN	Female	11/11/14	—	—	—	—	—	—	Master of Business Administration, Shih Chien University Master of Science and Technology Management, Tsinghua University Manager of PwC Taiwan Finance Department Manager of Huajing Technology Co., Ltd. Assistant manager of Wholtech System Hitech Limited	NA	—	—	—	Note 1

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Financial and accounting officer corporate governance officer	R.O.C.	WEN/PEI-CHUN	Female	04/15/20	—	—	—	—	—	—	Bachelor of Public Finance, National Taipei University Assistant manager of KPMG Taiwan	NA	—	—	—	Note1

Note1: 2020/04/15 TSAI CHIA-FEN was replaced by WEN PEI-CHUN due to position adjustment.

Note2: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

3.2.3 Remuneration of Directors, Independent Directors, President, and Vice Presidents

Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)		
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock		The company	Companies in the consolidated financial statements
Director	WANG/GUANG-SHIAH	385	385	-	-	7,436	7,495	2,223	2,223	1.52%	1.53%	7,722	7,722	108	108	18,300	-	18,300	-	5.48	5.49	-
	YU/MING-CHANG																					
	CHANG/YONGSHUN																					
	CHUANG/YONGZHEN																					
	YAN/WEI-CHYUN																					
	CHEN/FU-SHEN																					
Independent Director	LEE/TSU-DER	-	-	-	-	3,187	3,187	-	-	0.48%	0.48%	-	-	-	-	-	-	-	-	0.48%	0.48%	-
	YEN/TZONG-MING																					
	DU/MING-HAN																					
<p>1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:</p> <p>2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors.</p>																						

Note 1: The remuneration of directors and the remuneration of employees have not yet been decided, which is based on the percentage of the allocation in previous year.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements (I)
Less than NT\$ 1,000,000	-	-	-	-
NT\$1,000,000 ~ NT\$1,999,999	CHUANG/YUNG-SHUN、 YU/MING-CHANG、 CHANG/YUNG-YANG、 YAN/WEI-CHYUN、 LEE/TSU-DER、 YAN/ZONGMING、 DU/MINGHAN	CHUANG/YUNG-SHUN、 YU/MING-CHANG、 CHANG/YUNG-YANG、 YAN/WEI-CHYUN、 LEE/TSU-DER、 YAN/ZONGMING、 DU/MINGHAN	CHUANG/YUNG-SHUN、 YU/MING-CHANG、 CHANG/YUNG-YANG、 YAN/WEI-CHYUN、 LEE/TSU-DER、 YAN/ZONGMING、 DU/MINGHAN	CHUANG/YUNG-SHUN、 YU/MING-CHANG、 CHANG/YUNG-YANG、 YAN/WEI-CHYUN、 LEE/TSU-DER、 YAN/ZONGMING、 DU/MINGHAN
NT\$2,000,000 ~ NT\$3,499,999	WANG/GUANG-SHIAH、 CHEN/FU-SHEN	WANG/GUANG-SHIAH、 CHEN/FU-SHEN		
NT\$3,500,000 ~ NT\$4,999,999				
NT\$5,000,000 ~ NT\$9,999,999				
NT\$10,000,000 ~ NT\$14,999,999				
NT\$15,000,000 ~ NT\$29,999,999			WANG/GUANG-SHIAH、 CHEN/FU-SHEN	WANG/GUANG-SHIAH、 CHEN/FU-SHEN
NT\$30,000,000 ~ NT\$49,999,999				
NT\$50,000,000 ~ NT\$99,999,999				
Greater than or equal to NT\$100,000,000				
Total	9	9	9	9

Remuneration of Supervisors: Not applicable.

Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)	
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements		
								Cash	Stock	Cash	Stock				
Chief Technical Officer	WANG/GUANG-SHIAH	11,168	11,168	324	324	5,793	5,793	22,538	-	22,538	-	6.03%	6.03%	-	
General Manager	CHEN/FUSHEN														
Business Deputy General Manager	TSENG/WEI-LUN														
Research and Development Deputy General Manager	WANG/YUAN-NAN														

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements (E)
Less than NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$1,999,999	-	-
NT\$2,000,000 ~ NT\$3,499,999	-	-
NT\$3,500,000 ~ NT\$4,999,999	TSENG/WEI-LUN 、 WANG/YUAN-NAN	TSENG/WEI-LUN 、 WANG/YUAN-NAN
NT\$5,000,000 ~ NT\$9,999,999	-	-
NT\$10,000,000 ~ NT\$14,999,999	-	-
NT\$15,000,000 ~ NT\$29,999,999	WANG/GUANG-SHIAH 、 CHEN/FU-SHEN	WANG/GUANG-SHIAH 、 CHEN/FU-SHEN
NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	4	4

3.2.4 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Year	Total remuneration paid to directors, supervisors, president and vice presidents		Ratio of total remuneration paid to directors, supervisors, president and vice presidents to net income (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
2019	5.51%	5.51%	5.92%	5.92%
2020	5.48%	5.49%	6.03%	6.03%

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation. Remuneration is appropriated according to the business performance of the Company in the year and the stipulated percentage in Article 26 of the Articles of Incorporation, which stipulate that: "From the profit earned by the Company as shown through the annual account closing, No less than 5% shall be taken for employee compensation, and no more than 3% taken for directors' compensation, provided that the amount of accumulated loss, if any, be first withheld." The annual earning distribution status is submitted to the Board of Directors for discussion before being sent to the shareholders' meeting for resolution.

The compensation to directors and other key management personnel were determined by the Remuneration Committee of the Company in accordance with the individual performance and the market trends.

The compensation is measured based on the employee's personal achievements, contribution made to the business operation, and the market averages. It has a positive correlation with the performance of the Company's business.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A. Operations of the Board of Directors

A total of 7 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Chairman	WANG/GUANG-SHIAH	7	0	100.00	
Director	YU/MING-CHANG	7	0	100.00	
Director	CHANG/YONGSHUN	7	0	100.00	
Director	CHUANG/YONGZHEN	7	0	100.00	
Director	YAN/WEI-CHYUN	7	0	100.00	
Director	CHEN/FU-SHEN	7	0	100.00	
Independent director	LEE/TSU-DER	7	0	100.00	
Independent director	YEN/TZONG-MING	7	0	100.00	
Independent director	DU/MING-HAN	7	0	100.00	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
 - (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.
 - (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.

Date	Proposal and resolution	Matters referred to in Article 14-3 of the Securities and Exchange Act	Other matters involving objections or expressed reservations by independent directors
2020/2/5	1. The amount of employees and director compensation.	yes	no
	2. Cash capital increase through issuance of common shares.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	<p>1. Resolution: Reviewed by Compensation Committee and all Attendees of directors and independent directors passed without objection except CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) were not participate in discussions and voting due to interest avoidance.</p> <p>2. Resolution: All Attendees of directors and independent directors passed without objection.</p>		
2020/3/27	1.The manager share subscription rules and the number of manager subscribed share.	yes	no
	2.The follow-up schedule and plan of 2020 cash capital increase	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		

Date	Proposal and resolution	Matters referred to in Article 14-3 of the Securities and Exchange Act	Other matters involving objections or expressed reservations by independent directors
	1. Resolution: Reviewed by Compensation Committee and all Attendees of directors and independent directors passed without objection except CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) were not participate in discussions and voting due to interest avoidance.		
	2. Resolution: All Attendees of directors and independent directors passed without objection.		
2020/5/4	Appointment of the finance and accounting officer.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		
2020/7/31	1.Distribution of remunerations to directors (including independent directors) for 2019.	yes	no
	2.Distribution of remunerations of manager and employees for 2019.	yes	no
	3.Routine adjustment in the salary of manager for 2020.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		

Date	Proposal and resolution	Matters referred to in Article 14-3 of the Securities and Exchange Act	Other matters involving objections or expressed reservations by independent directors
	Resolution: Reviewed by Compensation Committee and all Attendees of directors and independent directors passed without objection except CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) were not participate in discussions and voting due to interest avoidance.		
2020/11/3	1.Amendment to the “Remuneration Committee Charter”.	yes	no
	2.Amendment to the “Procedures for Loaning of Funds”.	yes	no
	3.Replacement of the Accountant (due to internal rotation within the accounting firm).		
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		
2020/12/24	1. 2021 Accountant appointment.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		

2. If there are directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified: Please refer previous item.

B. Implementation Status of Board Evaluations

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2020/01/01 ~ 2020/12/31	Board of Directors, individual directors, and functional committees	internal self-evaluation by the Board of Directors, self-assessment by directors, peer evaluation	Note 1
once three years	2019/11/01 ~ 2020/10/31	Board of Directors and functional committees	entrusting external professional institutions: Taiwan Corporate Governance Association	Note 2

Note 1: According to the scope of evaluation, evaluation items must at least include the following items:

- (1) Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls.
- (2) Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.
- (3) Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal control.

Note 2: The composition of the board of directors, the guidance of the board of directors, the authorization of the board of directors, the supervision of the board of directors, the communication of the board of directors, internal control and risk management, the self-discipline of the board of directors and other (board meetings and support systems, etc.).

3.3.2 Audit Committee

A. Audit Committee

A total of 7 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director	LEE/TSU- DER	7	-	100.00%	
Independent director	YEN/TZO NG-MING	7	-	100.00%	
Independent director	DU/MING -HAN	7	-	100.00%	

Other mentionable items:

1.If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

Date	Proposal and resolution	Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2020/2/5	2019 annual financial report.	yes	no
	2019 Internal Control System Statement.	yes	no
	Cash capital increase through issuance of common shares.	yes	no
	Plans to build the R&D center and change the construction site.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2020/3/27	Amendment to the Rules of Procedures for Shareholder meetings.	yes	no
	The follow-up schedule and plan of 2020 cash capital increase.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2020/5/4	The appointment of the finance and accounting officer.	yes	no

Date	Proposal and resolution	Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2020/5/29	Liquidation of Machvision Holding (Samoa) Limited.	yes	no
	Increasing investment in China.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2020/7/31	The financial statements for the second quarter of 2020.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2020/11/3	The amendment to the "Remuneration Committee Charter".	yes	no
	The amendment to the "Procedures for Loaning of Funds".	yes	no
	Appointment of corporate governance officer.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2020/12/24	2021 Accountant appointment.	yes	no
	2021 annual audit plan.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: Please refer previous item.

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

Date	Communications
Feb. 2020	Discuss the financial report and related issues with the financial and accounting supervisor and the audit supervisor ◦
Jul. 2020	Discuss the financial report, new amendments to laws and regulations, and other related issues with the accounting supervisors and audit supervisors.
Dec. 2020	Meeting with the accounting supervisor and the audit supervisor to explain the relevant matters of the audit matters. Discuss with the audit supervisor about issues related to the 2021 annual audit plan and risk assessment.
Independent directors have direct communication channels with internal audits and accountants. The internal audit supervisor reports to the audit committee in the audit committee held every quarter. Accountants attend audit committees held from time to time.	

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on the Company’s website.	None
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated appropriate departments, such as Investor Relations, Public Relations, Legal Department, to handle shareholders’ suggestions, doubts, disputes and litigation.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?			The Finance & Shared Services Division is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?			Rules are made to strictly regulate the activities of trading, endorsement and loans between the Company and its affiliates. In addition, the “Criteria of Internal Control Mechanism for a Public Company”, outlined by the Financial Supervisory Commission when drafting the guidelines for the “Supervision and Governance of Subsidiaries”, was followed in order to implement total risk control with respect to subsidiaries.	
(4) Does the company establish internal rules			To protect shareholders’ rights and fairly treat shareholders, the Company has established the	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
against insiders trading with undisclosed information?			internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations.	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit</p>	V		<p>Member diversification is considered by the Board members. Factors taken into account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge and terms of service. The Board objectively chooses candidates to meet the goal of member diversification.</p> <p>The Company has set up the Remuneration Committee and the Audit Committee according to the law; the establishment of other committees</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p>			<p>is under evaluation.</p> <p>The company has formulated rules and procedures for evaluating the Board’s performance and conducts it annually. The Company uses two methods to evaluate the performance of the Board.</p> <p>1. Self-assessment of Board members</p> <p>Board members fill in the” Self-Assessment Questionnaire for Board Members” at the end of each year. To evaluate the performance of each members effectively, the questionnaire contains the following factors:</p> <p>A. Their grasp of the Company's goals and missions;</p> <p>B. Their recognition of director's duties;</p> <p>C. Their degree of participation in the Company's operations;</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>D. Their management of internal relationships and communications;</p> <p>E. Their professionalism and continuing professional education;</p> <p>F. Internal controls.</p> <p>2. Assessment of the Board: The Secretary Office of the Board conducts the assessment of the Board’s performance. The following aspects are taken into consideration:</p> <p>A. The degree of participation in the Company's operations;</p> <p>B. Improvement in the quality of decision making by the Board of Directors;</p> <p>C. The composition and structure of the Board of Directors;</p> <p>D. The election of the directors and their</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			<p>continuing professional education.</p> <p>E. Internal controls.</p> <p>The Company conducts director self-assessments and peer assessments in the first quarter each year. Assessment results were reported to the Board of Directors in (month/year), and are referenced when determining the remuneration of individual directors and nominations for reelection.</p> <p>The Company evaluates the independence of CPAs annually, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company.</p>	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not			The board of directors approved the appointment of corporate governance officer on November 3, 2020. The responsibility of for corporate	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?			governance officer include corporate governance-related matters, providing information required by directors and functional committees to perform their business, drafting agendas of the board of directors and shareholders' meeting and assisting the board of directors to strengthen their functions	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?			The Company provides detailed contact information, including telephone numbers and email addresses in the “Stakeholder Area” section of the corporate website. In addition, personnel are in place to exclusively deal with issues of social responsibility, ensuring that various interested parties have channels to communicate with the Company.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?			The Company designates Agency Department of Chinatrust to deal with shareholder affairs.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>7. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed</p>			<p>The Company has set up a Chinese/English website (www.machvision.com.tw) to disclose information regarding the Company’s financials, business and corporate governance status.</p> <p>The Company has established a spokesman system. Investor conference information is disclosed on the corporate website.</p> <p>The Company has reported annual financial statements within two months after the end of each fiscal year and announced them on the company website.</p> <p>The Company announced and reported its</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
time limit?			financial statements for Q1, Q2, and Q3 and filed monthly operating status before the deadline.	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?Please refer to note1.				
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.				
Evaluation item			Solution	
Does the company's board of directors include at least one female director?			Consulting and Discussing	

Note1:

- (1) Status of employee rights and employee wellness: Please refer to the “*Employees*” section on pages 120-123 of this annual report.
- (2) Status of risk management policies and risk evaluation: Please refer to the “*Risk Management*” section on pages 134-137 of this annual report.
- (3) The Company has purchased D&O insurance for its directors.

(4) Directors' and supervisors' training records:

Name	Date	Organizer	Course	Training hours
WANG/GUANG-SHIAH	2020/10/20	Republic of China Accounting Research and Development Foundation	Assist the company to improve its ability to prepare financial reports by itself	6
CHUANG/YON-SHUN	2020/02/25	Taiwan Securities Association	Digital Empowerment-Practice and Cases of Outsourcing Innovation Model of Enterprises	3
CHUANG/YON-SHUN	2020/03/16	TLCA ORG.	Talking about Environmental Protection	3
CHUANG/YON-SHUN	2020/04/06	Corporate Governance Association	Patent offensive and defensive battles	3
CHUANG/YON-SHUN	2020/08/05	Corporate Governance Association	Enterprise M&A Practice and Case Analysis	3
YU/MING-CHANG	2020/09/03	Independent Director Association Taiwan	Talking about Taiwan's business strategy and transformation from the global political and economic situation	3
YU/MING-CHANG	2020/10/14	Corporate Governance Association	Audit committee establishment and operation	3
CHANG/YUNG-YANG	2020/12/07	Republic of China Accounting Research and Development Foundation	The latest development trend of corporate social responsibility (CSR) reports and analysis of relevant corporate governance practices	3
CHANG/YUNG-YANG	2020/12/07	Republic of China Accounting Research and Development Foundation	Analysis of "Fake Foreign Investment Illegal Securities Trading" Case Analysis and Discussion on Legal Liability	3
YAN/WEI-CHYUN	2020/07/22	Taiwan Financial Research Institute	Corporate Governance and Corporate Sustainability Workshop	3

Name	Date	Organizer	Course	Training hours
YAN/WEI-CHYUN	2020/08/26	Taipei Exchange	A briefing on the equity of the insider of the company	3
CHEN/FU-SHEN	2020/12/02	The Institute of Internal Auditors, R.O.C.	"Enterprises self-prepared financial report" policy analysis and internal audit and internal control practice key discussion	6
LEE/TSU-DER	2020/07/09	Securities and Futures Market Development Foundation	From the perspective of new crown pneumonia, business strategies and corporate governance in response to the world's impermanent risks	3
LEE/TSU-DER	2020/07/22	Taiwan Financial Research Institute	Corporate Governance and Corporate Sustainability Workshop	3
YEN/TZONG-MING	2020/08/20	Securities and Futures Market Development Foundation	Analysis of practical cases on the establishment of the crime of breach of trust and special breach of trust by directors and supervisors	3
YEN/TZONG-MING	2020/09/02	Securities and Futures Market Development Foundation	Discussion on Cases of Fraud in Enterprise Financial Statements	3
DU/MING-HAN	2020/08/13	Republic of China Accounting Research and Development Foundation	Analysis of the protection of corporate "Intellectual Property Rights" and related legal responsibilities	3
DU/MING-HAN	2020/08/13	Republic of China Accounting Research and Development Foundation	Discussion on Financial and Tax Laws and Cases of Enterprise M&A	3

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company’s compensation and benefits policies, plans and programs, and the evaluation of the directors’ and executives’ compensation.

The Chairman of the Remuneration Committee convened four regular meetings in 2020. The Remuneration Committee Charter is available on the Company’s corporate website.

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years’ Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks	
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent director	LEE/T SU-DE R			V	V	V	V	V	V	V	V	V	V	V	V	1	-
Independent director	YEN/T ZONG-MING	V		V	V	V	V	V	V	V	V	V	V	V	V	1	-
Other	HE/LI-XING	V		V	V	V	V	V	V	V	V	V	V	V	V	1	-

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of

the company or ranking in the top 10 in holdings.

