

Stock Code
3563

MACHVISION, INC.

2017 ANNUAL SHAREHOLDERS' MEETING

PROCEDURE MANUAL

May 26, 2017

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MACHVISION, INC.

2017 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report Item
4. Proposed Resolutions
5. Discussion
6. Election Matters
7. Other Business and
8. Special Motion
9. Meeting Adjourned

MACHVISION, INC.

2017 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 9:00a.m., May 26, 2017 (Friday)

Place: No.2-1, Xin'an Road, Hsinchu City, Taiwan.

Attendants: All shareholders or their proxy holders

Chairman: Dr. Collin Wang, Chairman of the Board of Directors

1. Chairperson Remarks

2. Report Item:

- (1) To report the business of 2016
- (2) Supervisor's Review Report on the 2016 Financial Statements
- (3) To report 2016 employees' profit sharing bonus and directors' compensation
- (4) To review and approve the amendment to the "Guidelines for Corporate Governance Practice" of the Company
- (5) To review and approve the amendment to the "Guidelines for CSR Practice" of the Company.

3. Proposed Resolutions:

- (1) To accept 2016 Business Report and Financial Statements
- (2) To approve the proposal for distribution of 2016 profits

4. Discussion:

- (1) To amend the "Procedures for Asset Acquisition and Treatment" of the Company.

5. Election Matters:

- (1) The election of the additional independent director for the Company.

6. Other Business:

- (1) Deregulating the non-competition restrictions of the newly elected independent directors.

7. Special Motion

8. Meeting Adjourned.

Report Item

(1) To report the business of 2016

Explanatory Notes:

Please refer to Appendix 1 on Page 11-12 for the report the business of 2016.

(2) Supervisor's Review Report on the 2016 Financial Statements

Explanatory Notes:

Please refer to Appendix 2 on Page 13 for the Supervisor's Review Report on the 2016 Financial Statements.

(3) 2016 employees' profit sharing bonus and directors' compensation

Explanatory Notes:

1. According to the amended Article 235-1 of the Company Act ordered by the Public Letter Hua-Zong-Yi-Yi-Zih No. 10400058161 on May 20, 2015 for the distribution of profit to employees, and directors and supervisors.
2. According to the amended Article 25 of the Articles of Incorporation of the Company, if the Company has profit after the closing of the annual book, the Company shall distribute no less than five percent as employees' compensation and no more than three percent as Directors' and Supervisors' compensation.
3. For Year 2016, the audited gross profit before tax is NT\$247,185,614. The Company intends to distribute 10.87% of the gross profit, in cash, NT\$26,856,775 of employees' compensation and 2.17% as NT\$5,362,887 of Directors and Supervisors' compensation. The above employee and directors and supervisors' compensation has been adopted by a majority vote at the first compensation committee in 2017 and at the January 26, 2014 board of directors' meeting (the 5th meeting of the 7th board of directors).
4. The difference of number of the amount of the distributed gross profit will be recorded as the profit and loss of the Year 2017.

(4) To review and approve the amendment to the "Guidelines for Corporate Governance Practice" of the Company.

Explanatory Notes:

1. To amend partial articles of the "Guidelines for Corporate Governance Practice" of the Company to comply with regulations of the authorities and satisfy the actual demand of the operation of the Company.

2. Please refer to Appendix 3 on Page 14-25 for the amendment to the “Guidelines for Corporate Governance Practice” of the Company.
- (5) To review and approve the amendment to the “Guidelines for CSR Practice” of the Company.

Explanatory Notes:

1. To amend partial articles of the “Guidelines for CSR Practice” of the Company to comply with regulations of the authorities and satisfy the actual demand of the operation of the Company.
2. Please refer to Appendix 4 on Page 26-36 for the amendment to the Guidelines for CSR Practice” of the Company.

Proposed Resolutions

- (1) To accept 2016 Business Report and Financial Statements (Proposed by the Board of Directors).

Explanatory Notes:

1. The business operation report of Year 2016 and financial statements have been audited by the Company’s auditing CPAs.
2. Please refer to Appendix 1 on page 11-12 and Appendix 5 on page 37-52 for the business operation report of Year 2016, CPAs and financial statements.
3. Please approve.

Resolution:

- (2) To approve the proposal for distribution of 2016 profits (Proposed by the Board of Directors).

Explanatory Notes:

1. Please refer to Appendix 6 on page 53 for the distribution statements of profit of Year 2016 based on the Company Act and the Incorporation of the Company.
2. The Board of Directors intends to additionally set the Ex-Dividend Date and conduct related affairs about dividends distribution after the proposal for distribution of 2016 profits is approved by the annual shareholders’ meeting. The distribution of cash is rounded to NT\$ 1, and the fractional amount less than NT\$1 will all be included as other income of the Company.
3. Please approve.

Resolution:

Discussion

(1) To amend the “Procedures for Asset Acquisition and Treatment” of the Company.

Explanatory Notes:

1. To amend partial articles of the “Procedures for Asset Acquisition and Treatment” of the Company based on orders of No. 1060001296 of Financial Supervisory Commission.
2. The comparison chart is as below:
3. Please approve.

Election Matters

(1) Addition election for the independent director of the Company (Proposed by the Board of Directors).

Explanatory Notes:

1. For the purpose of company governance, the Company intends to elect one additional independent director whose term of office is May 26, 2017 to May 26, 2019.
2. The election of the independent director adopts nomination approach, and the nominees had been approved by the Board of Directors on April 13, 2017, the related information is as below:

Candidate	Education	Resume	Shares Held	Positions in Competition Business
YEN,TSUNG-MING	Ph. D, Department of Economics, Soochow University	<ol style="list-style-type: none">1. Director, Mega Bills Co., Ltd.2. Supervisor, ABLEREX Electronics Co., Ltd.3. Director, Feng-lian Wan Co., Ltd.4. Adjunct Visiting Professor, Department of Business Administration, Hsuan Chuang University.5. Chief, Office of Park Project of Hsinchu Biomedical Science Park and Chief Secretary of Department of Management of Science Park of	0	<ol style="list-style-type: none">1. Director, Mega Bills Co., Ltd.2. Director, Feng-lian Wan Co., Ltd.

		<p>National Science Council.</p> <p>6. Adjunct Chair Professor, Department of Business Administration, Chung Hua University.</p> <p>7. Adjunct Associate Professor, Institute of Management of Technology, National Chiao Tung University.</p> <p>8. Executive Director, Asian Science Park Association (ASPA).</p> <p>9. Director, International Association of Science Parks (IASP).</p> <p>10. Section Chief of Business Section, Investment and Deputy Chief of Department of Management of Hsinchu Science and Industrial Park.</p> <p>11. Consultant, Chinese Professional Management Association of Hsinchu.</p> <p>12. Adjunct Lecturer of Tunghai University and Soochow University.</p> <p>13. Division Chief and Senior Executive Officer of Council for Economic Planning And Development, Council of Labor Affairs and Research, Development, and Evaluation Commission, Executive Yuan.</p>		
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3. The election is held based on “Guidelines for Elections of Directors and Supervisors”, please refer to page 72 of this Manual.

4. Please vote.

Election Result:

Other Business

(1) Deregulating the non-competition restrictions of the newly elected independent directors (Proposed by the Board of Directors).

Explanatory Notes:

1. According regulations of Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. For the purpose of demand of business operation and promoting the efficiency of operating, it is suggested to release the Company’s directors from the non-competition restrictions under Article 209 of the Company Act. Please refer to page 9 for Explanatory Notes 2 about the non-competition restrictions.
3. Please decide.

Resolution:

Special Motion

Meeting Adjourned