

**MACHVISION INC. CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

**Address: No. 2-3, Gongye East 2nd Road, Hsinchu Science Park,
Hsinchu 30075, Taiwan, R.O.C**

Telephone: (03)563-8599

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9
(4) Summary of significant accounting policies	10~23
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	23~24
(6) Explanation of significant accounts	24~52
(7) Related-party transactions	52
(8) Pledged assets	52
(9) Commitments and contingencies	52
(10) Losses Due to Major Disasters	52
(11) Subsequent Events	52
(12) Other	53
(13) Other disclosures	
(a) Information on significant transactions	54~55
(b) Information on investees	55
(c) Information on investment in mainland China	56
(d) Major shareholders	56
(14) Segment information	57~59

Representation Letter

The entities that are required to be included in the combined financial statements of Machvision Inc. Co., Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Machvision Inc. Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Machvision Inc. Co., Ltd.

Chairman: Guang-Shiah Wang

Date: February 3, 2021

Independent Auditors' Report

To the Board of Directors of Machvision Inc. Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Machvision Inc. Co., Ltd. (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to notes 4(n) and 6(p) for disclosures related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the Group's finance or operating performance. The accuracy of the timing and amount of revenue recognition have significant impact on the financial statements. Therefore, we consider it as one of our key audit matters.

How the matter was addressed in our audit:

Understanding and testing the effectiveness of the design of, and implementing the internal control of sales and collecting cycles; reviewing the revenue recognition of significant sales contracts to determine whether the key judgment, estimation, and accounting treatment are reasonable; understanding the type of products and the sales of machinery equipment of the top 10 customers; calculating the turnover days of sales and accounts receivable to ensure whether clients' credit terms are in accordance with the ratios, and analyzing the changes in the top 10 customers from the most recent period and prior year to determine if there were any abnormalities; selecting sales transaction from a certain period of time before and after the last shipping date, and verifying them with the vouchers to determine the accuracy of the timing whether there are any abnormalities; as well as understanding whether there is a significant subsequent sales returns.

2. Impairment of trade receivables

Please refer to notes 4(g), 5 and 6(b) for disclosures related to impairment of trade receivables.

Description of key audit matter:

The notes, accounts and long-term accounts receivable constituted 34% of total consolidated assets of the Group as of December 31, 2020, and the impairment of notes, accounts and long-term accounts receivable depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

How the matter was addressed in our audit:

Testing the effectiveness of control points relating to cash collection; obtaining the list of accounts receivable balance to send confirmations for selected samples; acquiring the Group's computation of impairment loss rate to review its appropriateness; deriving the aging analysis of accounts receivables to verify the accuracy of aging periods by examining relevant documents of selected receivables; reviewing whether the recognition of provision for the impairment loss is based on the impairment loss rate; and evaluating whether the recognition of impairment on accounts receivable made by the management is reasonable.

3. Inventory measurement

Please refer to notes 4(h), 5 and 6(c) for disclosures related to inventory measurement.

Description of key audit matter:

The inventories of the Group are mainly optical inspection machinery equipment and their related parts. The products may be outdated or no longer meet the market demand due to the rapid changes in technology, the demand of related products and their prices may fiercely fluctuate, and the impairment of inventory depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

How the matter was addressed in our audit:

Assessing the accounting policy on inventory measurement to determine its reasonableness; reviewing the inventory aging documents and analyzing the changes to ensure that the process of inventory valuation is in conformity with the accounting policies; understanding and evaluating whether if the basis used for net realizable value is reasonable; selecting samples and verifying them to ensure they are consistent with the vouchers; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Po-Shu Huang and Chung Shun Wu.

KPMG

Taipei, Taiwan (Republic of China)
February 3, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Assets					21xx	Liabilities and Equity				
1100	Current assets:					2130	Current liabilities:				
1151	Cash and cash equivalents (note 6(a))	\$ 1,616,607	44	741,899	24	2150	Current contract liabilities (note 6(p))	31,885	1	13,594	-
1170	Notes receivable (notes 6(b) and (p))	15,284	-	13,709	-	2170	Notes payable	216	-	993	-
130x	Accounts receivable, net (notes 6(b) and (p))	1,110,321	30	1,181,836	39	2209	Accounts payable	245,897	7	381,467	13
1410	Inventories (note 6(c))	363,424	10	381,669	13	2230	Other payables (note 6(q))	319,164	9	420,100	14
1479	Prepayments	7,243	-	23,064	1	2250	Current tax liabilities	171,660	5	33,141	1
	Other current assets	10,524	-	13,039	-	2280	Provisions — current (note 6(j))	13,442	-	12,125	-
	Total current assets	<u>3,123,403</u>	<u>84</u>	<u>2,355,216</u>	<u>77</u>	2313	Current lease liabilities (note 6(i))	12,039	-	14,875	-
15xx	Non-current assets:					2322	Deferred income (note 6(k))	1,038	-	-	-
1510	Financial assets at fair value through profit or loss—non-current (note 6(e))	10,744	-	9,644	-	2399	Current portion of long-term borrowings (note 6(k))	16,875	-	-	-
1600	Property, plant and equipment (note 6(f))	271,280	7	267,915	9		Other current liabilities	9,682	-	19,014	1
1755	Right-of-use assets (note 6(g))	77,013	2	108,945	4		Total current liabilities	<u>821,898</u>	<u>22</u>	<u>895,309</u>	<u>29</u>
1780	Intangible assets (notes 6(d) and (h))	83	-	8,898	-	25xx	Non-Current liabilities:				
1840	Deferred income tax assets (note 6(m))	57,564	2	37,460	1	2540	Long-term borrowings (note 6(k))	199,535	5	-	-
1920	Refundable deposits	11,872	1	17,807	1	2580	Non-current lease liabilities (note 6(i))	66,286	2	95,435	3
1932	Long-term receivables (notes 6(b) and (p))	141,032	4	230,705	8	2630	Long-term deferred income (note 6(k))	2,552	-	-	-
1995	Other non-current assets (note 8)	16,296	-	7,401	-	2640	Net defined benefit liabilities (note 6(l))	11,286	-	10,429	-
	Total non-current assets	<u>585,884</u>	<u>16</u>	<u>688,775</u>	<u>23</u>		Total non-current liabilities	<u>279,659</u>	<u>7</u>	<u>105,864</u>	<u>3</u>
						2xxx	Total liabilities	<u>1,101,557</u>	<u>29</u>	<u>1,001,173</u>	<u>32</u>
							Equity attributable to shareholders of the company (note 6(n)):				
						3100	Ordinary shares	447,282	12	426,082	14
						3200	Capital surplus:				
						3211	Additional paid-in capital	568,285	15	59,485	2
						3235	Changes in equities of subsidiaries	4	-	4	-
						3280	Other capital surplus	23	-	23	-
								<u>568,312</u>	<u>15</u>	<u>59,512</u>	<u>2</u>
						3300	Retained earnings:				
						3310	Legal reserve	438,263	12	309,915	10
						3320	Special reserve	3,791	-	2,957	-
						3350	Unappropriated retained earnings	1,064,573	29	1,115,977	38
								<u>1,506,627</u>	<u>41</u>	<u>1,428,849</u>	<u>48</u>
						3400	Other equity interest:				
						3410	Foreign currency translation differences for foreign operations	(3,514)	-	(4,543)	-
							Total equity attributable to shareholders of the company	<u>2,518,707</u>	<u>68</u>	<u>1,909,900</u>	<u>64</u>
						36xx	Non-controlling interests	<u>89,023</u>	<u>3</u>	<u>132,918</u>	<u>4</u>
						3xxx	Total equity	<u>2,607,730</u>	<u>71</u>	<u>2,042,818</u>	<u>68</u>
1xxx	Total assets	<u>\$ 3,709,287</u>	<u>100</u>	<u>3,043,991</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 3,709,287</u>	<u>100</u>	<u>3,043,991</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (note 6(p))	\$ 2,397,855	100	2,543,441	100
5000	Operating costs (notes 6(c), (f), (g), (i), (j), (l), (q) and 7)	878,190	37	904,519	36
5900	Gross profit from operations	1,519,665	63	1,638,922	64
6000	Operating expenses (notes 6(b), (f), (g), (h), (i), (l), (q) and 7):				
6100	Selling expenses	234,554	10	240,374	9
6200	Administrative expenses	107,341	4	112,616	4
6300	Research and development expenses	243,672	10	217,292	9
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	65,002	3	(1,857)	-
	Total operating expenses	650,569	27	568,425	22
6900	Net operating income	869,096	36	1,070,497	42
7000	Non-operating income and expenses (notes 6(d), (i) and (r)):				
7100	Interest income	2,474	-	7,143	-
7010	Other income	14,621	-	7,197	-
7020	Other gains and losses	(78,830)	(3)	(30,218)	(1)
7050	Financial costs	(2,954)	-	(2,006)	-
	Total non-operating income and expenses	(64,689)	(3)	(17,884)	(1)
7900	Net income before tax	804,407	33	1,052,613	41
7950	Less: Income tax expenses (note 6(m))	149,892	6	185,744	7
	Net income	654,515	27	866,869	34
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Losses on remeasurements of defined benefit plans	(803)	-	(863)	-
8349	Less: income tax related to items that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(803)	-	(863)	-
8360	Items that will be reclassified subsequently to profit or loss:				
8361	Financial statements translation differences for foreign operations	1,007	-	(3,002)	-
8399	Less: income tax related to items that will be reclassified to profit or loss	(76)	-	(63)	-
	Total items that will be reclassified subsequently to profit or loss	1,083	-	(2,939)	-
8300	Other comprehensive income (loss), net of tax	280	-	(3,802)	-
8500	Total comprehensive income	\$ 654,795	27	863,067	34
	Net income attributable to:				
8610	Shareholders of the parent	\$ 660,048	27	852,599	33
8620	Non-controlling interests	(5,533)	-	14,270	1
		\$ 654,515	27	866,869	34
	Total comprehensive income attributable to:				
8710	Shareholders of the parent	\$ 660,274	27	850,150	33
8720	Non-controlling interests	(5,479)	-	12,917	1
		\$ 654,795	27	863,067	34
	Earnings per share (note 6(o)):				
9710	Basic earnings per share (in New Taiwan dollars)	\$ 15.02		20.01	
9810	Diluted earnings per share (in New Taiwan dollars)	\$ 14.93		19.86	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total other equity interest Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Retained earnings			Total				
			Legal reserve	Special reserve	Unappropriated earnings					
Balance at January 1, 2019	\$ 426,082	59,492	180,274	2,507	1,544,754	1,727,535	(2,957)	2,210,152	61,179	2,271,331
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	129,641	-	(129,641)	-	-	-	-	-
Special reserve appropriated	-	-	-	450	(450)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,150,422)	(1,150,422)	-	(1,150,422)	-	(1,150,422)
Other changes in capital surplus	-	20	-	-	-	-	-	20	-	20
Net income	-	-	-	-	852,599	852,599	-	852,599	14,270	866,869
Other comprehensive income	-	-	-	-	(863)	(863)	(1,586)	(2,449)	(1,353)	(3,802)
Total comprehensive income	-	-	-	-	851,736	851,736	(1,586)	850,150	12,917	863,067
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	22,379	22,379
Changes in non-controlling interests	-	-	-	-	-	-	-	-	36,443	36,443
Balance at December 31, 2019	426,082	59,512	309,915	2,957	1,115,977	1,428,849	(4,543)	1,909,900	132,918	2,042,818
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	128,348	-	(128,348)	-	-	-	-	-
Special reserve appropriated	-	-	-	834	(834)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(581,467)	(581,467)	-	(581,467)	(8,971)	(590,438)
Net income	-	-	-	-	660,048	660,048	-	660,048	(5,533)	654,515
Other comprehensive income	-	-	-	-	(803)	(803)	1,029	226	54	280
Total comprehensive income	-	-	-	-	659,245	659,245	1,029	660,274	(5,479)	654,795
Issue of shares	21,200	508,800	-	-	-	-	-	530,000	-	530,000
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(31,886)	(31,886)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	2,441	2,441
Balance at December 31, 2020	\$ 447,282	568,312	438,263	3,791	1,064,573	1,506,627	(3,514)	2,518,707	89,023	2,607,730