4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2

years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

10. Not been a person of any conditions defined in Article 30 of the Company Law.

B. Attendance of Members at Remuneration Committee Meetings

There are 3 members in the Remuneration Committee. A total of 4 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convener	YEN/TZONG-MING	4	-	100%	-
Committee Member	LEE/TSU-DEE	4	-	100%	-
Committee Member	HE/LI-XING	4	-	100%	-

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified):
None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

3.3.5 Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? ³	V		<p>The Company integrates and manages the potential risks of all strategies, operations, financial activities, and hazards that may affect its operations and profits. The Company implements enterprise risk management to provide suitable risk management for all stakeholders, and uses a risk map to assess the frequency of risk events and severity of impact on the Company's operations. The priority and level of risks are defined on the basis, and risk management strategies are adopted for each risk level.</p> <p>The Company's risk management involves the management of strategy risks, operational risks, financial risks, hazard risks, as well as risks associated with climate change and non-compliance with environmental protection and climate-related regulations and other international conventions.</p>	None
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		<p>In order to fulfill the social responsibilities, the company takes the administrative center as the authority and responsibility dept. to promote corporate social responsibility. Convene relevant departments quarterly to discuss and promote the social responsibility plan. Regularly report processing and implementation to the board of directors. This project has been reported to the board of directors on November 3, 2020.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		The company develops and assembles machines. The production process does not produce harmful substances and waste water. The administrative center establishes and promotes an environmental management system, focusing on greenhouse gas management	None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		The company regularly reviews the materials and sluggish inventory to increase the utilization rate and reduce the burden on the environment.	None
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change	V		The company pays attention to the impact of climate change on the company's operating activities. And actively improves the utilization rate, reduces waste, and reduces the impact on the environment	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Abstract Explanation													
issues?																
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>The company development and assembly equipment. It does not require large amounts of water and special gases during production. The company focus on CO2 management. The goal is to decrease by 50% in 2025 from 2016.</p> <table border="1"> <thead> <tr> <th>Item/Unit</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions /CO2e</td> <td>585</td> <td>586</td> </tr> <tr> <td>Water consumption / kWh</td> <td>5,280</td> <td>6,725</td> </tr> <tr> <td>Total weight of waste /Ton</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Item/Unit	2019	2020	Greenhouse gas emissions /CO2e	585	586	Water consumption / kWh	5,280	6,725	Total weight of waste /Ton	-	-	None
Item/Unit	2019	2020														
Greenhouse gas emissions /CO2e	585	586														
Water consumption / kWh	5,280	6,725														
Total weight of waste /Ton	-	-														
<p>4. Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p><u>Comply with Relevant Regulations</u> Machvision not only complies with local regulations but also upholds the internationally-recognized human rights of workers and respects the United Nations Universal Declaration on Human Rights, and the International Labor Organization’s fundamental conventions on core labor standards. Machvision hires all employees equally based on his or her job qualifications regardless of gender, religion, race, nationality or political affiliation.</p> <p><u>Human Resource Policies and Measures</u> The following is an overview of relevant human resource policies and measures:</p>	None												

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>(a)Labor Insurance, National Health Insurance, and group insurance coverage from the first day of work.</p> <p>(b) The Company has specific Employee Retirement Guidelines. In February 1998, we established a Labor Pension Supervision Committee approved by the Taipei City Government. Since May 1998, we have been allocating a retirement pension equivalent to 2% of employees’ monthly salaries on a monthly basis. In 2005, the new Labor Pension Act came into force. Consequently, Machvision now deposits 6% of each employee's monthly salary into a dedicated account at the Labor Insurance Bureau. When employees reach the age of 60, they may collect their pension from their personal retirement fund account.</p>	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>Employee welfare: The Company provides an employee cafeteria, café, fitness room, lounge, and parking lot.</p> <p>Business performance reflects on employee bonuses: The Company is required to allocate no less than 5% of profits as employee bonuses each year.</p>	None
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on	V		<p>Machvision regularly conducts work safety promotion. Regularly inspect and maintain equipments of the building to maintain a safe working environment. Apply for labor insurance, health insurance and group insurance in accordance with the law. Not only provide Health checkups, health education courses and flu vaccines annually but also on-site nurses and physicians.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
a regular basis?				
(4) Does the company provide its employees with career development and training sessions?	V		Machvision has plan of jobs inherited. Machvision not only assesses and provides feedback on employees’ skills and interests, but also offers training and development activities that match their career development objectives and job needs.	None
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		The company has set up a "Quality Service Center" to provide after-sales services, provide instant contact windows for customers, protect consumer rights, and actively ask customers for their opinion.	None
(6) Does the company implement supplier management policies, requiring suppliers to	V		In order to implement corporate social responsibility the company has established supplier management operating procedures to communicate with suppliers on issues such as environmental protection, safety and hygiene.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.				
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		√	Please refer to Taiwan Stock Exchange Market Observation Post System (http://mops.tse.com.tw/) and Company Website (http://www.machvision.com.tw)	None
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: None				

Evaluation Item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
7. Other useful information for explaining the status of corporate social responsibility practices: Please refer to the corporate social responsibility section of the company's website for other company's corporate social responsibility operations.				

3.3.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p>			<p>The Board of Directors passed the Company's Ethical Corporate Management Best-Practice Principles. The Principles is a guideline to provide high ethical standards for all employees. The principles are disclosed in the annual report and on the company website. The Board of Directors and senior management place the greatest importance in adopting the highest standards of integrity and ethics in corporate management and employee work conduct. Bribery, corruption, deception, and all other forms of improper conduct are prohibited.</p>	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?			<p>The Company conducts quarterly evaluations of operating activities with relatively high risk of unethical conduct. The Company’s Ethical Corporate Management Best-Practice Principles have established preventive measures against the following:</p> <ul style="list-style-type: none"> (a) Offering and acceptance of bribes; (b) illegal political donations; (c) improper charitable donations or sponsorship; (d) offering or acceptance of unreasonable presents or hospitality, or other improper benefits; (e) misappropriation of trade secrets and 	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>infringement of trademark rights, patent rights, copyrights, and other intellectual property rights;</p> <p>(f) engaging in unfair competitive practices;</p> <p>(g) damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>The aforementioned principles and related regulations were announced and disseminated to employees, managers and Board of Directors to enhance integrity and self-discipline.</p> <p>In order to prevent any unethical conduct, all</p>	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			employees must disclose any matters that have or may have the appearance of undermining the Principle, such as any actual or potential conflict of interest. Key employees and senior officers must periodically declare their compliance status with the Principle. Machvision requires all our suppliers, vendors and partners to declare in writing that they will not engage in any fraud or provide unethical conduct when dealing with the Company or our officers and employees. Internal and external online hotlines have been established for any relevant persons to use in reporting any ethical irregularities for personal investigation by a designated senior management of Machvision. The Company reviews and revises the principle each year.	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p>			<p>The Company holds annual business meetings, conveying our integrity requirements to all our business partners. In addition, an ethic-related clause is included in every business contract. If there is any breach of the clause, the Company may terminate the partnership at any time without any further obligation or compensation.</p> <p>The administrative center is a dedicated unit for promoting corporate integrity management. If there is a violation of integrity, an inter-departmental meeting will be held for deliberation, and if it is a major violation of integrity, it will be reported to the audit committee or the board of directors in accordance with</p>	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?			<p>relevant laws and procedures. Report to the audit committee or the board of directors on relevant implementation status every year.</p> <p>The Company follows the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Law Against Accepting Bribes Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest and other relevant regulations for listed companies. The Company also conducts due diligence before trading with upstream and downstream companies to minimize the risks. At the same time, the Company has made a hotline available for submissions of regarding conflicts of interest.</p>	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>			<p>The Company has established accounting and internal control systems to ensure integrity in our operations. After internal auditors have analyzed and reviewed the annual audit program according to the risk evaluation results, the Company will compile them into an audit report.</p> <p>The Company carries out regular training for employees every quarter. For new employees, training on ethical rules, conflicts of interest, business morals, and all other related subjects are carried out during their first week of work. All employees are required to receive integrity training for at least two hours each year.</p>	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p>			<p>The Company establishes various reporting channels so that employees and relevant people can report improper business behaviors through the system. After a confidential investigation, anyone who violates the regulations on operational integrity will be punished according to the Company’s regulations on reward and punishment. In cases of illegal conduct, legal actions will be taken as well.</p> <p>The Company has in place SOPs authorized by the Board which could be applied on any confidential investigations and follow-up actions on such cases after completing investigation.</p>	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide proper whistleblower protection?			The Company takes whistleblower protection seriously since the core purpose is protection from unlawful reprisal for diligent employees who step forward to identify potential wrongdoing. The Company has a dedicated hotline for whistleblower protection whether first-line managers and the Board if necessary, can directly review and determine appropriate actions against reprisal of complaints.	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?			The Company’s Ethical Corporate Management Best-Practice Principles and the results of our implementation have been posted on the Company’s Chinese / English website and MOPS.	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. There have been no differences.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies). (a) To implement the basics of ethical corporate management policies, the Company operates under the Company Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE -Listed Companies, and other laws and decrees concerning business transactions. (b) The Company has set up the "Management Procedures for Preventing Insider Trading", which specifies that directors, supervisors, managers, and employees are not allowed to reveal inside information to others or to inquire non-public information that is irrelevant to his/her business scope. (c) For more detailed information, please refer to the Company’s official website: http://www.machvision.com.tw/index.php/zh-tw/responsibility/03				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

3.3.7 Corporate Governance Guidelines and Regulations

Please refer to the Company's website at www.machvision.com

3.3.8 Other Important Information Regarding Corporate Governance

None.

3.3.9 Internal Control Systems

A. Disclosures Required for the Implementation of the Internal Control System

Please refer to page 51 of the Chinese annual report.

B. Penal Provisions

If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.3.10 Major Resolutions of Shareholders' Meeting and Board Meetings

Shareholders' meeting

Date 2020/05/29

Major resolutions	Results
2019 annual financial report and annual business report.	Comply with the resolution result. Please refer to the Company's website.
2019 earnings distribution.	Ex-dividend record date:2020/06/21 Cash dividends payment date: 2020/07/14. Total Amount NTD 447,282,340. NTD10(Per Share)
Amendment to the Procedures for the Acquisition and Disposal of Assets.	Approved. Please refer to the Company's website.
Amendment to the Rules of Procedures for Shareholder meetings.	Approved. Please refer to the Company's website.

Board meeting

Date	Major resolutions
2020/2/5	<ol style="list-style-type: none"> 1. The amount of employees and director compensation. 2. 2019 annual financial report. 3. 2019 annual business report. 4. 2019 Internal Control System Statement. 5. Cash capital increase through issuance of common shares. 6. Convening 2020 Shareholders meeting 7. Plan to build the R&D center and change the construction site.
2020/3/27	<ol style="list-style-type: none"> 1. The manager share subscription rules and the number of manager subscribed share. 2. 2019 earnings distribution. 3. Amendment to the Rules of Procedures for Shareholder meetings. 4. Convening of 2020 annual shareholders' meeting (newly added reasons for convening) 5. The follow-up schedule and plan of 2020 cash capital increase.
2020/5/4	<ol style="list-style-type: none"> 1. Report on the financial report for the first quarter of 2020. 2. The bank guarantee quota contract. 3. Appointment of the finance and accounting officer. 4. Salary of the new financial and accounting supervisor.
2020/5/29	<ol style="list-style-type: none"> 1. Liquidation of Machvision Holding (Samoa) Limited. 2. Increasing investment in China.
2020/7/31	<ol style="list-style-type: none"> 1. Financial statements for the second quarter of 2020. 2. Distribution of remunerations to directors (including independent directors) for 2019. 3. Distribution of remunerations to managers and employees for 2019. 4. Routine adjustment in the salary of manager for 2020. 5. Business report for the first half of 2020. 6. Distribution of earnings for the first half of 2020. 7. Explanation on accounts receivable having been overdue for three months after the normal credit period and in substantial amounts.
2020/11/3	<ol style="list-style-type: none"> 1. Amendment to the "Authority of Approval" . 2. Amendment to the "Remuneration Committee Charter" . 3. Amendment to the "Procedures for Loaning of Funds" . 4. Replacement of the certified public accounts (due to internal rotation within the accounting firm). 5. Financial statements for Q3 of 2020 6. Appointment of an corporate governance officer.

Date	Major resolutions
	7. Signing and renewal of short-term loan facility agreements. 8.Explanation on accounts receivable having been overdue for three months after the normal credit period and in substantial amounts.
20209/12/24	1. 2020 Accountant appointment. 2. 2020 annual audit plan. 3.Renewed the "Directors, Supervisors and Managers' Liability Insurance" through Tokio Marine Nawa Insurance Co., Ltd ° 4. 2020 annual business plan.

3.3.11 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

3.3.12 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D

05, 04, 2021

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Financial and Accounting Director	TSAI/CHIA-FEN	11/11/2014	04/15/2020	position adjustment

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1 Audit Fee

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
KPMG	HUANG/BO-SHU YU/AN-TIEN	2020.01.01~2020.06.30	internal rotation within the accounting firm
KPMG	HUANG/BO-SHU WU/ CHUNG-SHUN	2020.07.01~2020.12.3	

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason.

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000				
2	NT\$2,000,001 ~ NT\$4,000,000		✓		✓
3	NT\$4,000,001 ~ NT\$6,000,000				
4	NT\$6,000,001 ~ NT\$8,000,000				
5	NT\$8,000,001 ~ NT\$10,000,000				
6	Over NT\$100,000,000				

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
KPMG	HUANG/BO-SHU	2,370						2020.01.01 ~ 2020.06.30	
	YU/AN-TIEN								
	HUANG/BO-SHU							2020.07.01 ~ 2020.12.3	
	WU/ CHUNG-SHUN								

3.4.2 Replacement of CPA

A. Regarding the former CPA

Replacement Date	NOV. 3, 2020		
Replacement reasons and explanations	Internal rotation within the accounting firm.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	-	-
	No longer accepted (continued) appointment	-	-
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	✓	
Remarks/specify details:			
Other Revealed Matters	None		

B. Regarding the successor CPA

Name of accounting firm	KPMG
Name of CPA	HUANG/BO-SHU and WU/ CHUNG-SHUN
Date of appointment	NOV 03, 2020
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.4.3 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2020.

3.5 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title	Name	Unit: Shares			
		2020		As of Mar. 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	WANG/GUANG-SHIAH	60,387			
Director	YU/MING-CHANG	15,990			
Director	CHANG/YUNG-YANG	41,111			
Director	CHUANG/YUNG-SHUN	51,062			
Director	YAN/WEI-CHYUN	10,565			
Director	CHEN/FU-SHEN	6,034(5,000)			
Independent	LEE/TSU-DER				

Title	Name	2020		As of Mar. 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director					
Independent Director	YEN/TZONG-MING	-			
Independent Director	DU/MING-HAN	-			
Business Deputy General Manager	TSENG/WEI-LUN	-			
R&D Deputy General Manager	WANG/YUAN-NAN	4,000			
Finance and Accounting Officer	TSAI/CHIA-FEN	-			
Finance and Accounting Officer Corporate governance officer	WEN/PEI-CHUN	-			

3.5.1 Shares Trading with Related Parties: None

3.5.2 Shares Pledge with Related Parties: None

3.6 Relationship among the Top Ten Shareholders

As of 03/30/2020

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Nan Shan Life Insurance Company, Ltd	2,181,000	4.88%	-	-	-	-	-	-	-
Representative : Chen /Tang	-	-	-	-	-	-	-	-	-
WANG/GUANG-SHIAH	1,426,740	3.19%	72,426	0.16%	-	-	EN-LIN Investment	Spouses	-
CHANG/YUNG-YANG	1,333,904	2.98%	-	-	-	-	-	-	-
AAEON Technology Inc.	1,180,198	2.64%	-	-	-	-	-	-	-
Representative: CHUANG/YUNG-SHUN	417,711	0.93%	-	-	-	-	FU-LI Investment	Shareholder	-
YU/MING-CHANG	1,073,940	2.40%	16,636	0.04%	-	-	-	-	-
FU-LI Investment and Trading Limited	978,209	2.19%	-	-	-	-	-	-	-
Representative:	417,711	0.93%	-	-	-	-	AAEON Technology Inc.	Shareholder	-

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
CHUANG/YUNG-SHUN									
Qunyi Jinding Securities Co., Ltd. is entrusted with the custody of the investment account of Ruili International Co., Ltd	840,000	1.88%							
Representative: NA									
EN-LIN Investment	745,455	1.67%	-	-	-	-	-	-	-
Representative: :WU/HSIU-MEI	72,426	0.16%	1,426,740	3.19%	-	-	WANG/GUANG-SHIAH	Spouses	-
CAPITALSECURITIES CORP. Customer Investment Account	496,000	1.11							
Representative: NA									
JPMorgan Managed Advanced Stars advanced aggregate International Equity Index	426,775	0.95%	-	-	-	-	-	-	-
Representative: NA	-	-	-	-	-	-	-	-	-

3.7 Ownership of Shares in Affiliated Enterprises

12/31/2020 Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
MACHVISION INC. (Samoa)	3,463,650	100.00%	-	-	3,463,650	100.00%
Autovision Technology Inc.	900,000	45.00%	60,000	3.00%	960,000	48.00%
Sigold Optics Inc.	6,316,330	49.47%	261,744	2.05%	6,578,074	51.52%
Machvision Korea Co., Ltd.	10,000	100.00%	-	-	10,000	100.00%
ChipAI Co., LTD.	1,800,000	90.00%	-	-	1,800,000	90.00%
RedPay Co., Ltd.(Note 2)	500,000	50.00%	25,000	2.50%	525,000	52.50%
Avountes Inc.(Note 2)	400,000	40.00%	50,000	5.00%	450,000	45.00%
Dongguan muxin intelligent equipment Co., Ltd			510,000	51.00%	510,000	51.00%
SISSCA Co.,Ltd.			770,000	70.00%	770,000	70.00%

Note 1: Investment using the equity method.

Note 2: In order to integrate group resources, RedPay Co., Ltd (Dissolved company) and Avountes Inc. (Surviving company) merged. The base date of the merger was March 5, 2020. It was completed on April 15, 2020.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Unit: NT\$/share

Date	Par Value (NT\$)	Authorized Capital		Paid-up capital		Remarks		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
06/98	10	3,990,000	39,900,000	3,990,000	39,900,000	Set up capital 39,900,000	-	Note 1
06/03	10	10,000,000	100,000,000	5,770,000	57,700,000	Capital increase by retained earnings 15,960,000 Employee bonus 1,840,000	-	Note 2
05/04	10	10,000,000	100,000,000	7,100,000	71,000,000	Capital increase by retained earnings 11,540,000 Employee bonus 1,760,000	-	Note 3
06/05	10	10,000,000	100,000,000	10,000,000	100,000,000	Capital increase by retained earnings 25,560,000 Employee bonus 3,440,000	-	Note 4
06/06	10	25,000,000	250,000,000	14,000,000	140,000,000	Capital increase by retained earnings 35,500,000 Employee bonus 4,500,000	-	Note 5
02/07	20	25,000,000	250,000,000	16,100,000	161,000,000	Capital increase 21,000,000	-	Note 6
08/07	10	25,000,000	250,000,000	19,491,939	194,919,390	Capital increase by retained earnings 28,175,000 Employee bonus 5,744,390	-	Note 7
09/08	10	25,000,000	250,000,000	22,549,635	225,496,350	Capital increase by retained earnings 25,339,520 Employee bonus 5,237,440	-	Note 8
01/11	26	50,000,000	500,000,000	25,556,635	255,566,350	Capital increase by cash 30,070,000	-	Note 9
08/11	10	50,000,000	500,000,000	30,667,962	306,679,620	Capital increase by retained earnings 51,113,270	-	Note 10
08/12	10	50,000,000	500,000,000	33,734,758	337,347,580	Capital increase by retained earnings 30,667,960	-	Note 11
07/13	10	50,000,000	500,000,000	37,108,234	371,082,340	Capital increase by retained earnings 33,734,760	-	Note 12
10/13	56	50,000,000	500,000,000	42,608,234	426,082,340	Capital increase by cash 55,000,000	-	Note 13
05/20	250	50,000,000	500,000,000	44,728,234	447,282,340	Capital increase by cash 21,200,000	-	Note 14

Note 1: The capital increase was approved by the Construction Department of Taiwan Provincial Government on June 9, 1998. The approved no. was: 87 Jiansanfa No. 178035.

Note 2: The capital increase was approved by the Hsinchu Science and Technology Park Administration on August 27, 2003. The approved no. was: No. 0920024715.

Note 3: The capital increase was approved by the Hsinchu Science and Technology Park Administration on August 12, 2004. The approved no. was: No. 0930021607.

Note 4: The capital increase was approved by the Hsinchu Science and Technology Park Administration on October 3, 2005. The approved no. was: No. 0940026593.

Note 5: The capital increase was approved by the Hsinchu Science and Technology Park Administration on September 19, 2006. The approved no. is: No. 0950024184.

Note 6: The capital increase was approved by the Hsinchu Science and Technology Park Administration on February 27, 2007. The approved no. is: No. 0960005155.

Note 7: The capital increase was approved by the Hsinchu Science and Technology Park Administration on August 24, 2007. The approved no. is: No. 0960022602.

Note 8: The capital increase was approved by the Hsinchu Science and Technology Park Administration on September 24, 2008. The approved no. is: No. 0970026326.

Note 9: The capital increase was approved by the Hsinchu Science and Technology Park Administration on February 10, 2011, and approval number was: No. 1000004086.

Note 10: The capital increase was approved by the Hsinchu Science and Technology Park Administration on August 23, 2011. The approved number was: No. 100025501.

Note 11: The capital increase was approved by the Hsinchu Science and Technology Park Administration on August 10, 2010. The approved number was: No. 1010024643.

Note 12: The capital increase was approved by the Hsinchu Science and Technology Park Administration on July 31, 2013. The approved number was: No. 1020022636.

Note 13: The capital increase was approved by the Hsinchu Science and Technology Park Administration on November 14, 2013. The approved number was: 1020032941.

Note 14: The capital increase was approved by the Hsinchu Science and Technology Park Administration on May 22, 2020. The approved number was: 1090013900.

B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common stock	44,728,234	5,271,766	50,000,000	-

C. Information for Shelf Registration: not applicable.

4.1.2 Status of Shareholders

As of 12/31/2019

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	2	168	14,070	93	14,333
Shareholding (shares)	-	2,184,367	4,499,253	33,465,081	4,579,533	44,728,234
Percentage	-	4.88%	10.06%	74.82%	10.24%	100%

4.1.3 Shareholding Distribution Status

A. Common Shares

As of 3/30/2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1-999	5,861	370,546	0.83%
1,000-5,000	7,328	12,544,839	28.04%
5,001-10,000	619	4,535,570	10.13%
10,001-15,000	224	2,753,654	6.16%
15,001-20,000	77	1,369,176	3.06%
20,001-30,000	83	2,055,594	4.60%
30,001-40,000	43	1,514,688	3.39%
40,001-50,000	27	1,190,428	2.66%
50,001-100,000	36	2,620,336	5.86%
100,001-200,000	18	2,512,345	5.62%
200,001-400,000	5	1,744,820	3.90%
400,001-600,000	4	1,756,792	3.93%
600,001-800,000	1	745,455	1.67%
800,001-1,000,000	2	1,818,209	4.07%
1,000,001 股以上	5	7,195,782	16.08%
合計	14,333	44,728,234	100.00%

B. Preferred Shares: not applicable.

4.1.4 List of Major Shareholders

As of 3/30/2021

Shareholder's Name	Shares	Percentage
Nanshan Life Insurance Co., Ltd.	2,181,000	4.88%
WANG/GUANG-SHIAH	1,426,740	3.19%
CHANG/YUNG-YANG	1,333,904	2.98%
AAEON Technology Co., Ltd.	1,180,198	2.64%
YU/MING-CHANG	1,073,940	2.40%
Fu Li Investment Co., Ltd.	978,209	2.19%
Qunyi Jinding Securities Co., Ltd. is entrusted with the custody of the investment account of Ruili International Co., Ltd	840,000	1.88%
En Lin Investment Co., Ltd.	745,455	1.67%
CAPITALSECURITIES CORP. Customer Investment Account	496,000	1.11%
JPMorgan Managed Advanced Stars advanced aggregate International Equity Index	426,775	0.95%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Items	2019	2020	01/01/2021-03/31/2021
Market Price per Share			
Highest Market Price	493.5	439.5	302
Lowest Market Price	276	201.5	258.5
Average Market Price	377.65	314.64	281.60
Net Worth per Share			
Before Distribution	44.82	56.31	52.12
After Distribution	34.33	47.31	Not distribute yet
Earnings per Share			
Weighted Average Shares (thousand shares)	42,608	43,952	44,728
Diluted Earnings Per Share	20.01	15.02	4.81
Adjusted Diluted Earnings Per Share	20.01	15.02	Not distribute yet
Dividends per Share			
Cash Dividends	10.49755641 (註 4)	3 (註 5)	Not distribute yet
Stock Dividends			
• Dividends from Retained Earnings	-	-	Not distribute yet
• Dividends from Capital Surplus	-	9	Not distribute yet
Accumulated Undistributed Dividends	-	-	-
Return on Investment			
Price / Earnings Ratio (Note 1)	18.33	20.95	58.37
Price / Dividend Ratio (Note 2)	34.95	26.22	
Cash Dividend Yield Rate (Note 3)	0.03	0.04	

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 4: Calculated based on the number of outstanding shares on the day of the resolution of the board of directors on March 27, 2020.

Note 5: First half dividend of NT\$3.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

If earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve and appropriated in accordance with the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal. Cash Dividends will be distributed in accordance with the resolution approved by the Board of Directors. Stock dividend will be distributed in accordance with the resolution approved by the Board of Directors and discussed at the annual shareholders' meeting.

B. Proposed Distribution of Dividend

The proposal for the distribution of first half 2020 profits was passed at the meeting of the Board of Directors. Cash dividend of NT\$134,184,702, allotted for each share of NT\$3. And Cash Dividend of APIC NT\$402,554,106, and the allotment per share was NT\$9.

4.1.7 Compensation of Employees, Directors and Supervisors

A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation

Article 26 of the Articles of Incorporation stipulates that: "From the profit earned by the Company as shown through the annual account closing, no less than 5% shall be taken for employee compensation, and no more than 3% taken for directors' and supervisors' compensation, provided that the amount of accumulated loss, if any, be first withheld."

B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

C. Distribution of Compensation of Employees, Directors for 2020 Approved in the Board of Directors Meeting: EPS is NT\$15.02 after the compensation of employees, directors and supervisors.

D. Information of 2019 Distribution of Compensation of Employees, Directors and Supervisors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Employee Compensation – in Cash	97,368
Directors' and Supervisors' Compensation	17,931

The above-mentioned actual distribution of compensation of employees, directors and supervisors was in line with the resolution of the Board of Directors.

4.1.8 Buy-back of Treasury Stock: Not applicable.

4.2 Bonds: Not applicable.

4.3 Global Depository Receipts: Not applicable.

4.4 Employee Stock Options: Not applicable.

4.5 Status of New Shares Issuance in Connection with Mergers and Acquisitions:
Not applicable.

4.6 Financing Plans and Implementation

Please refer to page 65 of the Chinese annual report.

4.6.1 Finance Plans

A. For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits.

B. Source of funds

4.6.2 Implementation

The above is not applicable.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main contents of business

CB01010 Mechanical equipment manufacturing

CE01010 General Instrument manufacturing

CE01030 Optical instrument manufacturing

I301010 Information software service

F401010 International trade

Research, develop, manufacture and market following products:

(a) Non-contact mechanical vision inspection system equipment (detection accuracy below 10 μ m)

a. BGA, CSP substrate inspection system equipment

b. LCD PANEL detection system equipment.

c. PCB high-speed hole measurement equipment

(b) Smart vision module

(c) Wire width detector

(d) Drill needle detector

(e) Arrow target analysis software

(f) Concurrently engage in import and export trade related to the above products

(2) Business share of major products

Item	Product value	2020	
		Revenue (NTD\$ thousand)	Operating proportion (%)
Flexible board inspection series		587,643	24.51%
Inline inspection series		574,899	23.98%
Semiconductor testing series		191,787	8.00%
Circuit inspection series		280,097	11.68%
Appearance inspection series		430,031	17.93%
Other testing series		226,438	9.44%
Service		106,960	4.46%
合 計		2,397,855	100.00%

(3) Company's current commodity (service) projects

The company's specialization technology is divided into three parts, the first is appearance inspection (generalized AVI) technology, the second is two-dimensional and three-dimensional measurement (2D/3D measurement)

technology, and the third is circuit inspection (general circuit AOI) technology, these three technologies can be applied in different industries, such as AVI can be applied to PCB and COF appearance final inspection, IC carrier appearance inspection, semiconductor Wafer Die visual inspection, active and passive components visual inspection and LCD defect inspection; The three-dimensional measurement technology is more widely used, such as PCB copper filling inspection, BGA Bump inspection, Wafer Bump inspection, SMT solder paste thickness inspection, etc.; in addition, circuit inspection technology can be used in PCB and COF circuit inspection, LCD Array end glass substrate and Touch panel circuit inspection. Since company's main testing core technology has been modularized, it is possible to quickly complete new testing system needed to develop in different industries. At the same time, AI deep learning technology is introduced and integrated into various testing devices, which can reduce false positive rate and reduce the manpower of rechecking. The following is a summary of existing developed test products in PCB/semiconductor/COF industry as follows:

- (A) PCB drilling and forming process measurement and testing series
 - (a) High-speed hole position measuring machine Hole-AOI
 - (b) High speed hole inspection machine
 - (c) Universal size measuring machine EZ3D.
- (B) PCB/COF circuit inspection series
 - (a) Film circuit inspection machine
 - (b) Wire width measure gauge
 - (c) Inner and outer circuit inspection machine
- (C) HDI and IC carrier board inspection series
 - (a) Laser blind hole inspection machine Laservia-AOIM
 - (b) Blind hole filling copper depression detector 3D Profiler
 - (c) Tin ball bump detecting device
 - (d) 3D scanning inspection machine
 - (f) Auto stereoscopic image measuring machine
 - (g) Hard board appearance inspection machine
 - (h) Appearance inspection machine after flexible PCB/flexible PCB assembly
 - (i) IC carrier board inspection machine
 - (j) HDI circuit inspection machine
 - (k) Substrate Taster
- (D) Semiconductor packaging and inspection series
 - (a) Wafer appearance visual inspection machine

(b) COF Package appearance visual inspection machine

4. New product (service) project planned to be developed

Introduce Industry 4.0 to assist customers in transforming smart manufacturing. In the high-end PCB market, such as: high-end HDI, soft boards, similar carrier boards and carrier boards, develop online circuit inspection machines and online blind hole inspection machines. Among them, the high-end PCB online line inspection machine is expected to develop a line specification of 15/15um line width and line spacing, and the corresponding minimum aperture developed by the online blind hole inspection machine is 40um. This specification complies with the application of the 5G market.

In the Flip Chip market, three types of automated inspection equipment are developed: Bump 3D inspection of Tray In / Tray Out, 3D inspection of plate warpage and appearance inspection. At the same time, it satisfies the various testing needs of customers for Flip Chip.

Develop Index AW Tester and Substrate Taster. Use AOI technology to assist the installation and adjustment of electric measuring fixtures. It can greatly simplify the fixture installation process and shorten the time to increase production capacity. In addition, it can detect the deviation of the probe during the learning process to assist in the correction of the needle offset to reduce the number of electrical retests. It can also reduce time waste and increase productivity.

5.1.2 Industry Overview

(1) Current status and development of industry

This company is specialized in machine vision inspection and measurement system equipment, with integrated optical imaging system, image processing, precision machinery and motion control technology. Our products are non-contact precision measurement and Automated Optical Inspection (AOI), provides a complete solution for mechanical vision applications. In addition to their ability to identify good and defective products, they also have high-precision 2D/3D measurement and quality control statistics functions. Company's current main products are used in printed PCB industry, including: PCB drilling and forming process measurement and testing, PCB circuit inspection, HDI and IC carrier board inspection equipment, etc. In recent years, we have also developed semiconductor packaging and testing industry detection

of products. current status and development of related industries are as follows:

(A) Analysis of industrial development

Printed PCB (PCB) is a circuit design formed by printed PCBs by various electronic components, it serves as an important medium and carrier for communication between components, so that the functions of various components can be realized. It can be said that it is the foundation of electronic products, and is widely used in all electronic, communication, information appliances, automotive and aerospace products. Its categories are traditional single/double panels, multi-layer boards, HDI high-density inter-connection boards, IC carrier boards and flexible PCB. As the demand for electronic information and communication products expands, and tends to be light, thin, and multi-functional, the demand for PCB products (such as HDI, IC carrier boards and flexible boards) is going to be higher-order and finer, so for precision measurement or testing equipment, the demand will be more and more eager. Semiconductors are even more necessary for the development of high-precision detection of high-precision detection.

(a) Overview of the global PCB and semiconductor industry

According to statistics from IEK and TPCA, the world will be affected by the COVID-19 epidemic in 2020. It was originally expected that global circuit boards would face the dilemma of revenue decline. However, in the announced 2020/Q1~Q3 revenue judgment, the following figure shows the world in 2020. The global output value of circuit boards (including the output value of circuit board manufacturers engaged in post-production) is estimated to reach about 69.7 billion U.S. dollars, which is a growth rate of 9.4% compared to 2019. This output value and growth rate are quite large compared to the forecast at the beginning of the year. The main reasons for the gap are the following:

(1) The resumption period has been shortened and exceeded expectations.

The speed of resumption of work after the epidemic has exceeded expectations, except for the slower resumption of work in Hubei Province, which was severely affected by the epidemic. In addition, other local production lines have resumed about 70% of production at the end of the first quarter, and the second. In this quarter, most manufacturers have returned to normal production, and the impact of the shutdown was lower than expected.

(2) Epidemic life drives high demand for some products

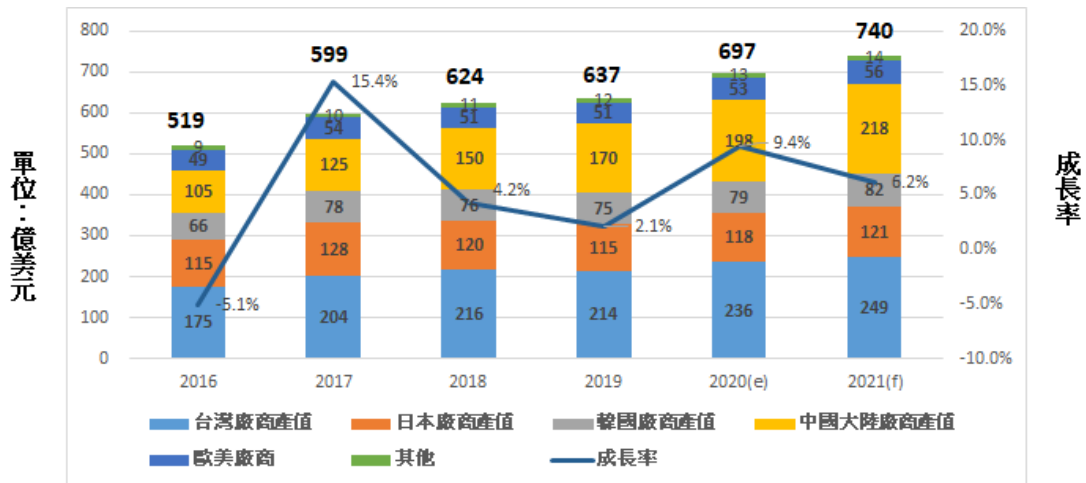
Although the epidemic has affected the demand for electronic products such as automobiles, smartphones, etc., it has also changed lifestyles due to the epidemic. For example, it has generated unexpected product demand, such as new communication and video equipment for remote online meetings, Tablet computers and game consoles driven by the housing economy. Working from home increases notebook sales

(3) 5G are not affected by the epidemic

No matter it is the base station and related infrastructure, or 5G terminal products, it has not stopped. Even many 5G products require higher-level circuit boards, such as ABF carrier boards for 5G base stations, high-speed super high-rise boards for communication equipment, AiP.. of 5G mobile phones are all high-end circuit board products and have a higher average unit price. Therefore, the high-end and high-priced products of 5G will also drive the overall output value in 2020.