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	2020	2019
Cash flows from operating activities:		
Net income before tax	\$ 804,407	1,052,613
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	35,478	23,785
Amortization	110	110
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	65,002	(1,857)
Interest expense	2,954	2,006
Interest income	(2,474)	(7,143)
Dividend income	(1,054)	(1,326)
Loss (gain) on disposal of property, plant and equipment	49	(107)
Loss on disposal of investments	4,074	-
Lease modification gains	(380)	-
Total adjustments to reconcile profit	103,759	15,468
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Notes receivable	(1,575)	4,670
Accounts receivable and long-term accounts receivable	33,865	(252,883)
Inventories	8,609	(146,087)
Prepayments	11,913	(13,279)
Other current assets	1,145	(5,804)
Total changes in operating assets, net	53,957	(413,383)
Net changes in operating liabilities:		
Contract liabilities	29,499	(69,122)
Notes payable	(777)	(365)
Accounts payable	(115,978)	62,775
Other payables	(98,766)	(37,218)
Provisions	1,317	(33,228)
Other current liabilities	(4,602)	5,516
Net defined benefit liability	54	69
Total changes in operating liabilities, net	(189,253)	(71,573)
Total changes in operating assets / liabilities, net	(135,296)	(484,956)
Total adjustments	(31,537)	(469,488)
Cash provided by operating activities	772,870	583,125
Interest income received	2,247	6,827
Income tax paid	(31,373)	(436,810)
Net cash provided by operating activities	743,744	153,142
Cash flows from investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	(1,100)	-
Proceeds from disposal of subsidiaries	17,397	-
Acquisition of property, plant and equipment	(37,798)	(44,686)
Proceeds from disposal of property, plant and equipment	2,252	143
Decrease (increase) in refundable deposits	4,659	(12,369)
Net cash inflows from business combination	-	10,758
Increase in other non-current assets	(2,095)	(3,779)
Dividends received	1,054	1,326
Net cash used in investing activities	(15,631)	(48,607)
Cash flows from financing activities:		
Proceeds from long-term debt	220,000	-
Payment of lease liabilities	(10,915)	(11,363)
Cash dividends paid	(590,438)	(1,150,422)
Proceeds from issuing shares	530,000	-
Interest paid	(3,710)	-
Changes in non-controlling interests	2,441	36,443
Surplus not paid due to overdue	-	20
Net cash used in financing activities	147,378	(1,125,322)
Effect of exchange rate changes on cash and cash equivalents	(783)	(2,156)
Net increase (decrease) in cash and cash equivalents	874,708	(1,022,943)
Cash and cash equivalents at beginning of period	741,899	1,764,842
Cash and cash equivalents at end of period	\$ 1,616,607	741,899

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

MACHVISION INC. CO., LTD. (the Company) was incorporated in June 9, 1998 as a company limited by shares under the laws of the Republic of China (ROC). The address of the Company's registered office is No. 2-3, Gongye East 2nd Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C.. The consolidated entities in the consolidated financial statements include the Company and its subsidiaries (the Group). The Group are mainly engaged in the manufacturing and trading of optical inspection machinery equipment.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and published on February 3, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group is evaluating the impact of its initial adoption of the standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary on significant accounting policies).