1. Although the launch of well-known mobile phones has been delayed, they are still selling well.
2. Downstream have a conservative attitude, and the inventory level has increased.

In order to avoid the occurrence of no materials to produce after the resumption of work, or the fear that the epidemic will worsen again and cause component suppliers to supply, so downstream electronic assembly plants are raising the safety stock level of various components, including circuit boards. All parts of the company feel the motivation of customers to pull goods due to increased inventory.



Source: TPCA; ITRI IEK (2021/03) Global and national PCB production scale trends

In terms of the semiconductor industry, as shown in the figure below, according to data released by the World Semiconductor Trade Statistics Organization (WSTS) on December 1, the semiconductor market will grow by 8.4% year-on-year in 2021, reaching 469.4 billion US dollars, a record high. It is worth noting that semiconductors are accelerating their growth. Starting in 2019, the three consecutive growth rates are -12%, 51%, and 8.4%.

WSTS also predicts that the global semiconductor market will grow by 8.4% in 2021, reaching US\$469.4 billion, which is expected to hit a record high. Driven by double-digit growth in memory and optoelectronics, it is expected that all other product categories will also show positive growth, and all regions are expected to achieve growth in 2021. WSTS expects that with the exception of a small number of optoelectronics and discrete semiconductors, almost all types of semiconductors will have growth this year.

Due to the popularity of 5G, the demand for semiconductors and sensors is on the rise. WSTS expects memory chip sales this year to increase by 12.2% to 119 billion U.S. dollars, followed by sensors (up 7.4%) and logic chips (up 6.5%). WSTS believes that memory chips will also be the fastest-growing category in 2021, and it is predicted to increase by 13.3% next year.

Fall 2020	Amounts in US\$M			Year on Year Growth in %		
	2019	2020	2021	2019	2020	2021
Americas	78,619	93,343	102,164	-23.7	18.7	9.5
Europe	39,816	36,452	38,543	-7.3	-8.4	5.7
Japan	35,993	35,759	37,841	-9.9	-0.6	5.8
Asia Pacific	257,879	267,590	290,854	-8.8	3.8	8.7
Total World - \$M	412,307	433,145	469,403	-12.0	5.1	8.4
Discrete Semiconductors	23,881	23,593	25,292	-0.9	-1.2	7.2
Optoelectronics	41,561	40,481	44,628	9.3	-2.6	10.2
Sensors	13,511	14,515	15,642	1.2	7.4	7.8
Integrated Circuits	333,354	354,556	383,840	-15.2	6.4	8.3
Analog	53,939	53,954	58,578	-8.2	0.0	8.6
Micro	66,440	67,744	68,444	-1.2	2.0	1.0
Logic	106,535	113,419	121,507	-2.5	6.5	7.1
Memory	106,440	119,440	135,311	-32.6	12.2	13.3
Total Products - \$M	412,307	433,145	469,403	-12.0	5.1	8.4

Note: Numbers in the table are rounded to whole millions of dollars, which may cause totals by region and totals by product group to differ slightly.

Source: WSTS (2020/12) Global Semiconductor Market Forecast

(B) Taiwan PCB Industry Overview

In Taiwan's PCB industry, according to the statistics of the Industrial Technology Research Institute's IEK and TPCA, as shown in the figure below, the output value of Taiwan's circuit boards in 2020 is approximately NT\$696.3 billion. If calculated in original order dollars, the output value is approximately US\$23.6 billion, compared to 2019. A substantial increase of 10.2% (converted to the Taiwan dollar, due to the sharp appreciation of the Taiwan dollar, the growth rate fell to 5.1%)



Source of data: TPCA, Industrial Economics and Knowledge Center (IEK) at ITRI (2021/03)

The output value of Taiwanese-funded PCB

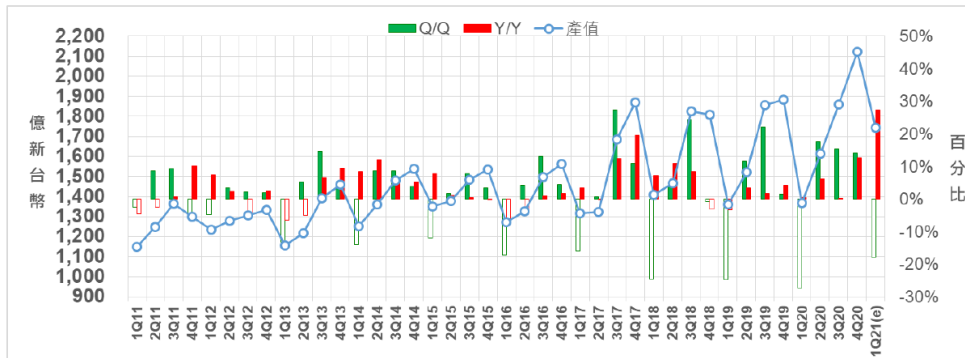
Quarterly review the operating conditions in 2020. It shows stepping up quarter by quarter. In 2020, there is a rare situation in which the output growth rate of Taiwanese businessmen in Taiwan is higher than that in the mainland. Taking the fourth quarter as an example, calculated in New Taiwan dollars, the quarter-on-year growth rate was 14.2%, and expanded to the entire year, the year-on-year growth rate was 12.6%. If converted into U.S. dollars, benefiting from the depreciation of the Taiwan dollar exchange rate, the quarterly growth was 17.0% year-on-year, and the year-on-year growth

was 19.4% year-on-year.

台商兩岸PCB產業各季產值趨勢

2020Q4=2,123億元 · Q/Q = 14.2% ; Y/Y = 12.6% [新台幣計]

	2018	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020	2021
		Q1	Q2	Q3	Q4	2019	Q1	Q2	Q3	Q4	2020	Q1
產值 (億新台幣)	6,514	1,362	1,520	1,857	1,885	6,624	1,369	1,612	1,859	2,123	6,963	1,743
Q/Q		-24.8%	11.6%	22.2%	1.5%		-27.4%	17.8%	15.3%	14.2%		-17.9%
Y/Y	5.2%	-3.4%	3.5%	1.7%	4.1%	1.7%	0.5%	6.1%	0.1%	12.6%	5.1%	27.3%



註：數據統計範疇為台灣地區之台商與外商在台，和台商在中國大陸生產PCB之總體產值

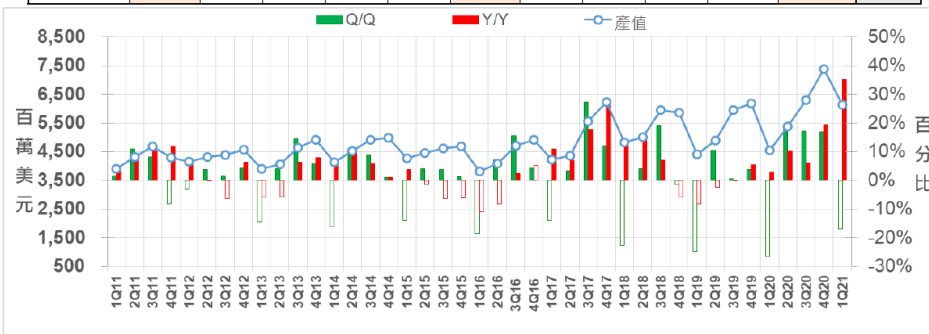
Source: TPCA, Industrial Economics and Knowledge Center (IEK) at ITRI (2021/01)

PCB Cross strait quarterly production value – NTD

台商兩岸PCB產業各季產值趨勢

2020Q4 = 73.77億美元 · Q/Q = 17.0% ; Y/Y = 19.4% [美元計]

	2018	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020	2021
		Q1	Q2	Q3	Q4	2019	Q1	Q2	Q3	Q4	2020	Q1
產值 (百萬美金)	21,601	4,418	4,881	5,949	6,178	21,426	4,541	5,385	6,306	7,377	23,609	6,131
Q/Q		-24.7%	10.5%	21.9%	3.8%		-26.5%	18.6%	17.1%	17.0%		-16.9%
Y/Y	6.2%	-8.2%	-2.5%	0.0%	5.3%	-0.8%	2.8%	10.3%	6.0%	19.4%	10.2%	35.0%
匯率	30.16	30.83	31.14	31.21	30.51	30.92	30.15	29.93	29.48	28.94	29.49	28.42



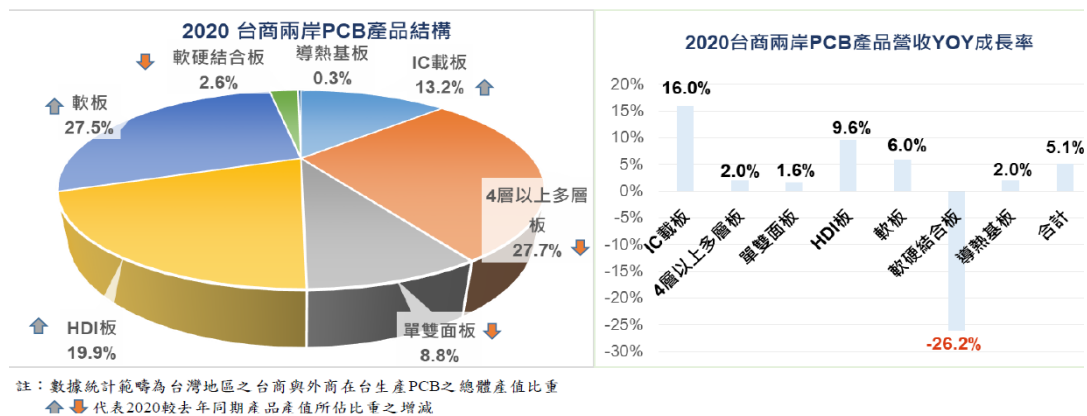
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Source: TPCA, Industrial Economics and Knowledge Center (IEK) at ITRI (2021/01)

PCB cross strait output trend – in USD

Observed from the trend of the PCB product structure in the figure below, the biggest highlight is that the IC carrier board is the only product that maintains double-digit annual growth in the four quarters due to the high-end

computing chips and high-speed memory driving the demand for advanced manufacturing processes. In 2020, it will gain the most with a high growth rate of 16%. The HDI board is also accelerating the development of Anylayer HDI with the high standardization of smart phones, and the annual growth rate of 9.6% is still performing well in the overall mobile phone market. In FPC products, the annual growth rate is 6%, mainly equipped with iPhone mobile phones and the demand for laptops has increased. In the fourth quarter, the demand for FPCs has increased significantly with an annual growth rate of over 20%. And the only declining FPC board product, the annual growth rate declined by 26.2%, mainly due to the redesign of AirPods and the impact of Huawei's ban, which led to a sharp decline in the product

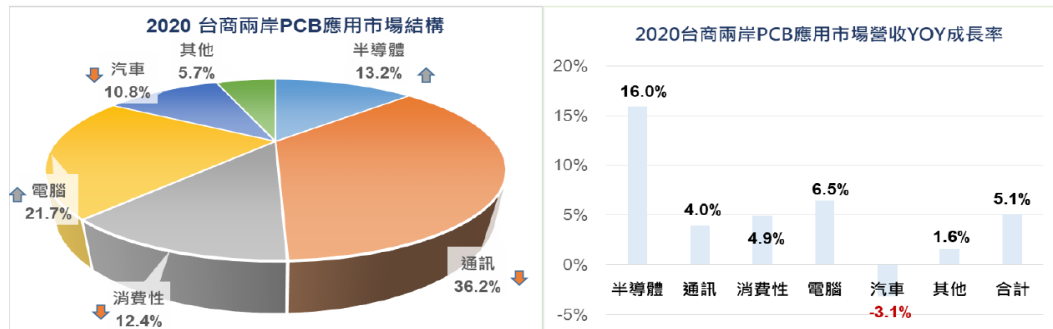


Source: TPCA, Industrial Economics and Knowledge Center (IEK) at ITRI (2021/01)

Taiwanese PCB Products Structure

The data in the figure below shows that in terms of PCB application market demand, as IC substrates are used in semiconductors, their application demand has grown substantially, with the highest annual growth rate of 16%. In addition, after the epidemic, remote meetings or online learning have been added. Sales of notebook computers and tablets have increased quarter by quarter from Q2, and computer applications have grown by 6.5%. With the revival of smart phones and the hot sale of iPhone 12, the Q4 single-quarter growth rate is second only to semiconductors, and the growth rate in 2020 will grow by 4%. The auto industry, which has been most affected by the epidemic, has its annual growth rate declining to 3.1%, but Q4 sales continued to improve with a positive growth of 1.4%, giving the auto industry more

expectations in 2021.



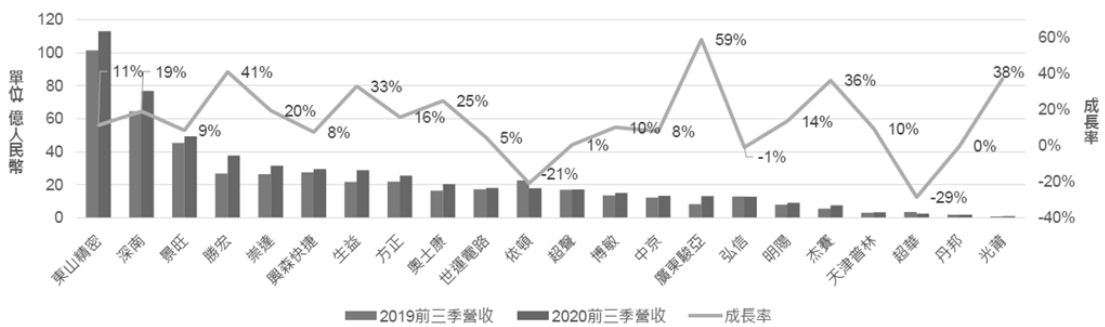
註：數據統計範圍為台灣地區之台商與外商在台生產PCB之總體產值比重
 ↑ ↓ 代表2020較去年同期應用市場產值所佔比重之增減

Source: TPCA, Industrial Economics and Knowledge Center (IEK) at ITRI (2021/01)

Taiwan application market structure

(C) Overview of PCB industry in mainland China and other countries

In 2020, China's PCB board factories were affected by the unfavorable factors of the epidemic, and Q1 revenues generally declined, but they resumed work from all parts of Q2. Coupled with the spread of foreign epidemics, orders flooded into regions with relatively stable epidemics. Among them, 5G communications, computers, etc. grew the most, allowing China's PCB board factory revenue to grow against the trend in 2020. According to statistics, the cumulative revenue of China's 22 main listed circuit board companies in 2020 Q1~Q3 was 54.6 billion yuan, a growth of 15% over the same period last year, of which Shenghong, Shengyi, Junya, Jesse, and Guangpu grew by more than 30%.



Note : Revenue from Q1 ~ Q3.

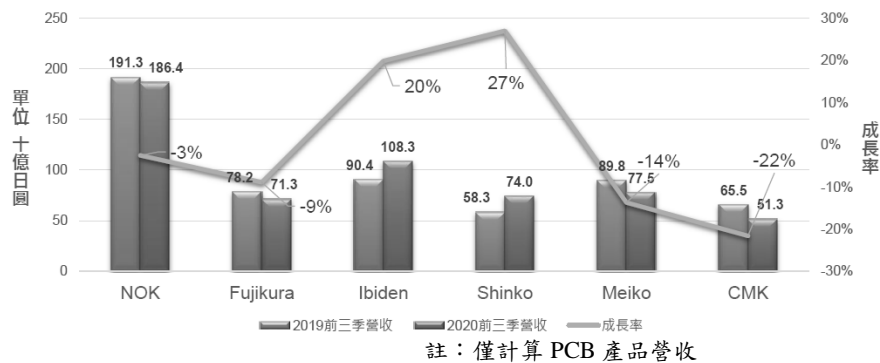
Source: TPCA, Industrial Economics and Knowledge Center (IEK) at ITR (2021/01)

Revenue of China PCB company in 2020 Q1to Q3.

According to CPCA (China Electronic Circuit Industry Association) in 2019, the top 100 domestically-funded PCB companies in China were counted, of which listed companies accounted for about 61% of total revenue. If the overall output value of China's PCB listed companies in the first three quarters of 2020 is estimated based on this ratio, the output value of China's PCB in 2020 will be approximately RMB 119.3 billion (excluding Hong Kong). According to the contents of the public expansion plans of each company, the future revenue growth is reasonably estimated with a utilization rate of about 70%, and the estimated growth rate is about 13% to 15%. With the acceleration of capital expenditure expansion and increased production capacity, the average annual growth rate of Chinese PCB board factories in the next three years will be 15%-18%. If the respective growth trends of the board factories on both sides of the strait remain unchanged, TPCA predicts that China will be in 2024. PCB board factories are expected to catch up with the overall scale of Taiwan PCB board factories.

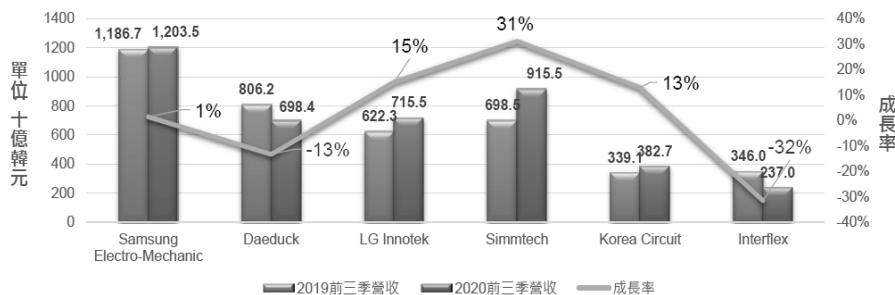
Looking at the world's major circuit board manufacturers, Taiwan and Chinese manufacturers have maintained growth, and Japanese manufacturers

have shifted their focus to carrier boards. In 2020, the revenue of Japanese board manufacturers will gradually stop falling and maintain the revenue scale of 2019. However, Meiko and CMK, which are mainly used by Japanese board manufacturers in automotive boards, have experienced a decline of more than double digits, which is a significant decline. South Korean manufacturers showed slight growth as a whole. Similar to the Japanese market, they mainly developed the substrate market, including Simmtech and LG Innotek, both of which had double-digit growth. However, South Korean board manufacturer Daeduck suffered from poor sales of cars and Samsung mobile phones, and soft board manufacturer Interflex lost to other soft board manufacturers. Both of them suffered a sharp double-digit decline. The next two figures are the operating data of the PCB industry in Japan and South Korea in the first three quarters of 2020.



Source: TPCA, Industrial Economics and Knowledge Center (IEK) at ITRI (2021/02)

Revenue of Japan PCB company in 2020 Q1~Q3



Source: TPCA, Industrial Economics and Knowledge Center (IEK) at ITRI (2021/02)

Revenue of Korea PCB company in 2020 Q1~Q3

(D) Development of application markets

After experiencing the COVID-19 epidemic, the overall demand for the global electronic terminal product market will gradually increase in 2020. The following table shows the results of Gartner's statistics for 2020Q4. Mobile phones have grown slightly, but under the fermentation of the housing economy, PCs and tablets have both experienced double-digit

growth. , Only servers declined 5.5% compared to 2019Q4. The overall trend is explained below.

Item	Shipments (million/pcs)	Growth rate
Cell phone	456.7	3.0%
PC	91.6	26.1%
Pad	52.2	19.5%
Server	3.7	-5.5%

Source : Gartner; IDC; IEK

Global shipment statistics in 2020

(a) Mobile phone market development

With the reopening of the global economy in 2020Q4, the demand for smartphones that has been suppressed by the epidemic will resume. The attitude of major international brands in the promotion of 5G equipment has also turned positive as the second half of the year enters the peak season. Telecom operators have adopted Discounts or promotions are used to drive the buying of 5G smartphones, and the continued penetration of 5G smartphones in the low- and mid-range price range makes it easier for consumers to acquire them. The above are all factors that make smartphone sales perform well. The data shows fourth Global smartphone shipments in the quarter were 385.9 million units, an increase of 4.3% from the same period last year, showing a situation different from the recession in the first three quarters. However, for the whole year, even though the fourth quarter has seen a significant recovery, it still cannot offset the huge sales gap caused by the impact of the epidemic in the first half of the year. As a result, global smartphone shipments for the entire year of 2020 will still end with a 5.7% decline.

For individual brands, Apple’ s delayed launch of new phones with four different prices with iPhone 12 series was welcomed by the market, increasing by 22.2% compared to 2019Q4. Shipment set a record for Apple’ s single-season shipments, with 23.4% as the top market. Take up. Samsung, which retreated to the second place, grew shipments by 6.2% year-on-year, and its 19.1% market share was also better than 2019Q4. Xiaomi and OPPO, ranked third and fourth, have market share of 11.2% and 8.8%, respectively,

sharing the market that Huawei has lost due to US sanctions. Huawei, which fell to the fifth place in the ranking, continued to decline in sales volume under US sanctions, and its market share fell from 20.0% in 2020Q2 to 8.4% in 2020Q4

單位:百萬隻

排名	廠商名稱	4Q20 出貨量	4Q20 市占率	4Q19 出貨量	4Q19 市占率	4Q20/4Q19 成長率
1	Apple	90.1	23.4%	73.8	19.9%	22.2%
2	Samsung	73.9	19.1%	69.5	18.8%	6.2%
3	Xiaomi	43.3	11.2%	32.8	8.9%	32.0%
4	OPPO	33.8	8.8%	30.6	8.3%	10.7%
5	Huawei	32.3	8.4%	56.2	15.2%	-42.4%

Source : IDC (2021/1)

Top five smart phone Supplier of 2020

(b) PC market development

Different from the negative impact of smartphones due to the epidemic, the PC market has become a beneficiary industry due to consumers' demand for remote work and learning, with 11.2% and 14.6% in the second and third quarters. After YoY's high growth, it was originally expected that the fourth quarter would slow down. Unexpectedly, as the scope of the international epidemic continues to expand, the fourth quarter accelerated its expansion with an annual growth rate of 26.1%, driving the full-year PC sales volume of 2020 to 296.8 One million units, with a growth rate of 11.5%. On the whole, the 2020 global PC market will show a quarterly increase in both sales volume and annual growth rate. In addition, due to the comprehensive impact of the epidemic, consumer models that originally accounted for a higher proportion of sales will once again replace high-end business models. Become a leader in driving the growth of global PC sales. In terms of regions, shipments in major regions around the world have shown varying degrees of growth. Among them, the relatively severe epidemic in the United States combined with the fact that it was originally a major consumer country, caused the sales of notebook computers to record the largest increase in 20 years in the fourth quarter; Latin America The market has also maintained double-digit growth for the second consecutive quarter; mainland China in the Asia-Pacific region has been relatively mildly affected by the epidemic due to continued economic growth, and consumer spending on business laptops has been relatively stable.

(c) Pad market development

The global Pad market is still benefiting from the fermentation of long-distance business opportunities driven by the impact of the epidemic, including: learning, video, home office, entertainment, business and education. Driven by market demand, continued to inject momentum, shipments in the fourth quarter reached 52.2 million units, with an annual growth rate of 19.5%, setting the highest single-season level since 49.9 million units in the fourth quarter of 2017, and also driving global tablet production in 2020. The volume reached 164 million units, an annual growth of 13.6%. However, in the long run, due to the lack of innovation and product positioning between smartphones and notebooks, the lack of significant driving factors and the strong competition from the above two products, the sales volume of tablets is basically the same. The market is not easy to expand significantly, and even faces a long-term trend of slowing demand and continued decline. Even if the sudden epidemic makes the tablet a bright product in 2020, it can basically only be regarded as a short-term profit.

(d) Server market development

The global server market shipments in the fourth quarter were 3.665 million units, a 5.5% decline from the same period in 2019, mainly due to the impact of the epidemic on the global economy, and corporate spending tends to be conservative, including: corporate IT purchases and large-scale IT purchases (Hyper-scale) server product or service provider demand has slowed down compared with the first half of the year, so the six major shipping regions all showed a decline in the fourth quarter. In addition to the impact of the decline in corporate demand due to the epidemic in Japan, Microsoft Windows Server 2008 has also terminated related support, resulting in a 13% decline in shipments; Latin America has delayed IT procurement due to the unstable political and economic environment. The decline in goods was 16.2%, the largest decline in the six major regions. However, from a global perspective, due to the good sales performance in the first half of the year, 2020 will still show a slight growth on average throughout the year.

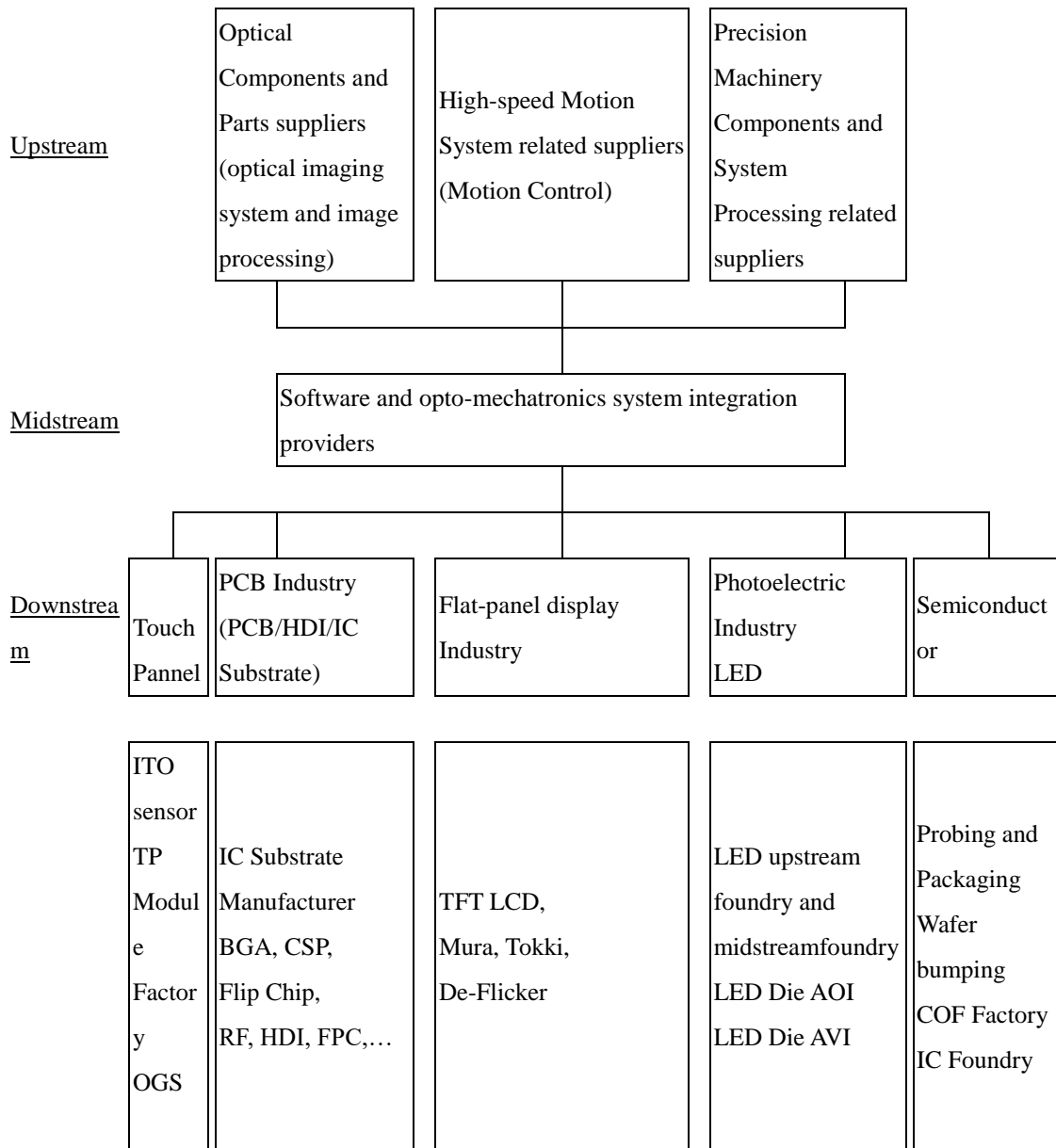
(e) Automotive electronics market development

The restrictions on the movement of people have made automobiles

a victim of the epidemic. In particular, in the first half of the year, mainland China and major automobile demand regions in the world set unprecedented recession records in the first and second quarters respectively. After entering the second half of the year, due to the gradual relaxation of economic activities in various countries Restrictions have caused auto sales to rebound rapidly from the bottom. Generally speaking, both mainland China and the world have shown a V-shaped reversal trend. Mainland China, in particular, has basically resumed its annual positive growth in the second quarter. According to data from LMC Automotive, global car sales in the fourth quarter of 2020 were 23.53 million units, an increase of 1.4% compared to the same period in 2019. However, due to poor performance in the first three quarters, there are still 15 % Of the decline, a total of 76.79 million vehicles. Although the performance is not good from a quantitative point of view, the qualitative changes brought about by the development of auto-driving cars from L1 to L2/L3 or even higher are worth looking forward to. If only L2 to L5 are calculated, the sales decline in 2020 will shrink. To 8.1%.

(2) The relevance between upstream, midstream, and downstream sectors in an industry

Machine vision related inspection (including AOI):



- (4) The various developing trends and competition of the products
7. AOI system being developed for a higher precision and speed
In advanced countries including Taiwan, the tendency for electronic products to be compact and required of quality will facilitate the upgrade of traditional AOI system, for example: measurement technology will be enhanced from 2D plane inspection and measurement to 3D (three-dimensional) inspection and measurement. Therefore, it is foreseen that the demand in AOI system with a higher precision and speed will be rising.
 8. The development trend of AOI in mainland China's market
AOI has originally been the necessary investment for ensuring production quality in the industry of advanced countries. Traditional labor-based industries generally had low throughput without the necessity of using AOI for quality inspection while the primary goal was set towards automated production and enhancing production capacity. Nonetheless, due to the mature development of automated production, the number of quality inspection personnel will be greatly increased in order to cope with the surging production capacity, which is feasible when the salary level of the workforce is low. However, while the product spec is getting more and more precise, the salary in China is getting higher, and the young generation is not willing to take the job in a manufacturing plant, the turnover rate is getting higher. Therefore, AOI has become the necessary investment in the next stage for electronic and semiconductor industry in China, and surely the demand in it shall grow.
 9. Increasing adaption of AOI system in traditional industry
For traditional Manual Visual Inspection (MVI) is no longer able to effectively control the quality, the traditional industry sector in Taiwan also has to develop towards high quality in order not to be phased out. Therefore, AOI system will be adopted to replace traditional MVI and the demand in it shall continue to increase.
 10. Equipment Localization
In recent years, the emerging high-tech industry has been growing and hence the surging need for precision measurement systems. Among them, AOI is particularly the trend that cannot be halted. The technical field of AOI is extremely wide and the adoption includes the industries of semiconductor, flat-panel display, LED, PCB, Optial Lens, and etc. Most markets having a demand in AOI system are located in Asia. Currently, a large majority of the AOI system used by the main industries in Taiwan are imported ones that may have the disadvantages such as high price, difficult maintenance and high cost of selling. However, since the government have started to support

equipment localization, in 2004 the Center for Measurement Standards/Industrial Technology Research Institute (CMS/ITRI) led to form AOI Equipment Association (AOIEA) that connects the related organizations of industry, government, university, and institute to promote the overall development strategy for domestic AOI industry. In recent years, the domestic equipment providers have greatly enhanced their capabilities, and the selling price is lower than that of the equipment made by foreign manufacturers; in addition, the requirements of customization can be effectively communicated. Therefore, in order to reduce procurement cost and improve service maintenance quality, domestic and foreign companies have gradually increased the proportion of buying domestic AOI equipment.

11. Market Competition

The focus of our R&D is mostly on developing the latest types of product with Blue Ocean Strategy; therefore, there is no existing powerful competitor in the market while we may primarily compete with our R&D and improvement pace to be in line with the progressing industry. Some of the equipment that has been facing competitors in the market may have a relatively large market. For example, the existing competitors of wiring AOI inspection system include the foreign companies of Orbotech, CIMS (original Camtek PCB division), and Screen, all of them are the primary competitors of the Company. However, in 2017, we have launched the solution with higher productivity that can facilitate manpower saving, there were many large-scale manufacturers have replaced the old system to enhance their competitiveness and instead become the leaders of the market. In addition, for AVI system, Japanese company, Shirai, is the main foreign competitor while in Taiwan UTECHZONE Co. is also having the same development. The competitiveness of both products is the excellent inspection rate and throughput which shall help on reducing manning for re-inspection, together with the newly developed AI deep learning. In this way, we are not only able to catch up with the original leading company, but also able to leave other competitors behind and enhance customers' satisfaction through quality service system.

For the existing products other than these two, most of the competitors are followers. Take Hole-AOI as an example, the products by competitors from the States and Japan are with high quality and they normally focus on the various functions provided while there are other competitors who do not reinforce the quality of their products but instead have the focus on

competing by low price. To cope with these, the Company's strategy is to expand our R&D, keep improving, and segment the market. We offer diversified models to meet the needs of different layers of customers while ensure profit and competitive advantage. In addition, we rely on our patents to expand the gap between the functions of our products and that of competitors'. Apart from that, the Company is committed to enhance the service quality, to maintain existing customers, and furthermore to gain the new customers.

5.1.3 Research and Development

(1) Technology / R&D update

Short-term: One of the technical development directions is to develop high-end PCB online inspection technology, which has been upgraded from general PCB online inspection technology to higher-level PCB boards in the past. It is mainly developed with high data volume and high detection speed technology, equipment high precision and high transport optical machine technology. The other is the development of AOI based Index 4W Tester which is mainly combined with AOI technology and applied to electrical measurement systems to assist in improving the related time-consuming adjustment process and towards automation instead of manual adjustment.

Mid-term: In order to assist PCB factories to transform into smart manufacturing, in addition to the relevant handshaking communication actions between the equipment Internet of Things and the factory-side system, it is also imported with PCB online inspection, which greatly simplifies the number of its personnel and greatly reduces the possibility of personnel intervention. Then AI is introduced to automatically multi-classify defects, collect and feedback instead of manual related operations in the past.

Long-term : The main inspection items in the PCB manufacturing process are all realized online inspection or two-in-one inspection (such as: circuit, blind hole, appearance and electrical measurement two-in-one) to replace the single-machine inspection mode in the entire process in the past. Provide a complete online inspection program to greatly reduce staff, shorten the process time and optimize the management model to enhance industry competition.

(2) Research and development personnel and their academic experience

Item \ Year		2019	2020
Education	Ph.D.	4	6
	Masters	75	92
	Bachelor's Degree	40	58
	Senior High School	2	2
Total		121	158
Average Years of Service		3.88	3.70

(3) R&D expenses invested each year in the last five years

NTD Thousand

Item \ Year	2016	2017	2018	2019	2020	2021 Q1
	A. R&D expenses	104,856	143,758	169,439	217,292	243,672
B. Revenue	809,631	1,420,888	3,111,876	2,543,441	2,397,855	77,106
A/B	12.95%	10.12%	5.44%	8.54%	10.16%	11.20%

(4) R&D list for last 5 years

Year	Product/Proprietary technology	Main purposes
2016	FPCB AVI	FPCB AVI to detect defects such as solder mask, solder, Au discoloration, etc. This program shall greatly improve production rate and reduce false alarm rate.
2017	Smart AOI 4.0	The design complies with industry 4.0 and can help customers resolve the problem of manpower shortage as well as save a great amount of cost.
2018	Wafer AVI	Applied to the inspection after wafer cutting in wafer probe and packaging industry.
2019	RTR AOI	Solution for Flexible PCB inspection, inspection speed is 10x~14x faster, can reduce labor demand and increase production efficiency
2020	Flip Chip market develop AVI, Bump and Tray In (Out) measurement equipment	It is applied to Flip Chip inspection, and the inspection items are integrated into two in one, which shortens the inspection time and personnel operation time, and improves the inspection efficiency.
	Inline Panel LaserVia AOIM	Replace stand-alone mode operation. The inspection speed is 6 times in the past, which can greatly reduce the operation manpower and improve the production efficiency, and greatly reduce the manpower cost.