(ii) Functional and reporting currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Nature of business	Percentage of ownership		Notes
			December 31, 2020	December 31, 2019	
The Company	Machvision Inc.	Investment	100.00 %	100.00 %	
The Company	Autovision Technology Inc.	Manufacturing of computer peripheral products	45.00 %	45.00 %	Note 1
The Company	Sigold Optics Inc.	Manufacturing of machinery equipment	49.47 %	49.47 %	Note 2

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Percentage of ownership		Notes
			December 31, 2020	December 31, 2019	
The Company	ChipAI Co., LTD.	Manufacturing of computer peripheral products	90.00 %	90.00 %	
The Company	RedPay Co., Ltd.	Electronic Information Supply Services	50.00 %	50.00 %	
The Company	MiM Tech. Inc.	Manufacturing of computer peripheral products	- %	40.98 %	Note 3
The Company	Machvision Korea Co., Ltd.	Maintaining and trading of machinery equipment	100.00 %	100.00 %	
The Company	Machvision Holding (Samoa) Limited	Investment	- %	100.00 %	Note 4
The Company	Avountes Inc.	Electronic Information Supply Services	40.00 %	- %	Note 5
Machvision Inc.	Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	100.00 %	100.00 %	
Machvision Holding (Samoa) Limited	Guandong Greatsense Intelligent Equipment Co., Ltd.	Maintaining and trading of machinery equipment	- %	51.00 %	Note 6
Machvision (Dongguan) Inc.	Dongguan Muxin Intelligent Equipment Co., Ltd.	Maintaining and trading of machinery equipment	51.00 %	- %	
Sigold Optics Inc.	Sissca Co., Ltd.	Manufacturing of computer peripheral products	70.00 %	- %	

Note 1: The Company holds 45% of the ownership of Autovision Technology Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 2: The Company holds 49.47% of the ownership of Autovision Technology Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 3: The Company has disposed all the shares of its subsidiary in December 2020.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 4: The subsidiary was liquidated in September 2020.

Note 5: The Company holds 40% ownership of Avountes Inc. who remains as a subsidiary since the Company retains control of its financial and operational policy decision.

Note 6: Machvision Holding (Samoa) Limited has disposed all the shares of its subsidiary in January 2020.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When the settlement of monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

Cash or cash equivalents, assets held for trading purposes or short-term and expected to be converted to cash within twelve months after the reporting period or for intention of sales or consumption within its normal operating cycle are classified as current assets; all other assets are classified as non-current assets.

Liabilities that must be fully liquidated within twelve months after the reporting period are classified as current liabilities; all other liabilities are classified as non-current liabilities.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash and cash equivalents comprised cash, cash in banks and short term investments with high liquidity that are subject to an insignificant risk of changes in their fair value.

The time deposits with maturity of the Group are listed in cash and cash equivalents because they satisfy the aforementioned definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

(g) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, on initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, long-term receivable, guarantee deposit paid and other non-current assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which notes payable, accounts payable and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income and expense.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation expires or has been discharged or cancelled. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income and expense.

3) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as non-operating income and expense.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a straight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life, and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings	4~50 years
Machinery equipment	2~15 years
Other equipment	2~10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(j) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) the Group has the right to direct use of the asset when it has the decision-making rights that are most relevant to changing how, and for what purpose, the asset is used. In rare cases where the decision about how, and for what purpose, the asset is used is predetermined, the Group has the right to direct the use of an asset if either:
- the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how, and for what purpose, it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment of the underlying asset purchase option; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets, including its office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

Intangible assets comprise the computer software expense and the technology capital contributed by the shareholders of the Group and approved by the Ministry of Economic Affairs R.O.C. The cost of computer software is amortized over 10 years and the capital is amortized over 20 years, both are calculated using the straight-line method and are recorded under operating expenses.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as changes in accounting estimates.

(l) Impairment of non-financial assets

With regard to non-financial assets (other than inventories, deferred tax assets and employee benefits), the Group assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred, and estimates the recoverable amount of assets with an indication of impairment.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount, increasing the individual asset's or cash generating unit's carrying amount to its estimated recoverable amount. The reversal of an impairment loss of an individual asset or cash generating unit cannot exceed the carrying amount of the individual asset or cash generating unit, less any depreciation or amortization, had it not recognized an impairment loss.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when control of the products has been transferred. When the products are delivered to the customer, the ownership of the significant risks and rewards of the products have been transferred to the customer, and the Group is no longer engaged with the management of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

At the time of sale, the Group renders the standard warranty stated in the agreement, which is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Services

The Group provides maintenance services and improvement of old machines, and revenue is recognized when it satisfies a performance obligation by transferring control of a service to a customer.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Government grants

The Group recognizes deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Income tax

Income tax expenses include both current taxes and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred income taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred income taxes shall not be recognized for the below exceptions:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) The taxing of deferred income tax assets and liabilities fulfill one of the below scenarios:
 - 1) levied by the same taxing authority; or
 - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A deferred income tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be reevaluated every year on the financial reporting date, adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The weighted average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid in capital.

When computing diluted earnings per share with regards to employee bonuses in the form of stock, the closing price at the balance sheet date is used as the basis of computation in the number of shares to be issued. When computing diluted earnings per share prior to the following year's Board of Directors the effect of dilution from these potential stocks is taken into consideration.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of trades receivable

The Group has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used to estimate of the impairment of accounts receivable.

(b) Inventory measurement

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value is subject to market price fluctuations and market demands after the reporting date.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 2,122	2,038
Saving deposits	1,124,370	239,065
Foreign currency deposits	109,792	254,841
Time deposits	380,323	245,955
Cash and cash equivalents per statements of cash flow	\$ 1,616,607	741,899

The expiry date of three months to a year on deposit satisfy the highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Please refer to note 6(s) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Notes, accounts and long-term accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ 15,284	13,709
Accounts receivable	1,182,762	1,189,257
Long-term accounts receivable	141,273	231,192
Less: allowance for impairment	72,441	7,421
unrealized interest income	241	487
	\$ 1,266,637	1,426,250

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses were determined as follows:

December 31, 2020			
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 1,041,816	0.0022%	23
1 to 90 days past due	134,448	0.3475%	467
91 to 180 days past due	59,927	1.0536%	632
181 to 270 days past due	30,213	8.4800%	2,562
271 to 365 days past due	7,497	47.7466%	3,580
Past due over 365 days	65,177	100.0000%	65,177
	\$ 1,339,078		72,441

December 31, 2019			
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 1,160,510	0.00%	-
1 to 90 days past due	119,276	0.3249%	387
91 to 180 days past due	106,873	1.7512%	1,872
181 to 270 days past due	42,964	5.2266%	2,246
271 to 365 days past due	2,716	58.3392%	1,584
Past due over 365 days	1,332	100.0000%	1,332
	\$ 1,433,671		7,421

The movement in the allowance for accounts receivable was as follows:

	2020	2019
Balance at beginning of the period	\$ 7,421	12,520
Impairment losses recognized (reversed)	65,002	(1,857)
Amounts written off	(85)	(3,240)
Effect of movement in exchange rates	103	(2)
Balance at and of the period	\$ 72,441	7,421

The Group does not hold any collateral for the collected amounts.

The carrying amounts of notes and accounts receivable with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Inventories

The components of the Group's inventories were as follows:

	December 31, 2020	December 31, 2019
Merchandise and finished goods	\$ 69,251	106,004
Work in process	80,913	82,107
Raw material	<u>213,260</u>	<u>193,558</u>
	<u>\$ 363,424</u>	<u>381,669</u>

The Group inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	2020	2019
Loss on decline in market value and scrapping of inventory	\$ 10,498	7,998
Loss (gain) on physical count	<u>31</u>	<u>(195)</u>
	<u>\$ 10,529</u>	<u>7,803</u>

(d) Changes in ownership interests in subsidiaries

(i) Acquisition of subsidiaries

On July 24, 2019, the Board of Directors of the Company had decided to obtain 836,000 shares (40.98%) of MiM Tech. Inc.. Therefore, the Company paid the amount of \$24,244 thousand and gain control over its financial and operational policy decision on October 15, 2019.

For the period from the acquisition date to December 31, 2020, MiM Tech. Inc. contributed the revenue of \$347 thousand and the loss before tax of \$2,220 thousand. If the acquisition had occurred on January 1, 2019, the management estimates that the consolidated revenue would have been \$2,545,323 thousand and the consolidated profit before income tax would have been \$1,048,941 thousand.

The major categories of the consideration transferred of fair value on October 5, 2019, were as follows:

Cash and cash equivalents	\$ 35,002
Accounts receivable	315
Inventories	1,581
Prepayments	1,000
Other current assets	79
Refundable deposits	153
Other payables and other current liabilities	<u>(212)</u>
	<u>\$ 37,918</u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Goodwill arising from the acquisition has been recognized as follows.