5.1.4 Long-term and Short-term Development

(1) Short-term Business Development Plan

A. Marketing Strategy

Provide the sales program of one-stop shop inspection for the whole factory to meet customers' needs in one-stop shopping and single window service.

Strengthen and enhance the sales system in China, Korea, Japan, Southeast Asia, and the US.

Under the influence of COVID-19 provide remote augmented reality (AR) maintenance services to strengthen customer service capabilities during the epidemic. Continue to improve the quality and customer service, and maintain the user groups.

B. R&D Strategy

Enhance the cooperation with component suppliers and customers to actively develop high-end mechanical vision products.

Let R&D personnel engaged with the market more in order to develop the system that meets the market's needs.

Inline inspection equipment for the complete manufacture process, Modularize software and hardware design to accelerate the development of new systems for other industries.

C. Production Strategy

Improve manufacturing efficiency and production technology to reduce production hours while enhance production quality.

Closely connect production schedule, business requirements, and the purchase time of key components to reduce inventory and manage the delivery date of order.

D. Finance Strategy

Implement performance management and strengthen finance management to enhance the capability in risk management.

Fully push the company's entry into a capital market in hopes of establishing a comprehensive funding channel to make a healthy financial structure and setup the idea of sustainable management, and then make profit to share with the society.

The short-term financial plan is made based on the mid-term and long-term capital demand plan and the principle of safety and stability.

E. The Management

Enhance ERP as well as computerize and automate the operations flow from design, receiving order, production, shipment, inventory, to finance to improve management and operation efficiency.

Provide training and assessment to the personnel in R&D, production, sales, and management to cultivate the talents and human resource in the Company and keep on driving innovation and enhancing the overall competitiveness.

Keep expanding our knowledge management system by establishing the database of successful experiences in the Company for newcomers to efficiently connect with the system operation and motivate new successful experiences.

(2) Long-term Business Development Plan

A. Marketing Strategy

Increase the integration of products and services, expand the scale of operations, and provide customers with various solutions of mechanical vision system for their equipment. This year's new operational goal is to promote and develop the needs of wafer probe and packaging in semiconductor industry, as well as the Smart Camera for edge computing.

Enhance the production and marketing system domestically and internationally to provide customers with real-time and appropriate service and technical support.

Seek strategic alliance to speed up gaining the market share and expanding the gap between us and our competitors.

B. R&D Strategy

Expand the communication and cooperation with domestic and international research or academic institutes to enhance the vision of R&D personnel as well as introduce new ideas and technologies.

Work closely with key component suppliers to develop new systems with the latest technology.

Make good use of "Coopetition" (Competition and Cooperation) to enhance the level of research and development.

C. Production Strategy

Assist outsourcing system in the setup of quality management system to improve on-time delivery and effective production.

D. Finance Strategy

Build a close relationship with financial institution to control financial market dynamics and enhance financial performance.

Expand the Company's operating scale and raising funds for medium and long-term to develop our strength in long term.

E. The Management

Cultivate outstanding talents and build a corporate culture of professionalism, service and partnership.

Adhere to the concept of sustainable management, strengthen corporate governance and value social responsibility.

5.2 Market and Sales Overview

5.2.1 Market Analysis

(1) Sales area of main products (services): Sales percentage of inspection products for PCB industry by market is as listed in the table below:

Region/Year		2019		2020	
		Amount	%	Amount	%
Export	China	1,752,463	69%	1,931,898	81%
	Others	127,024	5%	175,256	7%
	Sub-total	1,879,487	74%	2,107,154	88%
Domestic Sales			26%	290,701	12%
合計		2,543,441	100%	2,397,855	100%

(2) Market share

The main business of the company is the manufacturing, research and development and sales of PCB mechanical vision inspection and measurement system equipment. In 2019, Dr. Hayao Nakahara, the president of NTInformation, a research authority recommended by PCB, released the 2019 global top 100 PCB rankings. Ninety percent are all Mude customers.

The company includes PCB drilling and molding process measurement and inspection series, 2D/3D measurement series, PCB circuit inspection series, HDI and IC carrier board and soft board inspection series and appearance inspection series, mainly focusing on bare board measurement. It is also the only company in the industry that has line AOI, AVI, and 2D/3D measurement technology at the same time.

Some products, such as ultra-high-speed 2mil (to be promoted to 0.6mil this year) AOI and Laser Via AOIM, rigid and flexible board

appearance inspection machines have the leading market share in Taiwan and the mainland. In addition, the company's other products such as film inspection machines and Two-dimensional measuring machines also account for a certain proportion of the market share, but due to the lack of complete statistical data of PCB measuring and testing equipment, it is impossible to compare their market share. In addition, the use of Smart Camera to enter the barcode reading application market and high-end electrical measuring machines are also one of the new growth points of the company's business.

(3) Future market supply/demand and growth

Printed PCB (PCB), the basic and key component for all products in electronic industry, is the base plate used to connect electrical components that allows the various electrical components to function by the tracks formed on the PCB. While PCB products are moving towards being high-end and compact that cannot be inspected by naked eyes, and some contact electronics test cannot be done due to thin wires, therefore, the demand in precision measuring or inspection system will be rising. In addition, since there is the problem of manpower shortage due to the getting higher labor cost, it is expected that machine will soon replace labor for PCB products inspection. In Taiwan, it is another situation. Since the PCB market is gradually recovering quarter by quarter, Taiwanese PCB manufacturers have kept expanding the scale and developing the supply chain for the primary system manufacturers which should drive the demand in PCB inspection system.

The Company has expanded the application of 2D/3D inspection technology that has been accumulate for more than 20 years in PCB industry to other microelectronic industry such as wafer probing and packaging and COF industry, to expand the range of industries that the product can be applied to. On the other hand, we have also introduced AI deep learning system to our entire product lines to reduce workforce while expand the market scale.

(4) Strength for competition

A. The Strong R&D Team

MACHVISION Inc. is a company specializing in Machine Vision inspection and measuring system and having the technology of integrating optical imaging system, image processing, precision machinery, and motion control. With the accumulated integrated

technologies in optics, mechanic, electricity and software, our R&D team had planned for various professional training courses as well as the setup of knowledge management system to enhance the professionalism of our R&D staffs for providing new products with more precise and fast visual inspection system in the market to cope with the changing environment. This has combined theory with practical application which allowed our technology development so far to be ahead of other domestic competitors. It's been proven that some products have met the international advanced standard, and customers have established trust and inter-dependence on our company's products and services.

B. Providing a Comprehensive Range of Products

The comprehensive range of products developed by the Company for PCB/IC Packaging/COF industry does not only meet customers' needs, also the quality of our products are better than the exported ones. Our diversified measuring and inspection equipment, which have a good reputation in the marketplace, can provide a total solution in measuring and inspection for the whole customer's factory and can have bundling to enhance competitiveness. In addition, we offer optional mid and high level models for many product series that can cover the individual needs of different customers and furthermore enhance the Company's market share.

C. Timely local after-sales service and professional maintenance capability

The developing process of machine vision system has to be worked on closely with the customer and be tested for a long time. In addition, the customers often want to work with suppliers locally. The output value of PCB in Asia is almost over 80% of the global output value; in addition, not only 90% of HDI products are manufactured in Asia, the primary manufacturing base of semiconductor is also in Asia. The Company has branch offices in Taiwan and China which allow us the regional advantage of providing convenient and comprehensive maintenance service and technical support. Therefore, customers can have their problems be resolved immediately or have our cooperation on properly modifying software or hardware to fast respond to the market needs and enhance the functions and competitiveness of products for gaining trust from their customers.

In addition, the Company has dedicated customer service training system that can facilitate customers' user training which is helpful for customers to be familiar with the safe operating of our precision equipment and furthermore gaining the trust of customers in the Company.

D. Having the leading clients in terms of channel

The Company provides various measuring and inspection systems for different PCB processes. The number of our clients is more than a hundred and their expertise areas range from PCB whole manufacturing process and single manufacturing process, equipment manufacturers, to raw materials suppliers. Presently, all of the top 10 global PCB manufacturers are included in the Company's clients list. On the list, it also includes the top PCB manufacturers such as UNIMICRON, Nanya, TSMC, Chin Poon, Tripod Technology, ASE Group, and Gold Circuit Electronics from Taiwan, Foxconn Group, Pulin Group, Shantou Chaosheng, Founder Group, Shennan and Kinwong from China, Kingboard Holdings Limited from Hong Kong, Samsung and LG from Korea, as well as the top two manufacturers from Japan, Samina from the US. Among the top 100 PCB manufacturers, around 80% are using our products, which is helpful for the Company's new launches for getting the point of market entry. For a long time, the Company has been building the word of mouth and expanding our business to the global market that made us much more competitive in the industry.

(5) Positive and negative factors for developing vision and the preventive measures

A. Positive Factors

(A) The rising demand in inspection

With the wave of 5G, electric vehicles, and the housing economy, the global electronic information and communications industry is propelling the trend toward lighter, thinner and smaller products to develop vigorously. Moreover, the completeness of my country's information industry system has driven the increase in demand for upstream production equipment; and the continuous expansion of global personal computers and consumer electronic products has greatly increased the application opportunities in the electronics

industry. The company is committed to the development of PCB/semiconductor visual inspection and measurement equipment, develops test equipment with excellent function and quality, and actively sells it to grasp the market trend.

(B) An industry with high entry barriers

Since Machvision inspection and measuring system can only be completed by integrating the technologies of optical imaging, image processing, precision machinery, and motion control, the experts in these fields are required. In addition, because the cooperation from all users is also critical, with such a demanding barriers, there are not many manufacturers who can succeed in the field.

(C) Self-owned developing team

The Company has successfully developed around tens of innovative products with patents domestically or abroad, and has successfully gotten certified by many world-class manufacturers. In addition, there are still clients exploring proactively for the opportunity of cooperating in the development of related visual inspection system. At the same time, we continue to invest in developing new technologies to keep our technologies ahead of others.

(D) Increasing demand in automatic machines due to the rising wage in mainland China

As the labor cost of wage, fringe benefit, and social insurance is increasing in China's electronics manufacturing services, the demand in adapting automatic machine for production lines is also rising. It is the same situation in PCB industry for being willing to adapt AOI system, especially when the labor cost takes up 18% of what is already low margin. Since the Company has developed total solution with automation to help on more cost saving, the trend is favorable for the Company's future development.

(E) Good operation and Fine financial status

Machvision funded in 1998, the Company has successively developed various visual measurement and inspection systems. Our products are widely recognized by major domestic and foreign manufacturers and that allowed us to maintain good revenue and profit. The Company is profitable ever year since its establishment and has never used aggressive financial operation. Therefore, with our good operation and financial health, we do believe tht we are able to fully devote on R&D and get the insight of market trend for

launching new products.

B. Negative Factors

(A) The critical parts such as Camera, CCD, video capture card and Lens still rely on the exportation

Preventive measures:

Maintain a good relationship with suppliers and do not count on single supplier for procurement. In addition, leave some room for flexibility during the designing of the products to allow the parts with different brands suitable for use in our developed systems.

(B) Most of the products for quality checks are random checks and the sales volume is not high

Preventive measures:

Develop full inspection system with high demand such as wiring inspection for inner and outer layers and AFI; in addition, promote the bundle sales with niche products to facilitate the trade-off between sales revenue and profitability.

(C) Limited application of existing product lines

Preventive measures:

With existing successful MV technology, modularized design and management, we can get into new application or industry quickly to increase the adaption in different industries such as probing and packaging industry, and furthermore expand the market of product selling.

5.2.2 Production Procedures of Main Products

(1) Functions of the major products

A. The measuring and inspection series for the manufacturing process of PCB drilling and routing:

a. Express Hole-AOI: as the trend of PCB fine line, the drilled hole will be getting smaller (pore size under 100um) and there shall be more holes drilled (500 thousand holes/piece), hence the precision of the drilled hole is getting more important. By using Express Hole-AOI, the precision can be up to +/- 5 um, and the measuring for a piece of board with 300 thousand holes can be completed in 20 seconds that can not only enhance the yield of drilling process, but also can monitor the output quality of a drilling machine on the production line as well as reduce the obsolescent and maintenance cost.

b. All-purpose Dimensional Measuring System: measuring the device

under test mainly by non-contact way to automatically measure the angle, coordinates, distance, dimension of a two dimensional object such as point, line, circle, and arc. That can be applied widely to the size measuring of profiled board, the dilatation of inner layer and film, and the various quality inspection report. In addition to save manpower, it can also help on obtaining more precise measuring results and feedback to the production line for continual improvement and enhancing the capability of manufacturing process.

B. PCB Wiring Inspection Series:

a. Film AOI system: films are the critical basis for producing PCB wiring while any of the continuity & insulation, indenting, bump, splotch on the film shall cause a bad inner and outer layer PCB or make it discarded. A film AOI system can read the original design data of the wiring on a film as the basis for comparison to inspect any defects and reduce the false alarm rate.

b. Line gauge: measuring line width can get the quality level on how does etching result control the conducting lines. The traditional way of measuring by naked eyes with microscopic magnifier does not only have the problem of bad reproducibility, but due to the trend of fine lines, measuring by naked eyes can no longer meet the requirement. LineGage has the imaging mechanism with patent that can show the image of fine lines clearly; when working together with the image processing technology of sub-pixel and linear regression, the precision accuracy of measuring can reach 1 μm .

c. Wiring inspection for inner and outer layers:

Multi layered board of PCB has 6, 8, or 10 layers, and even up to more than 30 layers for achieving the requirement of electronic products in being small and compact. However, the lines on each layer have to be scanned and inspected to avoid spur, indenting, and continuity & insulation, as well as to enhance the yield of drilling process and reduce the loss of obsolescent. Right now, it can also help on enhancing the production rate and even reach unmanned high-speed production with the add-on of automation.

C. HDI and IC Substrate Inspection Series:

a. LaserVia-AOIM: due to the requirement of mobile phone PCB and IC substrate in being small and compact, laser drilling has become an important production process. LaserVia-AOIM can inspect if the laser power is weak or over and if there is residual or shift, to enhance the processing capability of engineering unit and prevent from the bad

output of production unit.

b. 3D Profiler: in order to ensure the reliability of products, it is required to have copper-filling plating after laser drilling. However, it would be time consuming and inaccurate to inspect hundreds of thousands of holes on the board and get the hole with the denting up to 5 ums. The inspection for copper-filling plating utilizes the most advanced 3D measuring technology that can measure the denting level of each hole for 1 million holes in 3 minutes, a revolutionary breakthrough for the filling in copper electroplating.

c. Solid Measuring Viewer system: high-end PCB has to be measured on its 3D data such as line thickness, solder height, or hole depth. The traditional measuring way may cause destruction and time consuming if it adopts slicing; therefore, it can protect device under test while save time by adopting optical measurement 3D solution.

D. AFI Series:

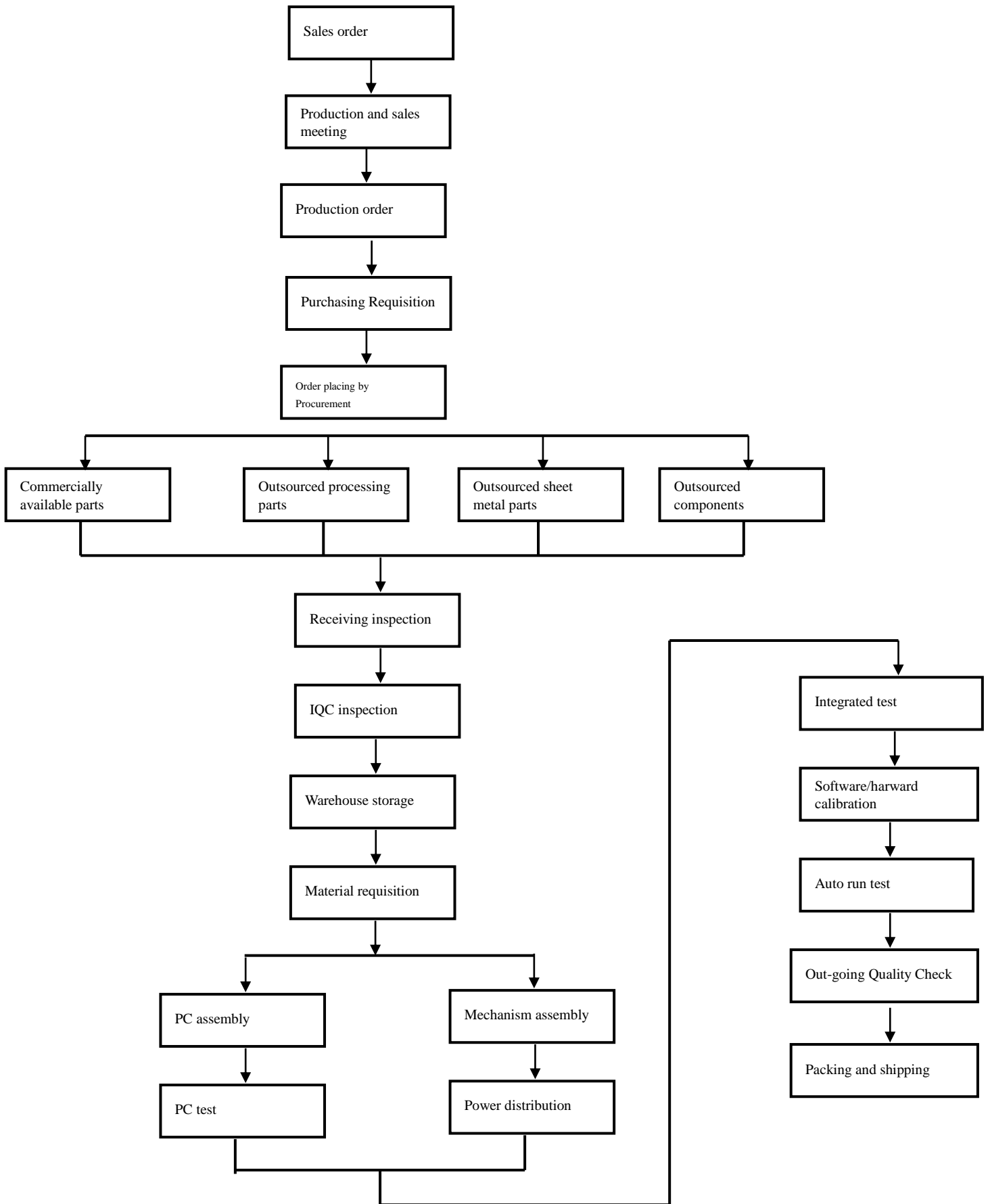
AFI series can be applied to various automatic final inspecting systems including multi layered board, HDI board, IC substrate, FPCB, assembled FPCB, wafer and COF. The series can also add AI capability to the system.