Consideration transferred	\$ 24,244
Add: Non-controlling interests in the acquiree (proportionate share of the fair value of the identifiable net assets)	22,379
Less: Fair value of identifiable net assets	<u>37,918</u>
Goodwill	<u><u>\$ 8,705</u></u>

The goodwill is attributable mainly to the technical talent of MiM Tech. Inc., and the synergies expected to be achieved from integrating the company into the Group's business.

(ii) Disposal of subsidiaries

- 1) Disposal of the shares of Machvision Holding (Samoa) and Guandong Greatsense Intelligent Equipment Co., Ltd.

On December 25, 2019, the Board of Directors of the Company had decided to dispose the entire 51% shares of Guandong Greatsense Intelligent Equipment Co., Ltd. held by Machvision Holding (Samoa) Limited for RMB6,600 thousand. The related equity transfer procedures had been completed on January 7, 2020. The receivables arising from the foregoing transactions have been collected, resulting in the investment loss on disposal of \$2,248 thousand, recognized as other gains and losses.

The details of the book amount of assets and liabilities of Guandong Greatsense Intelligent Equipment Co., Ltd. on the disposition date are as follows:

Cash and cash equivalents	\$ 19,157
Accounts receivable	61,963
Inventory	7,947
Prepayments and other current assets	5,155
Property, plant and equipment	2,066
Right-of-use assets	6,140
Refundable deposits	1,171
Current contract liabilities	(11,208)
Accounts payable	(19,592)
Other payables	(1,640)
Lease liabilities	(6,230)
Other current liabilities	<u>(4,682)</u>
	<u><u>\$ 60,247</u></u>

As a result of the abovementioned transactions, the Company liquidated Machvision Holding (Samoa) Limited in September 2020, resulting in the investment loss on disposal of \$2,053 thousand, recognized as other gains and losses.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Disposal of the shares of MiM Tech. Inc.

On December 28, 2020, the Board of Directors of the Company had decided to dispose the entire 40.98% shares of MiM Tech. Inc. for \$10,574 thousand. The receivables arising from the foregoing transactions have been collected, resulting in the investment gain on disposal of \$227 thousand, recognized as other gains and losses.

The details of the book amount of assets and liabilities of MiM Tech. Inc. on the disposition date are as follows:

Cash and cash equivalents	\$ 2,116
Accounts receivable	604
Inventory	1,689
Prepayments and other current assets	76
Right-of-use assets	754
Intangible assets	8,705
Refundable deposits	105
Other payables	(530)
Lease liabilities	(759)
Other current liabilities	(48)
	<u><u>\$ 12,712</u></u>

(e) Financial assets at fair value through profit or loss — non-current

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Mandatorily measured at fair value through profit or loss:		
Unlisted stocks (domestic)		
Yayatech Co., Ltd.	\$ 9,644	9,644
For Win Tech Co., Ltd.	1,100	-
Total	<u><u>\$ 10,744</u></u>	<u><u>9,644</u></u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Buildings	Machinery equipment	Other equipment	Construction in progress	Total
Cost:					
Balance as of January 1, 2020	\$ 266,183	4,250	19,364	27,995	317,792
Disposal of subsidiaries	-	-	(2,488)	-	(2,488)
Additions	24,088	2,508	10,917	285	37,798
Reclassification	18,394	-	-	(25,194)	(6,800)
Disposals	(3,641)	(495)	(775)	(2,252)	(7,163)
Effect of movement in exchange rates	158	2	14	-	174
Balance as of December 31, 2020	\$ 305,182	6,265	27,032	834	339,313
Balance as of January 1, 2019	\$ 235,761	4,357	11,378	27,874	279,370
Additions	18,846	515	10,848	14,477	44,686
Reclassification	12,923	-	-	(14,356)	(1,433)
Disposals	(191)	(622)	(2,682)	-	(3,495)
Effect of movement in exchange rates	(1,156)	-	(180)	-	(1,336)
Balance as of December 31, 2019	\$ 266,183	4,250	19,364	27,995	317,792
Depreciation and impairment losses:					
Balance as of January 1, 2020	\$ 42,653	1,318	5,906	-	49,877
Disposal of subsidiaries	-	-	(422)	-	(422)
Depreciation	18,355	955	4,075	-	23,385
Disposals	(3,641)	(495)	(726)	-	(4,862)
Effect of movement in exchange rates	49	-	6	-	55
Balance as of December 31, 2020	\$ 57,416	1,778	8,839	-	68,033
Balance as of January 1, 2019	\$ 34,022	1,162	5,579	-	40,763
Depreciation	9,249	778	3,033	-	13,060
Disposals	(179)	(622)	(2,658)	-	(3,459)
Effect of movement in exchange rates	(439)	-	(48)	-	(487)
Balance as of December 31, 2019	\$ 42,653	1,318	5,906	-	49,877
Carrying amounts:					
December 31, 2020	\$ 247,766	4,487	18,193	834	271,280
January 1, 2019	\$ 201,739	3,195	5,799	27,874	238,607
December 31, 2019	\$ 223,530	2,932	13,458	27,995	267,915

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Right-of-use assets

The Group leases assets including land and buildings, and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land and buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2020	\$ 104,356	15,253	119,609
Disposal of subsidiaries	(8,672)	-	(8,672)
Additions	2,609	8,185	10,794
Lease modification	(24,414)	(1,080)	(25,494)
Effect of changes in foreign exchange rates	45	17	62
Balance at December 31, 2020	<u>\$ 73,924</u>	<u>22,375</u>	<u>96,299</u>
Balance at January 1, 2019	\$ 62,107	9,241	71,348
Additions	48,089	6,030	54,119
Lease modification	(5,532)	-	(5,532)
Effect of changes in foreign exchange rates	(308)	(18)	(326)
Balance at December 31, 2019	<u>\$ 104,356</u>	<u>15,253</u>	<u>119,609</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2020	\$ 5,269	5,395	10,664
Disposal of subsidiaries	(1,778)	-	(1,778)
Depreciation	5,684	6,409	12,093
Lease modification	(737)	(1,017)	(1,754)
Effect of changes in foreign exchange rates	33	28	61
Balance at December 31, 2020	<u>\$ 8,471</u>	<u>10,815</u>	<u>19,286</u>
Balance at January 1, 2019	\$ -	-	-
Depreciation	5,326	5,399	10,725
Effect of changes in foreign exchange rates	(57)	(4)	(61)
Balance at December 31, 2019	<u>\$ 5,269</u>	<u>5,395</u>	<u>10,664</u>
Carrying value:			
December 31, 2020	<u>\$ 65,453</u>	<u>11,560</u>	<u>77,013</u>
January 1, 2019	<u>\$ 62,107</u>	<u>9,241</u>	<u>71,348</u>
December 31, 2019	<u>\$ 99,087</u>	<u>9,858</u>	<u>108,945</u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Intangible assets

The cost, amortization and impairment loss of intangible assets were as follows:

	<u>Industrial capital contribution</u>	<u>Computer software expense</u>	<u>Goodwill</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2020	\$ 16,000	1,100	8,705	25,805
Disposal of subsidiaries	-	-	(8,705)	(8,705)
Balance as of December 31, 2020	<u>\$ 16,000</u>	<u>1,100</u>	<u>-</u>	<u>17,100</u>
Balance as of January 1, 2019	\$ 16,000	1,100	-	17,100
Acquisition through business combination	-	-	8,705	8,705
Balance as of December 31, 2019	<u>\$ 16,000</u>	<u>1,100</u>	<u>8,705</u>	<u>25,805</u>
Amortization and impairment loss:				
Balance as of January 1, 2020	\$ 16,000	907	-	16,907
Amortization	-	110	-	110
Balance as of December 31, 2020	<u>\$ 16,000</u>	<u>1,017</u>	<u>-</u>	<u>17,017</u>
Balance as of January 1, 2019	\$ 16,000	797	-	16,797
Amortization	-	110	-	110
Balance as of December 31, 2019	<u>\$ 16,000</u>	<u>907</u>	<u>-</u>	<u>16,907</u>
Carrying amounts:				
December 31, 2020	<u>\$ -</u>	<u>83</u>	<u>-</u>	<u>83</u>
December 31, 2019	<u>\$ -</u>	<u>193</u>	<u>8,705</u>	<u>8,898</u>
January 1, 2019	<u>\$ -</u>	<u>303</u>	<u>-</u>	<u>303</u>