(2) The manufacturing process

A. The Company's products are mainly modular assembly that can be categorized to the modules of mechanism, electric control, optics, and software system.

B. Each module is assembled and quality controlled based on assembly operation standards and test specification.

C. The assembled product will be going through a 72-hour function and system software test by the quality control team to ensure the quality of the shipment.



5.2.3 Supply Status of Main Materials

Item	Main materials	Supply condition
1	Optics and photoelectric component	More than three suppliers with good supplying condition
2	Transmission component	More than two suppliers with stable supplying condition
3	Electrical machine component	Adequate supply with stable delivery date

5.2.4 Major Suppliers and Clients

Please refer to page 92-93 of the Chinese annual report.

A. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2019				2020				2021 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Supplier A	110,434	12.47	-	Supplier A	86,213	11.83	-	Supplier A	28,055	12.51	-
2	Supplier B	93,023	10.50	-	Supplier B	76,124	10.44	-				
3					Supplier C	85,119	11.68	-				
4	Others	682,244	77.03		Others	481,590	66.05		Others	196,195	87.49	
	Net Total Supplies	885,701	100.00		Net Total Supplies	729,046	100.00		Net Total Supplies	224,250	100.00	

Note: Suppliers A, B and C are all long-term suppliers with stable supply and quality, and continue to purchase goods from them.

B. Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2019				2020				2021 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	C Client	326,410	12.83	-	F Client	445,611	18.58	-	A Client	165,661	24.06	
2	D Client	280,547	11.03						F Client	82,484	11.98	
3									G Client	78,924	11.46	
	Others	1,936,484	76.14		Others	1,952,244	81.42		Others	361,564	52.50	
	Net Sales	2,543,441	100.00		Net Sales	2,397,855	100.00		Net Sales	688,633	100.00	

Note:

5.2.5 Production in the Last Two Years

Unit: NT\$ thousands

Output Year	2019			2020		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products (or by department)						
Flexible board inspection series	124	122	607,682	96	92	659,307
Inline inspection series	155	145	581,750	135	129	557,609
Semiconductor testing series	87	83	837,734	14	14	191,787
Circuit inspection series	22	22	113,011	14	14	280,097
Appearance inspection series	65	63	249,494	140	134	533,557
Other testing series	152	63	275,641	58	55	234,983
Total	518	498	2,665,312	457	438	2,457,340

5.2.6 Shipments and Sales in the Last Two Years

Unit: NT\$ thousands

Shipments & Sales Major Products (or by departments)	Year		2019				2020			
			Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Flexible board inspection series	20	87,883	100	509,837	10	47,191	72	540,452		
Inline inspection series	7	40,725	117	456,772	5	29,900	128	544,999		
Semiconductor testing series	39	339,840	31	366,682	6	85,680	8	106,107		
Circuit inspection series	6	47,329	15	63,579	4	2,900	10	277,197		
Appearance inspection series	1	3,900	61	240,950	8	32,319	100	397,712		
Other testing series	11	81,964	51	188,545	5	38,638	48	187,800		
Total	84	663,954	375	1,879,487	38	290,701	366	2,107,154		

5.3 Human Resources

Year		2019	2020	Data as of ending data in the current year
Number of Employees	Direct	42	39	42
	Indirect	214	232	236
	R&D	121	158	169
	Total	377	429	447
Average Age		33.65	34.71	34.63
Average Years of Service		4.21	4.03	3.93
Education	Ph.D.	1.33%	1.40%	1.34%
	Masters	29.97%	28.90%	28.86%
	Bachelor's Degree	58.62%	62.01%	61.97%
	Senior High School	10.08%	7.69%	7.83%
	Below Senior High School	-	-	-

5.4 Environmental Protection Expenditure

5.4.1 Total Losses

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):

None

5.4.2 Countermeasures

The Company has taken into consideration any potential risks or violation of environmental and regulations in formulating its environmental management system. The Company also closely monitors developments in the government's environmental policies and regulations to be able to design precautionary measures. For the pollution and wastes generated in the production process, the Company takes the following measures to protect the environment:

5.5 Labor Relations

5.5.1 Employee Welfare

List any employee benefit plans, continuing education, training, retirement systems, the status of their implementation, and the status of labor agreements and measures for preserving employees' rights and interests:

Please refer to page 96 of the Chinese annual report.

5.5.2 Labor Disputes

The Company's various employee benefits, advanced study, training, retirement system and their implementation, as well as the status of collective bargaining and the protection of workers' rights:

1. The Company values the family well-being and health of our employees and we do not encourage working overtime. In case of the overtime work, we would encourage the employee to get in earlier while if staying later is necessary, we also reminder them not to exceed the overtime limit and impact the next day's work, in hopes of helping them keep a regular daily routine to

stay healthy and furthermore get the balance between work and family.

2. Employee benefits program

(1) All of the Company's employees enjoy labor insurance, national health insurance, group insurance, and major casualty insurance by the employer.

(2) Employees will receive year-end bonus at the end of the Company's business year.

(3) Pursuant to the law, the Company has reserved welfare funds to establish Employee Welfare Committee for conducting various employee welfare activities such as holiday bonus, birthday celebration, birthday gift, wedding and funeral subsidy, and social activities.

(4) Provide subsidy for annually domestic or foreign travel, allowance for regular health check-ups and flu vaccine.

(5) Educational subsidy program for children from 0 to 6 years old, including parenting allowance for 0-3 years old and free kindergarten for 3-6 years old.

(6) Family and child parent education course.

(7) Set up free cafe to reduce work stress.

(8) Provide sports halls and organize various sports courses.

3. Advanced study, training and development

(1) Employees are considered as the most important assets in the Company. Therefore, we provide necessary and appropriate training and development courses for employees to make them contribute by their strength and competent, continue to complete the designated tasks and achieve the goals while keep on creating the core competence of the Company.

(2) Training and people development system

We provide the training courses based on competency to equip employees with the basic knowledge, skills and attitudes necessary for achieving business goals, which include:

a. New hire training: the training for new employees and the training for new managers.

b. Professional training: sales, production, R&D, finance, procurement, administration, etc.

c. General education training: the Company's mission, corporate culture, the company's value, customer satisfaction and quality.

d. Direct labor training: the skill training of assembly station.

e. Project-oriented training: workshop for R&D project.

f. Self-development training: speech, seminar, reading circle, in-service training.

g. Pass the baton training: "Pass the baton" upward and downward training includes job responsibilities, key performance indicators, work attitude and mindset management.

4. The Company follows and stays compliant with the relevant laws and regulations to contribute 6% of employee's monthly salary for pension per month to the labor account for new employees and the original employees who choose to adopt the new pension regulations. On the other hand, for the original employees regardless of choosing to adopt the old or new pension regulations, the Company continues to reserve their seniority before transiting to the new regulations and contribute the appropriate amount of Retirement Preparation Funds calculated based on the pension payment standard in the original regulations of employee retirement. For the employees who are assigned by the organization to transfer to the affiliated enterprises, the seniority will be continually counted to provide employees with more job security and achieve the goal of talent circulation. While the pension in the subsidiary company abroad is Defined Contribution Plan, the various social security fund such as pension, medical, etc. shall be paid monthly per the regulations of local government.

5. Protection Measures for Working Environment and Employee Personal Safety

Item	Content
Access security	<ol style="list-style-type: none"> 1. A strict monitoring system is setup for 24 hours. 2. There is the access control card reader setup at each entrance and exit of the Company. 3. Have the contracted security to maintain the safety of the plant during nighttime and holidays.
Maintenance and inspection of various equipment	<ol style="list-style-type: none"> 1. There is the schedule setup for routine maintenance of various electromechanical or fire-fighting equipment per month, quarter, and year to ensure that the equipment keeps in the best condition all the time. 2. Pursuant to the regulations of Fire Act, the Company conduct the fire-fighting security inspection every year by a qualified outsourced fire inspection company. 3. The Company checks and maintains various

	<p>equipment such as power system, air conditioners, fire-fighting facilities and hazard mechanical equipment on a periodic basis.</p> <p>4. Pursuant to the regulations of Labor Safety and Health Law, the Company outsources to a qualified testing company to conduct a biannual environment monitoring for us, which includes noise, lighting, CO₂ concentration, chemical substances concentration, etc.</p>
<p>Prevention measures and contingency plan for disasters</p>	<ol style="list-style-type: none"> 1. For disaster prevention, incident handling and notification of accident, the Company has developed the prevention measures and contingency plan, specifically defining the roles and tasks of the personnel at each level during the emergencies of incident, major incident, and general accident. 2. Establish a self-defense fire brigade that includes firefighting crew, notification crew, evacuation guidance crew, safety protection crew and rescue crew. 3. In order to maintain employee safety and health while implement safety and health management, the Company has carried out the operation of environmental protection and occupational safety and health.

6. Employee Code of Conduct

The Company's Employee Manual has clearly conveyed the benefits and systems that have being continually stipulated in these years and based on the Company's culture of respect and caring to every employee. In the manual, it clearly states the code of conduct and the Company's expectation for all employees while the employees shall follow the law and based on ethical principles to maintain the Company's assets, interests and image. The manual is available on the Company's intranet for prapoganda and employee's reading.

A. Total Losses

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None

5.6 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Agency contract	B Company	2019/07/01 till now	Dealership in Taiwan, China, and Japan	-
Agency contract	C Company	2019/07/01 till now	Dealership in Taiwan and China	-
Agency contract	D Company	2018/08/31 till now	Dealership in Korea	-
Agency contract	F Company	2016/05/10 till now	Dealership in Taiwan and China	-
Agency contract	G Company	2018/10/15 till now	Dealership in Taiwan and China	-
Agency contract	H Company	2017/09/10 till now	Dealership in Taiwan and China	-
Lease contract	Hsinchu science park bureau	2019/06/01~2038/12/31	No. 3, Gongye E. 2nd Rd., East Dist., Hsinchu City	-
Lease contract	Hsinchu science park bureau	2020/01/01~2024/12/31	1F., No.3 and 1F-2F., No. 1, Zhanye 1st Rd., East Dist., Hsinchu City	-
Credit contract	A Bank	2020/03/23~2025/03/15	Government project loan	-
Credit contract	B Bank	2020/04/01~2025/03/15	Government project loan	-
Credit contract	C Bank	2020/03/23~2027/03/15	Government project loan	-

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

A. Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2021
		2016	2017	2018	2019	2020	
Current assets		1,161,091	1,658,583	3,109,382	2,355,216	3,123,403	3,409,737
Property, Plant and Equipment		215,700	213,862	238,607	267,915	271,280	267,381
Intangible assets		1,051	566	303	8,898	83	55
Other assets		32,531	47,391	123,755	411,962	314,521	327,687
Total assets		1,410,373	1,920,402	3,472,047	3,043,991	3,709,287	4,004,860
Current liabilities	Before distribution	313,966	520,804	1,190,439	895,309	821,898	1,315,101
	After distribution	492,921	946,886	2,340,861	1,342,591	1,224,452	-
Non-current liabilities		8,753	8,757	10,277	105,864	279,659	271,645
Total liabilities	Before distribution	322,719	529,561	1,200,716	1,001,173	1,101,557	1,586,746
	After distribution	501,674	955,643	2,351,138	1,448,455	1,504,111	-
Equity attributable to shareholders of the parent		1,057,681	1,340,977	2,210,152	1,909,900	2,518,707	2,331,005
Capital stock		426,082	426,082	426,082	426,082	447,282	447,282
Capital surplus		59,570	59,489	59,492	59,512	568,312	165,763
Retained earnings	Before distribution	574,070	857,913	1,727,535	1,428,849	1,506,627	1,721,665
	After distribution	395,115	431,831	577,113	981,567	1,506,627	-
Other equity interest		(2,041)	(2,507)	(2,957)	(4,543)	(3,514)	(3,705)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		29,973	49,864	61,179	132,918	89,023	87,109
Total equity	Before distribution	1,087,654	1,390,841	2,271,331	2,042,818	2,607,730	2,418,114
	After distribution	908,699	964,759	1,120,909	1,595,536	2,205,176	-

Note 1: The Company's financial statements have been audited or reviewed by independent auditors.

B. Unconsolidated Condensed balance sheet

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Current assets		1,104,330	1,556,652	2,926,107	1,940,701	2,756,582
Property, Plant and Equipment		197,273	191,327	215,585	244,241	240,404
Intangible assets		1,051	566	303	193	83
Other assets		117,267	136,051	266,696	713,956	665,818
Total assets		1,419,921	1,884,596	3,408,691	2,899,091	3,662,887
Current liabilities	Before distribution	353,487	534,862	1,188,262	872,500	855,576
	After distribution	532,442	960,944	2,338,684	1,319,782	1,258,130
Non-current liabilities		8,753	8,757	10,277	116,691	288,604
Total liabilities	Before distribution	362,240	543,619	1,198,539	989,191	1,144,180
	After distribution	541,195	969,701	2,348,961	1,436,473	1,546,734
Equity attributable to shareholders of the parent		1,057,681	1,340,977	2,210,152	1,909,900	2,518,707
Capital stock		426,082	426,082	426,082	426,082	447,282
Capital surplus		59,570	59,489	59,492	59,512	568,312
Retained earnings	Before distribution	574,070	857,913	1,727,535	1,428,849	1,506,627
	After distribution	395,115	431,831	577,113	981,567	1,506,627
Other equity interest		(2,041)	(2,507)	(2,957)	(4,543)	(3,514)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,057,681	1,340,977	2,210,152	1,909,900	2,518,707
	After distribution	878,726	914,895	1,059,730	1,462,618	2,116,153

Note 1: The Company's financial statements have been audited by independent auditors.

6.1.2 Condensed Statement of Comprehensive Income

A. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2021
	2016	2017	2018	2019	2020	
Operating revenue	809,631	1,420,888	3,111,876	2,543,441	2,397,855	688,633
Gross profit	499,269	909,603	2,166,682	1,638,922	1,519,665	436,594
Income from operations	246,184	566,258	1,584,152	1,070,497	869,096	268,153
Non-operating income and expenses	1,002	(19,468)	38,072	(17,884)	(64,689)	(2,982)
Profit before income tax	247,186	546,790	1,622,224	1,052,613	804,407	265,171
Profit for the year from Continuing Operation	200,747	461,424	1,307,717	866,869	654,515	213,122
Loss on discontinued operations	-	-	-	-	-	-
Net profit (loss) for the period	200,747	461,424	1,307,717	866,869	654,515	213,122
Other Consolidated Income (Net Income)	(5,130)	(412)	(1,148)	(3,802)	280	(189)
Total Consolidated Net Income	195,617	461,012	1,306,569	863,067	654,795	212,933
Net Income Attributed to Stockholders of the Company	198,785	462,744	1,296,402	852,599	660,048	215,038
Net Income Attributed to Non-controlling Interest	1,962	(1,320)	11,315	14,270	(5,533)	(1,916)
Consolidated Net Income Attributed to Stockholders of the Company	193,655	462,332	1,295,254	850,150	660,274	214,847
Consolidated Net Income Attributed to Non-controlling Interest	1,962	(1,320)	11,315	12,917	(5,479)	(1,914)
Earnings per share	4.67	10.86	30.43	20.01	15.02	4.81

Note 1: The Company's financial statements have been audited or reviewed by independent auditors.

B. Unconsolidated Condensed Statement of Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years				
	2016	2017	2018	2019	2020
Operating revenue	758,491	1,369,792	2,995,779	2,358,299	2,263,325
Gross profit	448,450	857,965	2,074,285	1,537,430	1,410,031
Income from operations	236,054	569,939	1,567,935	1,086,364	899,908
Non-operating income and expenses	8,375	(22,632)	38,180	(54,062)	(92,625)
Profit before income tax	244,429	547,307	1,606,115	1,032,302	807,283
Profit for the year from Continuing Operation	198,785	462,744	1,296,402	852,599	660,048
Loss on discontinued operations	-	-	-	-	-
Net Income (Loss)	198,785	462,744	1,296,402	852,599	660,048
Other Consolidated Income (Net Income)	(5,130)	(412)	(1,148)	(2,449)	226
Total Consolidated Net Income	193,655	462,332	1,295,254	850,150	660,274
Earnings per share	4.67	10.86	30.43	20.01	15.02

Note 1: The Company's financial statements have been audited by independent auditors.

6.1.3 Auditors' Opinions from 2016 to 2020

Year	Accounting Firm	CPA	Audit Opinion
2016	KPMG	HUANG/BO、YU/AN-TIEN	An Unqualified Opinion
2017	KPMG	HUANG/BO、YU/AN-TIEN	An Unqualified Opinion
2018	KPMG	HUANG/BO、YU/AN-TIEN	An Unqualified Opinion
2019	KPMG	HUANG/BO、YU/AN-TIEN	An Unqualified Opinion
2020	KPMG	HUANG/BO、WU/CHUNG-SHUN	An Unqualified Opinion

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis

Item		Year	Financial Analysis for the Last Five Years					As of March 31, 2021
			2016	2017	2018	2019	2020	
Financial structure (%)	Debt ratio		22.88	27.58	34.58	32.89	29.70	39.62
	Ratio of long-term capital to property, plant and equipment		508.30	654.44	956.22	802.00	1064.36	1005.96
Solvency (%)	Current ratio		369.81	318.47	261.20	263.06	380.02	259.28
	Quick ratio		315.79	280.98	240.20	216.40	333.64	228.55
	Interest earned ratio (times)		-	-	-	525.73	273.31	326.76
Operating performance	Accounts receivable turnover (times)		2.52	2.61	3.27	1.96	1.78	2.04
	Average collection period		145	140	112	186	204	179
	Inventory turnover (times)		2.25	2.99	4.50	2.94	2.36	2.69
	Accounts payable turnover (times)		3.22	3.20	3.73	2.58	2.79	3.73
	Average days in sales		162	122	81	124	154	135
	Property, plant and equipment turnover (times)		3.69	6.62	13.76	10.04	8.89	10.23
	Total assets turnover (times)		0.61	0.85	1.15	0.78	0.71	0.71
Profitability	Return on total assets (%)		15.05	27.71	48.50	26.66	19.45	22.17
	Return on stockholders' equity (%)		18.84	37.23	71.42	40.19	28.15	33.92
	Pre-tax income to paid-in capital (%)		58.01	128.33	380.73	247.04	179.84	237.14
	Profit ratio (%)		24.79	32.47	42.02	34.08	27.30	30.95
	Earnings per share (NT\$)		4.67	10.86	30.43	20.01	15.02	4.81
Cash flow	Cash flow ratio (%)		66.25	53.80	123.81	17.10	90.49	35.63
	Cash flow adequacy ratio (%)		93.02	96.15	181.22	94.78	104.28	120.79
	Cash reinvestment ratio (%)		4.86	7.05	46.75	(53.91)	10.83	18.50
Leverage	Operating leverage		2.78	2.25	1.81	2.15	2.47	2.32
	Financial leverage		1.00	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

- Ratio of long-term capital to property, plant and equipment: There was issuance of ordinary shares of cash in 2020.
- Current ratio/Quick ratio: There was issuance of ordinary shares of cash in 2020, which led to increase in current assets.
- Interest earned ratio(times) decreased because of decreases in profit before income tax of 2020.
- Average days in sales decreased because of decreases in Average inventory turnover (times) of 2020.
- Return on total assets/Return on stockholders' equity decreased because of decreases in net profit of 2020.
- Pre-tax income to paid-in capital decreased because of decreases in net profit of 2020.
- Earnings per share: Compared with the prior year, there were decreases in net profit of 2020.
- Cash flow ratio/Cash flow reinvestment ratio: Compared with the prior year, there were cash inflows generated from operations in 2020.

B. Unconsolidated Financial Analysis

Item		Year				
		Financial Analysis for the Past Five Years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt ratio	25.51	28.85	35.16	34.12	31.24
	Ratio of long-term capital to property, plant and equipment	540.59	705.46	1029.96	829.75	1167.75
Solvency (%)	Current ratio	312.41	291.04	246.25	222.43	322.19
	Quick ratio	267.00	257.25	226.53	178.11	281.65
	Interest earned ratio (times)	-	-	-	558.1	279.95
Operating performance	Accounts receivable turnover (times)	2.76	2.76	3.51	2.07	1.84
	Average collection period	132	132	104	177	198
	Inventory turnover (times)	2.40	3.16	4.60	2.80	2.42
	Accounts payable turnover (times)	3.29	3.22	3.79	2.54	2.96
	Average days in sales	152	116	79	130	150
	Property, plant and equipment turnover (times)	3.79	7.05	14.72	10.26	9.34
	Total assets turnover (times)	0.53	0.83	1.13	0.75	0.69
Profitability	Return on total assets (%)	14.96	28.01	48.98	27.08	20.19
	Return on stockholders' equity (%)	19.16	38.58	73.01	41.39	29.81
	Pre-tax income to paid-in capital (%)	57.37	128.45	376.95	242.28	180.49
	Profit ratio (%)	26.21	33.78	43.27	36.15	29.16
	Earnings per share (NT\$)	4.67	10.86	30.43	20.01	15.02
Cash flow	Cash flow ratio (%)	68.18	47.27	122.73	18.40	89.18
	Cash flow adequacy ratio (%)	98.04	97.39	186.94	98.02	107.59
	Cash reinvestment ratio (%)	8.23	5.45	48.94	(62.74)	13.22
Leverage	Operating leverage	2.81	2.20	1.78	2.01	2.31
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Ratio of long-term capital to property, plant and equipment: There was issuance of ordinary shares of cash in 2020.
2. Current ratio/Quick ratio: There was issuance of ordinary shares of cash in 2020, which led to increase in current assets.
3. Interest earned ratio (times) decreased because of decreases in profit before income tax of 2020.
4. Return on total assets/Return on stockholders' equity decreased because of decreases in net profit of 2020.
5. Pre-tax income to paid-in capital decreased because of decreases in net profit of 2020.
6. Earnings per share: Compared with the prior year, there were decreases in net profit of 2020.
7. Cash flow ratio/Cash reinvestment ratio : Compared with the prior year, there were cash inflows generated from operations in 2020.

6.3 Audit Committee's Report in the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit Machvision's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Machvision Inc. Co., Limited. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Machvision Inc. Co., Ltd., 2021 Regular Meeting of Shareholders

Audit Committee

February 3, 2021

6.4 Financial Statements for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report

Please refer to page 175 to 222 of the Chinese annual report.

English version please refer to company website and Taiwan Stock Exchange Market Observation Post System.

Company Website : <http://www.machvision.com.tw>

6.5 Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report

Please refer to page 123 to 174 of the Chinese annual report.

English version please refer to company website and Taiwan Stock Exchange Market Observation Post System.

VII. Review of Financial Conditions, Financial Performance, and Risk

Management

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2019	2020	Difference	
			Amount	%
Current assets	2,355,216	3,123,403	768,187	32.62
Financial assets at fair value through profit or loss-non-current	9,644	10,744	1,100	11.41
Property, plant and equipment	267,915	271,280	3,365	1.26
Intangible assets	8,898	83	(8,815)	(99.07)
Other non-current assets	402,318	303,777	(98,541)	(24.49)
Total assets	3,043,991	3,709,287	665,296	21.86
Current liabilities	895,309	821,898	(73,411)	(8.20)
Non-current liabilities	105,864	279,659	173,795	164.17
Total liabilities	1,001,173	1,101,557	100,384	10.03
Ordinary shares	426,082	447,282	21,200	4.98
Capital surplus	59,512	568,312	508,800	854.95
Retained earnings	1,428,849	1,506,627	77,778	5.44
Other equity interest	(4,543)	(3,514)	1,029	(22.65)
Total equity	2,042,818	2,607,730	564,912	27.65

Note 1: Analytical basis: the change rate is more than 20%, and the change amount is more than NTD\$10 million.

Analysis descriptions:

1. The increase in current assets/total assets were due to issuance of ordinary shares of cash and proceeds from long-term borrowings in 2020.
2. The increase in non-current liabilities was due to proceeds from long-term borrowings in 2020.
3. The increase in Capital surplus/total equity were due to issuance of ordinary shares of cash of 2020.

- **Effect of changes on the company's financial condition:** The Company's financial condition has not changed significantly.
- **Future response actions:** Not applicable

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item	Year		Increase (decrease) amount	Change ratio (%)
	2019	2020		
Operating income	2,543,441	2,397,855	(145,586)	(5.72)
Operating cost	904,519	878,190	(26,329)	(2.91)
Operating gross profit	1,638,922	1,519,665	(119,257)	(7.28)
Operating expenses	568,425	650,569	82,144	14.45
Operating net profit	1,070,497	869,096	(201,401)	(18.81)
Non-operating income and expenses	(17,884)	(64,689)	(46,805)	261.71
Continuous operate dept. pre-tax net profit	1,052,613	804,407	(248,206)	(23.58)
Less: income tax expense	185,744	149,892	(35,852)	(19.30)
Current net profit	866,869	654,515	(212,354)	(24.50)
Other comprehensive profit and loss	(3,802)	280	4,082	(107.36)
Total consolidated profit and loss in this period	863,067	654,795	(208,272)	(24.13)
<p>Note 1: Analytical benchmark: the change ratio before and after is more than 20% and the change amount is more than NTD\$10 million.</p> <p>Analysis descriptions:</p> <p>1. The increases in non-operating expenses were mainly due to foreign exchange losses of USD dollars.</p>				

- **Effect of changes on the company's future business:** The Company's business scope has not changed significantly.
- **Future response actions:** Not applicable.

7.3 Analysis of Cash Flow

7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item	Year		
	2019	2020	Variance (%)
Cash Flow Ratio (%)	17.10	90.49	429.18%
Cash Flow Adequacy Ratio (%)	94.78	104.28	10.02%
Cash Reinvestment Ratio (%)	(53.91)	10.83	-120.09%
Analysis of financial ratio change: The whole ratio increased was mainly due to ordinary shares of cash and proceeds from long-term borrowings in 2020.			

7.3.2 Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,616,607	800,000	557,000	1,859,607	NA	NA
Analysis of change in cash flow in the coming year: (1) Operating activities: Net cash inflow from operating activities was mainly due to the increasing of the net assets in the coming year. Investing activities: Net cash outflow from investment activities was mainly due to related expenses such as long-term equity investment and capital expenditure in the coming year. Financing activities: Net cash outflow from financing activities was mainly due to the payment of dividends and bank loans. (2) Remedial measures and liquidity analysis for cash shortfalls: NA.					

7.4 Major Capital Expenditure Items

7.4.1 Major Capital Expenditure Items and Source of Capital: None.

7.4.2 Expected Benefits

A. Estimated Increase in Production, Sales, and Gross Profits: None.

B. Other Benefits: None.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Unit: NT\$ thousands

Item	Remarks	2020 Income (Loss) Amount	Policies	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
Samoa Machvision Inc.		(32,389)	Investment	Mainly due to the profitability of the investment in Machvision (Dongguan) Inc.	Improving from the profitability of the investment in Machvision (Dongguan) Inc.	-
Machvision Holding (Samoa) Limited		(2,880)	Investment	Mainly due to the profitability of the investment in Guandong Greatsense Intelligent Equipment Co., Ltd.	The subsidiary has disposed all the shares of its subsidiary in January 2020 and liquidated in September 2020.	-
Machvision Korea Co., Ltd.		(5,733)	Maintaining and trading of machinery equipment	The company was established in 2019. Due to COVID-19, the sales figure was not as expected.	Actively expand market and control costs.	-
Autovision Technology Inc.		200	Manufacturing of computer peripheral products	Actively expand market and control costs.	-	-
Sigold Optics Inc.		1,918	Manufacturing of machinery equipment	Actively expand market and control costs.	-	-
ChipAI Co., Ltd.		(5,649)	Manufacturing of computer peripheral products	Actively expand market.	Actively expand market and control costs.	-
MiM Tech. Inc.		(1,742)	Manufacturing of computer peripheral products	The Company has disposed all the shares of its subsidiary in December 2020.	-	-
RedPay Co., Ltd.		(1,065)	Electronic Information Supply Services	The company was established in 2019.	The company will merge with Avountes Inc. in	-

				March 2021.	
Machvision (Dongguan) Inc.	(32,394)	Maintaining and trading of machinery equipment	Actively expand market and control costs.	Actively expand market.	-
Dongguan Muxin Intelligent Equipment Co., Ltd.	(1,211)	Maintaining and trading of machinery equipment	The company was established in 2020.	Actively expand market.	-
Avountes Inc.	(1,047)	Electronic Information Supply Services	The company was established in 2020.	The company will merge with RedPay Co., Ltd. in March 2021.	-
SISSCA Co.,Ltd.	(1,863)	Manufacturing of computer peripheral products	The company was established in 2020.	The company is in the product development, and plan to finish the product qualification in 2021.	-

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

- (1) The Company manages all potential risks such as strategic, operational, financial and hazardous risks that may affect operations and profitability in active and cost-effective manner.
- (2) In the event of risk management, notify superior supervisors, auditors, general manager, chairman and the company's directors and supervisor of the board of directors.
- (3) Conduct a pre-assessment risk assessment of the strategic operations by general manager's office, and conduct performance tracking of the operations after the event, so that the company's strategy can meet the vision and achieve the company's operational objectives.
- (4) The company has established relevant measures such as “Internal control system”, “Internal audit implementation rules” and “Self-evaluation procedures for internal control systems of the company”, according to each measure, it is implemented to control the risks, and the heads of various departments closely monitor the related risks, through the risk assessment by the audit department, continue to control and check above risk items. If a major violation is discovered or the company has suffered significant damage, the report is immediately made and notify supervisors, and the board of directors meeting must be convened immediately.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

- (1) Board of Directors: the board of directors is the highest unit of company's risk management. It aims to promote and implement the company's overall risk management by following the laws and regulations, ensuring the effectiveness of risk management, and taking the ultimate responsibility of risk management.
- (2) Finance Department: to build a highly efficient and high-quality financial platform to provide transparent and credible financial information, operational analysis and improvement solutions, with strict control, and appropriate tax planning, credit risk control and finance crisis prediction model that reduces corporate risk.

- (3) Audit Department: based on risk-oriented annual audit plan, review the existence or potential risks of each operation, and be responsible for the revision and promotion of the internal control system to ensure the effective operation risk management of the company.
- (4) Information Security Department: planning and improving the company's information management system, responsible for network information security control and protection measures, providing management with fast and effective operational management information to reduce information security risks.
- (5) Each business unit: the heads of each business unit are responsible for the first-line risk management, responsible for analyzing and monitoring the related risks within units, and ensuring that the risk control mechanisms and procedures can be effectively implemented.

7.6.3 Future Research & Development Projects and Corresponding Budget

Estimated investment in research and development in 2021: it is estimated that 10% to 15% of net operating income will be spent on research and development.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. During 2020 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The company's main source of revenue is the sales and service revenue of mechanical vision inspection and measurement system products, the main products can be applied to a variety of PCB processes, as high-precision measurement or inspection applications, so the sales and use of customer layer distribution is very wide, there is no risk of concentration of sales.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The growth and development of the company depends on the continuous service and contribution of senior executives and professional technical personnel. When the company needs to increase manpower demand in response to business growth, it may face the risk of failing to ensure timely filling of manpower requirements due to fierce competition in the human resource market. In view of this, the company provides a diversified and competitive salary system and is not afraid to share its long-term operational success with its colleagues. Therefore, the compensation committee of the board of directors of the Company has decided to adjust the company's compensation system and immediately distribute employee cash bonuses from the company's profits to attract and retain good employees. We believe that by sharing the results of our work with employees, we can not only encourage employees to continue their efforts, but also directly link employees' interests with shareholders' interests and create a win-win situation for the company, shareholders and employees.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The company's procurement of important components, based on the necessity of supply, to maintain at least two suppliers. Although it has established long-term and good cooperative relations with various suppliers, in the supplier management method, the quality, delivery, price and synergy spirit of each supplier is regularly evaluated to ensure the stability of the company's purchase to avoid the risk of insufficient supply due to force majeure

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management

Rights: None.

The structure of our principal shareholders is solid. A strong professional management team is in place to maximize both shareholders and the Company's best interest. Accordingly, we believe that the risk of changing in management rights that would cause damage to the Company is mitigated. In addition, our risk management department is responsible to monitor any related risks and report to the Board. Our policy is to maintain a steady ownership and management structure. As of the date of this Annual Report, such risks were not identified by the Company.

7.6.12 Litigation or Non-litigation Matters

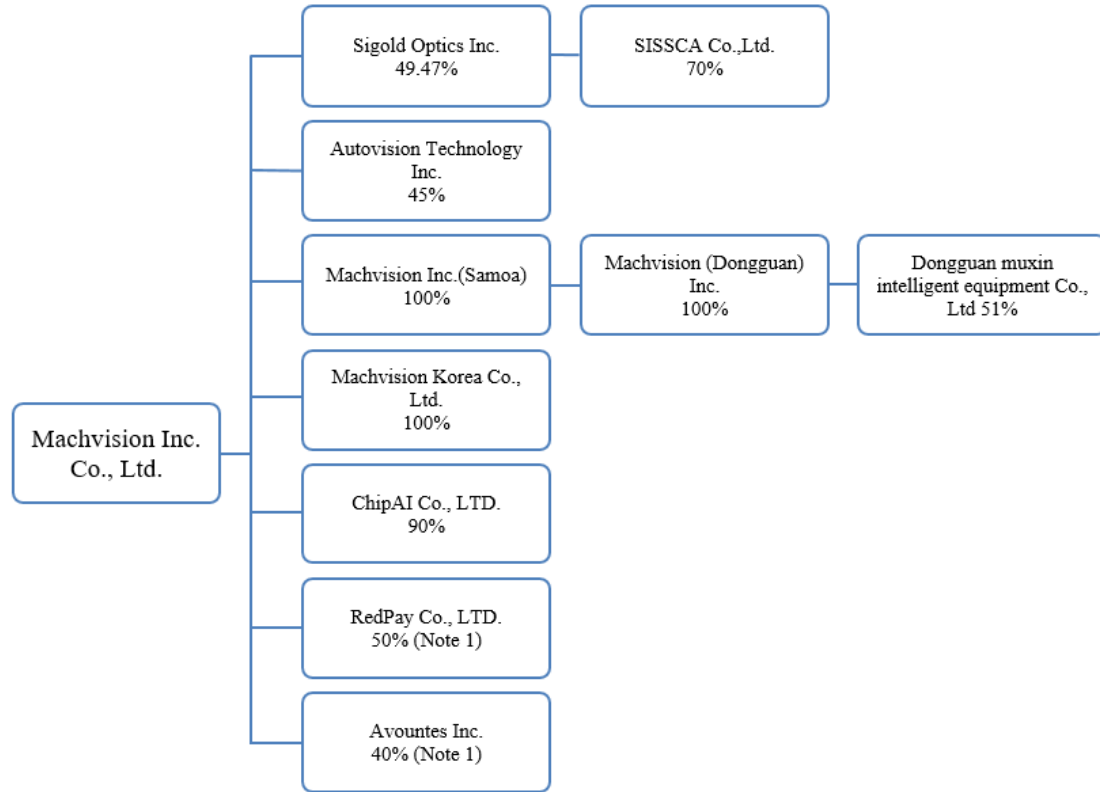
- (1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.
- (2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

7.6.13 Other Major Risks: None.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

As of 12/31/2020



Note1: Redpay Co., Ltd. and Avountes Inc. will be merged in March 2021. Redpay Co., Ltd. is a dissolved company. Avountes Inc. is a surviving company.

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.