(i) The amortization of intangible assets were follows:

	<u>2020</u>	<u>2019</u>
Operating expenses	<u>\$ 110</u>	<u>110</u>

(ii) Impairment Loss

The Group recognized an impairment loss of \$4,000 thousand after assessing the recoverable amount of the intangible asset (the technology capital contributed by the shareholders of the Company) on December 31, 2008. The intangible asset has been amortized for the year ended December 31, 2018.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	\$ <u>12,039</u>	<u>14,875</u>
Non-current	\$ <u>66,286</u>	<u>95,435</u>

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	\$ <u>1,250</u>	<u>2,006</u>
Expenses relating to short-term leases	\$ <u>6,280</u>	<u>6,588</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>281</u>	<u>1,299</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	2020	2019
Total cash outflow for leases	\$ <u>19,482</u>	<u>19,250</u>

(j) Provisions

	Warranties
January 1, 2020	\$ 12,125
Provisions used during the year	17,383
Provisions reversal during the year	<u>(16,066)</u>
December 31, 2020	\$ <u>13,442</u>
January 1, 2019	\$ 45,353
Provisions used during the year	(11,529)
Provisions reversal during the year	<u>(21,699)</u>
December 31, 2019	\$ <u>12,125</u>

The provision for warranties relates mainly to the machinery equipment sold. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Long-term borrowings

The Company applied for a loan facility with the credit line of \$960,000 thousand based on the "Action Plan for Accelerated Investment by Domestic Corporations", of which, \$220,000 has been used by the Group as working capital for its business operation on June 30, 2020. The borrowing was measured at the market interest rate, and the difference between the market interest rate and the actual interest rate was recognized as deferred income.

December 31, 2020			
<u>Currency</u>	<u>Range of interest rates (%)</u>	<u>Year of maturity</u>	<u>Amount</u>
Unsecured loans	TWD	1.1%	2021~2027
Less: deferred income			\$ 220,000
			3,590
			\$ 216,410
Current			\$ 16,875
Non-current			199,535
Total			\$ 216,410

December 31, 2020	
Deferred income — Government grants:	
Current	\$ 1,038
Non-current	2,552
Total	\$ 3,590

(l) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2020	December 31, 2019
The present value of the defined benefit obligations	\$ 14,729	13,679
Fair value of plan assets	(3,443)	(3,250)
The net defined benefit liability	\$ 11,286	10,429

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$3,443 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labors.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Group's defined benefit obligation were as follows:

	<u>2020</u>	<u>2019</u>
Defined benefit obligation at 1 January	\$ 13,679	12,549
Current interest	153	173
Remeasurements of the net defined benefit liability		
— Due to changes in financial assumption of actuarial (losses) gains	897	957
Defined benefit obligation at December 31	<u>\$ 14,729</u>	<u>13,679</u>

3) Movement of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 3,250	3,052
Interest revenue	37	43
Remeasurements of the net defined benefit liability		
— Return on plan assets excluding the interest income	94	94
Contributions made	62	61
Fair value of plan assets, December 31	<u>\$ 3,443</u>	<u>3,250</u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<u>2020</u>	<u>2019</u>
Net interest on the defined benefit liability	\$ <u>116</u>	<u>130</u>
	<u>2020</u>	<u>2019</u>
Operating costs	\$ 24	24
Selling expenses	9	9
Research and development expenses	83	97
	\$ <u>116</u>	<u>130</u>

5) Remeasurement of the net defined benefit liability recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income were as follows:

	<u>2020</u>	<u>2019</u>
Cumulative amount at January 1	\$ 6,516	5,653
Recognized during the period	803	863
Cumulative amount at December 31	\$ <u>7,319</u>	<u>6,516</u>

6) Actuarial assumptions

The following were the Group's principal actuarial assumptions at the reporting dates:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Discount rate	0.625 %	1.125 %
Future salary increases rate	3.000 %	3.000 %

The Group expects to make contributions of \$0 thousand to its defined benefit plans in the following year starting from the reporting date of 2020.

The weighted average duration of the defined benefit plans is 14.99 years.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

7) Sensitivity analysis

As of December 31, 2020 and 2019, the present value of the defined benefit obligation were as follow:

	The impact of defined benefit obligation	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2020		
Discount rate	\$ (428)	446
Future salary increase rate	427	(412)
December 31, 2019		
Discount rate	(414)	432
Future salary increase rate	416	(401)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Group makes monthly contributions equal 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

According to the local government's regulations, the subsidiaries of the Company in China make monthly contributions to the local government at certain percentages of the basic salary of their employees. When the employee retires, the local government pays the pension. The amount of pension is recognized as the current expense.

Machvision Inc. does not have employees and therefore does not need to pay a pension.

The Group's pension costs under the defined contribution plan were \$14,587 thousand and \$14,089 thousand for 2020 and 2019, respectively. Payment was made to the Bureau of the Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Income tax

(i) Income tax expenses

The amount of income tax were as follows:

	<u>2020</u>	<u>2019</u>
Current income tax expense		
Current period incurred	\$ 170,617	199,036
Adjustment for prior periods	<u>(697)</u>	<u>(801)</u>
	<u>169,920</u>	<u>198,235</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(20,028)</u>	<u>(12,491)</u>
Income tax expenses	<u><u>\$ 149,892</u></u>	<u><u>185,744</u></u>

The amount of income tax recognized in other comprehensive income were as follows:

	<u>2020</u>	<u>2019</u>
Items that will not be reclassified subsequently to profit or loss:		
Financial statements translation differences for foreign operations	<u><u>\$ 76</u></u>	<u><u>63</u></u>

Reconciliation of income tax expenses and profit before income tax were as follows:

	<u>2020</u>	<u>2019</u>
Profit before income tax	<u><u>\$ 804,407</u></u>	<u><u>1,052,613</u></u>
Income tax using the Company's domestic tax rate	\$ 160,882	210,523
Adjustments according to tax law	1,974	(1,572)
Tax treaty rewards	(28,003)	(23,583)
Adjustments for prior years income tax	(697)	(801)
Previously overestimate (underestimate) deferred tax assets	(102)	223
Undistributed earnings additional tax	14,020	45
Others	<u>1,818</u>	<u>909</u>
Total	<u><u>\$ 149,892</u></u>	<u><u>185,744</u></u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities—Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax assets:

	Provisions	Loss from investment using equity method	Allowance for inventory valuation	Other	Total
Balance at January 1, 2020	\$ 2,425	15,744	9,536	9,755	37,460
Recognized in profit or loss	263	7,624	2,088	10,053	20,028
Recognized in other comprehensive income	-	-	-	76	76
Balance at December 31, 2020	<u>\$ 2,688</u>	<u>23,368</u>	<u>11,624</u>	<u>19,884</u>	<u>57,564</u>
Balance at January 1, 2019	\$ 9,070	3,108	9,433	4,075	25,686
Recognized in profit or loss	(6,645)	12,636	103	5,617	11,711
Recognized in other comprehensive income	-	-	-	63	63
Balance at December 31, 2019	<u>\$ 2,425</u>	<u>15,744</u>	<u>9,536</u>	<u>9,755</u>	<u>37,460</u>

Deferred tax liabilities:

	Unrealized exchange gain
Balance at January 1, 2019	\$ 780
Recognized in profit or loss	(780)
Balance at December 31, 2019	<u>\$ -</u>

(iii) Examination and Approval

The ROC income tax authorities have examined the Company's income tax returns through 2018.

(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the total value of nominal ordinary shares amounted to \$500,000 thousand, with a par value of \$10 per share, of which 44,728 thousand shares and 42,608 thousand shares were issued, respectively. All issued shares were paid up upon issuance.

A resolution was decided during the board meeting held on February 5, 2020 for the Company's cash capital increase, wherein the Company will issue 2,120,000 shares, at a par value of \$10 per share, with an issue price of \$250 per share. The above transaction has been approved by the Financial Supervisory Commission, with May 14, 2020 set as the date of capital increase. All relevant statutory registration procedures have been completed.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation amended on May 29, 2019, if the Company makes a profit in each semi fiscal year, the profit shall be first utilized for paying taxes, estimating employee remuneration, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, until the legal reserve is equal to the paid in capital. Then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors. Distribution in cash shall have the approval from the Board of Directors. Whereas if it is in shares, it shall have to be proposed by the Board of Directors during the shareholders' meeting for approval.

If the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, until the legal reserve is equal to the paid in capital. Then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors. Whereas if it is in shares, it shall have to be proposed by the Board of Directors during the shareholders' meeting for approval.

In accordance with ROC Company Article 240, the Company authorizes the distributable dividends and bonuses, or the legal reserve and special reserve which base on the ROC Company Article 241 as a whole or in part may be paid in the cash, and after the resolution has been adopted by a majority vote at the meeting of the Board of Directors, which attended by two-thirds of the total number of directors. Therefore, the report shall be submitted to the shareholders' meeting.

1) Legal reserve

According to the Company Act, 10% of net income after tax should be set aside as legal reserve until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Special reserve

In accordance with Ruling No.1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriations of 2019 earnings as cash dividends to stockholders which were approved at the board meeting on March 27, 2020, and 2018 earnings as cash dividends to stockholders which were approved at the general meeting of shareholders on May 29, 2019, were as follows:

	2019		2018	
	Amount per share (NTD)	Total Amount	Amount per share (NTD)	Total Amount
Dividends distributed to ordinary stockholders:				
Cash	\$ 10.00	<u>447,282</u>	27.00	<u>1,150,422</u>

On July 31, 2020, the Company's Board of Directors resolved to appropriate the earnings from January 1 to June 30, 2020 as follows:

	From January 1 to June 30, 2020	
	Amount per share (NTD)	Total Amount
Dividends distributed to ordinary stockholders:		
Cash	\$ 3.00	<u>134,185</u>

On February 3, 2021, the Company's Board of Directors resolved to appropriate the capital surplus as cash dividend to stockholders as follows:

	2020	
	Amount per share (NTD)	Total Amount
Dividends distributed to ordinary stockholders:		
Cash — Capital surplus	\$ 9.00	<u>402,554</u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Earnings per share

The calculation of the Company's basic and diluted earnings per share were as follows:

(i) Basic earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to ordinary shareholders of the Company	\$ <u>660,048</u>	<u>852,599</u>
Weighted-average number of ordinary shares	<u>43,952</u>	<u>42,608</u>
Basic earnings per share (in NTD)	\$ <u>15.02</u>	<u>20.01</u>

(ii) Diluted earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to ordinary shareholders of the Company (diluted)	\$ <u>660,048</u>	<u>852,599</u>
Weighted-average number of ordinary shares (basic)	43,952	42,608
Effect of potential ordinary shares		
Effect of remuneration to employees	252	318
Weighted-average number of ordinary shares (diluted)	<u>44,204</u>	<u>42,926</u>
Diluted earnings per share (in NTD)	\$ <u>14.93</u>	<u>19.86</u>

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2020</u>		
	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Primary geographical markets:			
Taiwan	\$ 290,701	-	290,701
China	1,636,156	295,742	1,931,898
Others	175,256	-	175,256
	<u>\$ 2,102,113</u>	<u>295,742</u>	<u>2,397,855</u>
Primary merchandises / Services lines:			
Sale of optical inspection machinery equipment	\$ 2,048,040	242,855	2,290,895
Revenue from services	54,073	52,887	106,960
	<u>\$ 2,102,113</u>	<u>295,742</u>	<u>2,397,855</u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2019		
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 663,954	-	663,954
China	1,436,248	316,215	1,752,463
Others	127,024	-	127,024
	<u>\$ 2,227,226</u>	<u>316,215</u>	<u>2,543,441</u>
Primary merchandises / Services lines:			
Sale of optical inspection machinery equipment	\$ 2,164,913	263,093	2,428,006
Revenue from services	62,313	53,122	115,435
	<u>\$ 2,227,226</u>	<u>316,215</u>	<u>2,543,441</u>
(ii) Contract balance			
	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	\$ 15,284	13,709	18,379
Accounts receivable	1,182,762	1,189,257	1,088,717
Long-term accounts receivable	141,032	230,705	80,951
Less: allowance for impairment	72,441	7,421	12,520
Total	<u>\$ 1,266,637</u>	<u>1,426,250</u>	<u>1,200,567</u>
Contract liabilities — Advance receipts	<u>\$ 31,885</u>	<u>13,594</u>	<u>82,716</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(b).

The contract liability is mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer. The amount of revenue recognized for the years ended December 31, 2020 and 2019 that were included in the contract liability balance at the beginning of the period were \$2,386 thousand and \$81,798 thousand, respectively.

(q) Remuneration to employees, directors and supervisors

In accordance with the Company's Articles, the profit for the year should be reserved to offset the deficit, then, should contribute no less than 5% of the profit as employee remuneration, and less than 3% as directors' and supervisors' remuneration.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$67,278 thousand and \$97,368 thousand, and directors' and supervisors' remuneration amounting to \$10,623 thousand and \$17,931 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019.

(r) Non-operating income and expenses

(i) Interest income

	2020	2019
Interest income from bank deposits	\$ 2,228	6,805
Other interest income	246	338
Total Interest income	<u><u>\$ 2,474</u></u>	<u><u>7,143</u></u>

(ii) Other income

	2020	2019
Dividend income	\$ 1,054	1,326
Others	13,567	5,871
Total Other income	<u><u>\$ 14,621</u></u>	<u><u>7,197</u></u>

(iii) Other gains and losses

	2020	2019
Gains (losses) on disposals of property, plant and equipment	\$ (49)	107
Losses on disposals of investments	(4,074)	-
Lease modification gains	380	-
Foreign exchange losses	(68,210)	(30,029)
Others	(6,877)	(296)
Other gains and losses, net	<u><u>\$ (78,830)</u></u>	<u><u>(30,218)</u></u>

(iv) Finance costs

	2020	2019
Interest expense	<u><u>\$ 2,954</u></u>	<u><u>2,006</u></u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The business of the customer of the Group is the manufacturing of the printed circuit board. As of December 31, 2020 and 2019, the accounts receivable that concentration of credit risk on an individual customer amounted to \$332,107 thousand and \$178,701 thousand, respectively.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2020					
Non-derivative financial liabilities					
Long-term borrowings (including deferred income)	\$ 220,000	224,405	18,161	171,731	34,513
Notes payable	216	216	216	-	-
Accounts payable	245,897	245,897	245,897	-	-
Other payables	319,164	319,139	319,139	-	-
Lease liabilities	78,325	97,377	12,039	20,636	64,702
	<u><u>\$ 863,602</u></u>	<u><u>887,034</u></u>	<u><u>595,452</u></u>	<u><u>192,367</u></u>	<u><u>99,215</u></u>
December 31, 2019					
Non-derivative financial liabilities					
Notes payable	\$ 993	993	993	-	-
Accounts payable	381,467	381,467	381,467	-	-
Other payables	420,100	420,100	420,100	-	-
Lease liabilities	110,310	133,741	14,875	35,202	83,664
	<u><u>\$ 912,870</u></u>	<u><u>936,301</u></u>	<u><u>817,435</u></u>	<u><u>35,202</u></u>	<u><u>83,664</u></u>

The Group is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's financial assets and liabilities exposed to significant currency risk was as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
December 31, 2020			
Financial assets:			
Monetary items:			
USD	\$ 31,338	28.4800	892,516
CNY	\$ 105,130	4.3770	460,153
Financial liabilities:			
Monetary items:			
USD	\$ 1,774	28.4800	50,516
CNY	\$ 13,093	4.3770	57,307
December 31, 2019			
Financial assets:			
Monetary items:			
USD	\$ 37,833	30.0360	1,136,356
CNY	\$ 71,779	4.3100	309,366
Financial liabilities:			
Monetary items:			
USD	\$ 2,154	30.0360	64,698
CNY	\$ 10,696	4.3100	46,100

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, receivables, accounts payables that are denominated in foreign currency. A weakening or strengthening 3% appreciation or depreciation of the NTD against the USD and CNY as of December 31, 2020 and 2019, would have increased or decreased the net profit after tax by \$29,876 thousand and \$32,038 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Group has many kinds of functional currencies, the information on foreign exchange gains (loss) on monetary items is disclosed based on the total amount. For the years ended December 31, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portion) amounted to \$(68,210) thousand and \$(30,029) thousand.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 1%, the Group's net income before tax would have increase or decrease by \$16,145 thousand and \$7,399 thousand for the years ended December 31, 2020 and 2019, respectively, with all other variable factors remain constant. This is mainly due from the Group's cash in bank on variable rates.

(v) Information of fair value

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

	Carrying amount	December 31, 2020			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 10,744	-	-	10,744	10,744
Financial assets measured at amortized cost					
Cash and cash equivalents	1,616,607	-	-	-	-
Accounts, notes and long-term receivables	1,266,637	-	-	-	-
Refundable deposits	11,872	-	-	-	-
Other non-current assets	16,296	-	-	-	-
Subtotal	2,911,412	-	-	-	-
Total	\$ 2,922,156	-	-	10,744	10,744

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2020					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Long-term borrowings (including deferred income)	\$ 220,000	-	-	-	-
Notes payable	216	-	-	-	-
Accounts payable	245,897	-	-	-	-
Other payables	319,164	-	-	-	-
Lease liabilities	78,325	-	-	-	-
Total	\$ 863,602	-	-	-	-
December 31, 2019					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 9,644	-	-	9,644	9,644
Financial assets measured at amortized cost					
Cash and cash equivalents	741,899	-	-	-	-
Accounts, notes and long-term receivables	1,426,250	-	-	-	-
Refundable deposits	17,807	-	-	-	-
Other non-current assets	7,401	-	-	-	-
Subtotal	2,193,357	-	-	-	-
Total	\$ 2,203,001	-	-	9,644	9,644
Financial liabilities measured at amortized cost					
Notes payable	\$ 993	-	-	-	-
Accounts payable	381,467	-	-	-	-
Other payables	420,100	-	-	-	-
Lease liabilities	110,310	-	-	-	-
Total	\$ 912,870	-	-	-	-

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 2) Valuation techniques for financial instruments measured at fair value— Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments have no quoted market price in an active market, the Group shall use the market comparison approach to evaluate the fair value. The main assumption used in computing the market price is based on the investee's equity and the quoted price from a competitor. The estimated price has been discounted due to the lack of liquidity in the price of securities .

- 3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

- 4) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2020	\$ 9,644
Acquisition	<u>1,100</u>
Balance at December 31, 2020	\$ 10,744
Balance at January 1, 2019 (Balance at December 31, 2019)	\$ 9,644

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss — Equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> Price book ratio (As of December 31, 2020 and December 31, 2019 were 2.44~2.76 and 2.6, respectively) P/E ratio (As of December 31, 2020 and December 31, 2019 were 19.84~37.81 and 11.77, respectively) Market illiquidity discount rate (As of December 31, 2020 and December 31, 2019 were 30%) 	<p>The estimated fair value would increase (decrease) if</p> <ul style="list-style-type: none"> the price book ratio and the P/E ratio the were higher (lower) the market illiquidity discount were lower (higher)

- 6) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			<u>Other comprehensive income</u>	
	<u>Input</u>	<u>Assumptions</u>	<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2020				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	\$ 4,664	(4,664)
December 31, 2019				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	3,917	(3,917)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note has the information on risk exposure and the objectives, policies and process of risk measurement and management. For detailed information, please refer to the related note on each risk.

(ii) Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The chairman and the general manager are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on its activities.

The Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Group's customer base, including the default risk of the industry and the country in which customers operate, as these factors may have an influence on credit risk.

The Group's receivables are mainly due to one customer, which account for 26% and 13% of the total amount of receivables as of December 31, 2020 and 2019, respectively. The Group's receivables are concentrated on the industry type of the printed circuit board manufacturers.

The Group has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

If the Group retains the rights to the products that have already been sold, the Group shall also have the right to require collateral if payment has not been received. The Group does not require any collateral for receivables.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group has established an allowance of doubtful accounts to reflect actual and estimated potential losses resulting from uncollectible account and trade receivables. The allowance of doubtful accounts consists primarily of specific losses regarding individual customers and estimates of potential losses based on statistics from payment histories of similar customer groups.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group has unused short term bank facilities of \$1,233,057 thousand and \$1,000,000 thousand, as of December 31, 2020 and 2019, respectively.

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Group's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

The Group does not enter into any commodity contracts other than to meet the Group's expected usage and sales requirements.

(u) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings of the Group. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 1,101,557	1,001,173
Less: cash and cash equivalents	<u>1,616,607</u>	<u>741,899</u>
Net debt	<u>\$ (515,050)</u>	<u>259,274</u>
Total equity	<u>\$ 2,607,730</u>	<u>2,042,818</u>
Debt-to-capital ratio	<u>- %</u>	<u>12.69 %</u>

As of December 31, 2020, there was no changes in the Group's approach of capital management.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Non-cash changes				December 31, 2020
			Acquisition right-of-use assets	Lease modifications	Disposal of subsidiaries	Foreign exchange movement	
Long-term borrowings (including deferred income)	\$ -	220,000	-	-	-	-	220,000
Lease liabilities	110,310	(12,921)	10,794	(24,120)	(6,989)	1	78,325
Total liabilities from financing activities	<u>\$ 110,310</u>	<u>207,079</u>	<u>10,794</u>	<u>(24,120)</u>	<u>(6,989)</u>	<u>1</u>	<u>298,325</u>

	January 1, 2019	Cash flows	Non-cash changes				December 31, 2019
			Acquisition right-of-use assets	Lease modifications	Foreign exchange movement	Interest	
Lease liabilities	\$ 71,348	(11,363)	54,119	(5,532)	(268)	2,006	110,310
Total liabilities from financing activities	<u>\$ 71,348</u>	<u>(11,363)</u>	<u>54,119</u>	<u>(5,532)</u>	<u>(268)</u>	<u>2,006</u>	<u>110,310</u>

(7) Related-party transactions

The compensation of the key management personnel comprised the following:

	2020	2019
Short-term employee benefits	\$ 41,585	91,799
Post-employment benefits	396	222
	<u>\$ 41,981</u>	<u>92,021</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Other non-current assets:			
Time deposits	Guarantee for customs	\$ 1,511	1,509
Time deposits	Guarantee for rent the land and buildings from the Hsinchu Science Park Bureau	4,478	5,892
Time deposits	Sales performance guarantee	10,307	-
		<u>\$ 16,296</u>	<u>7,401</u>

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

By item	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	101,273	277,392	378,665	105,236	293,206	398,442
Labor and health insurance	8,553	17,853	26,406	10,596	13,230	23,826
Pension	4,710	9,993	14,703	6,376	7,843	14,219
Directors' remuneration	-	10,667	10,667	-	18,183	18,183
Others	10,792	22,590	33,382	15,150	21,573	36,723
Depreciation	13,728	21,750	35,478	9,777	14,008	23,785
Amortization	-	110	110	-	110	110

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company										
0	The Company	The Company (Note 1)	I	251,871	1,511	1,511	1,511	1,511	0.06 %	503,741	N	N	N

Note 1: Guarantee for customs.

Note 2: The guarantee's relationship with the guarantor is as follows:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of guarantee provided by the Company shall not exceed 20% of the Company's net worth. The total amount of guarantee provided by the Company to any individual entity shall not exceed 10% of the Company's net worth.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2020	Notes
				Number of shares	Book value	Holding percentage	Market value		
The Company	Yayatech Co., Ltd.	-	Financial assets at fair value through profit or loss	884,000	9,644	5 %	9,644	9,644	
Sissca Co., Ltd.	For Win Tech Co., Ltd.	-	Financial assets at fair value through profit or loss	110,000	1,100	10 %	1,100	1,100	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Counter-party	Relationship	Transaction details				Arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	Machvision (Dongguan) Inc.	Subsidiary	(Sale)	187,791	8.00 %	Depends on the end customer's credit period	Not significantly differences	Depends on the end customer's credit period	415,467	29 %	(Note 1)

Note 1: The transactions have been eliminated upon consolidation.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party (note 3)	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
The Company	Machvision (Dongguan) Inc.	Subsidiary	415,467	0.53	177,396	Depends on the end customer's credit period	42,669 (Until February 3, 2021)	-

Note 1: The transactions have been eliminated upon consolidation.

(ix) Trading in derivative instruments: None.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter- party	Existing relationship with the counter-party (Note 2)	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	Machvision (Dongguan) Inc.	1	Operating revenue	187,791	Depends on the Group overall profit allocation	7.83 %
0	The Company	Sigold Optics Inc.	1	Operating revenue	35,442	Depends on the Group overall profit allocation	1.48 %
0	The Company	Sigold Optics Inc.	1	Operating cost	29,945	Depends on the Group overall profit allocation	1.25 %
0	The Company	Machvision (Dongguan) Inc.	1	Accounts receivable— related parties (including long-term accounts receivable)	415,467	Depends on the end customer's credit period	11.20%
0	The Company	Sigold Optics Inc.	1	Accounts receivable— related parties (including long-term accounts receivable)	40,899	Depends on the end customer's credit period	1.10 %
0	The Company	Machvision (Dongguan) Inc.	1	Other payables—related parties	64,115	Dependent on capital budgeting	1.73 %

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.

Note 3: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% of total consolidated revenue were selected for disclosure.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Maximum investment amount in 2020	Net income of investee	Investment income (losses) (Note 3)	Notes
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Book value				
The Company	Machvision Inc.	Samoa	Investment	105,433	62,422	3,463,650	100.00 %	(10,918)	105,433	(32,389)	(32,389)	Note 1, 2
The Company	Machvision Holding (Samoa) Limited	Samoa	Investment	-	22,992	-	- %	-	22,992	(2,880)	(2,880)	Note 1, 2
The Company	Autovision Technology Inc.	Taiwan	Manufacturing of computer peripheral products	9,000	9,000	900,000	45.00 %	10,531	9,000	443	200	Note 2
The Company	Sigold Optics Inc.	Taiwan	Manufacturing of machinery equipment	49,470	49,470	6,316,330	49.47 %	67,303	49,470	3,877	1,918	Note 2
The Company	Machvision Korea Co., Ltd.	Korea	Maintaining and trading of machinery equipment	21,542	21,542	10,000	100.00 %	8,224	21,542	(5,733)	(5,733)	Note 2
The Company	ChipAI Co., LTD.	Taiwan	Manufacturing of computer peripheral products	18,000	18,000	1,800,000	90.00 %	7,648	18,000	(6,276)	(5,649)	Note 2
The Company	MiM Tech. Inc.	Taiwan	Manufacturing of computer peripheral products	-	24,244	-	- %	-	24,244	(4,252)	(1,742)	Note 2
The Company	RedPay Co., Ltd.	Taiwan	Electronic Information Supply Services	10,000	10,000	500,000	50.00 %	6,344	10,000	(2,129)	(1,065)	Note 2
The Company	Avountes Inc.	Taiwan	Electronic Information Supply Services	5,714	-	400,000	40.00 %	4,667	5,714	(2,619)	(1,047)	Note 2
Sigold Optics Inc.	Sissca Co., Ltd.	Taiwan	Manufacturing of computer peripheral products	7,700	-	770,000	70.00 %	5,838	7,700	(2,661)	(1,863)	Note 2

Note 1: The company is a limited company.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee investment in Mainland China	Major operations	Issued capital	Method of investment (Note 1)	Beginning remittance balance - cumulative investment (amount) from Taiwan	Current remittance / recoverable investment (amount)		Ending remittance balance-cumulative investment (amount) from Taiwan	Net income of investee	Direct / indirect shareholdings or investments (%) in the Company	Maximum investment amount in 2020	Current investment gains and losses (Note 3)	Book value (Note 2)	Remittance of investment income in current period
					Invested amount	Returned amount							
Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	105,361	(2) i	62,350	43,011	-	105,361	(32,394)	100 %	62,350	(32,394)	(2,681)	-
Dongguan Muxin Intelligent Equipment Co., Ltd.	Maintaining and trading of machinery equipment	4,220	(4) i	-	-	-	-	(2,375)	51 %	2,171	(1,211)	975	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third region companies to invest in Mainland China.
- (2) Through the establishment of third region companies then investing in Mainland China.
 - i. Through the establishment of Machvision Inc. then investing in Mainland China.
- (3) Through transferring the investment to third region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.
 - i. Through the establishment of Machvision (Dongguan) Inc. then investing in Mainland China.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of December 31, 2020	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	105,361	105,361	1,511,224 (Note)

Note: It represents 60% of the Company's net equity.

(iii) Significant transactions:

Please refer to "Business relationships and significant intercompany transaction" for the indirect and direct business transactions in China. All transactions were eliminated upon consolidation.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nan Shan Life Insurance Company, Ltd.		3,176,000	7.10 %

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information

(a) General information

The Group is mainly engaged in the manufacturing, trading and testing of optical inspection machinery equipment, as well as their related products. The operating decision maker focuses on the entirety of the Group for the purpose of resource allocation and assessment performance. The Group is identified as a single reportable segment.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes operating profit, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

Information on reportable segments and reconciliation for the Group is as follows:

	2020			
	Taiwan	China	Adjustments or elimination	Total
Revenue:				
Revenue from external customers	\$ 2,102,113	295,742	-	2,397,855
Inter-segment revenues	278,019	1,823	(279,842)	-
Total revenue	<u>\$ 2,380,132</u>	<u>297,565</u>	<u>(279,842)</u>	<u>2,397,855</u>
Reportable segment profit or loss	<u>\$ 905,693</u>	<u>(36,597)</u>	<u>-</u>	<u>869,096</u>

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2019			
	<u>Taiwan</u>	<u>China</u>	<u>Adjustments or elimination</u>	<u>Total</u>
Revenue:				
Revenue from external customers	\$ 2,227,226	316,215	-	2,543,441
Inter-segment revenues	229,968	12,085	(242,053)	-
Total revenue	<u>\$ 2,457,194</u>	<u>328,300</u>	<u>(242,053)</u>	<u>2,543,441</u>
Reportable segment profit or loss	<u>\$ 1,107,770</u>	<u>(37,273)</u>	<u>-</u>	<u>1,070,497</u>

For the years ended December 31, 2020 and 2019, inter-segment revenues of \$279,842 thousand and \$242,053 thousand, respectively, should be eliminated from total revenue.

(c) Information on products and services

Revenue from the external customers were as follows:

<u>Products and services</u>	<u>2020</u>	<u>2019</u>
Sale of optical inspection machinery equipment	\$ 2,290,895	2,428,006
Revenue from services	106,960	115,435
Total	<u>\$ 2,397,855</u>	<u>2,543,441</u>

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment non-current assets are based on the geographical location of the assets.

<u>Geographic information</u>	<u>2020</u>	<u>2019</u>
Revenue from external customers:		
Taiwan	\$ 290,701	663,954
China	1,931,898	1,752,463
Others	175,256	127,024
Total	<u>\$ 2,397,855</u>	<u>2,543,441</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current assets:		
Taiwan	\$ 314,901	352,447
China	30,246	28,708
Others	3,229	4,603
Total	<u>\$ 348,376</u>	<u>385,758</u>

Non-current assets include property, plant and equipment, right-of-use assets, and intangible assets, not including financial instruments and deferred tax assets.

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Information about major customers

	2020	2019
E Group in Taiwan	\$ 883,345	317,137
B Group in Taiwan	80,855	351,998
C Group in Taiwan	70,057	326,488
F Group in Taiwan	-	280,547
Total	<u><u>\$ 1,034,257</u></u>	<u><u>1,276,170</u></u>