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MACHVISION

MACHVISION, INC.

Handbook for the 2019 Annual
Shareholders Meeting

May 29, 2019

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MACHVISION, INC.

2019 Annual Shareholders' Meeting Procedure

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

MACHVISION, INC.

2019 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., May 29, 2019 (Wednesday)

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

Attendants: All shareholders or their proxy holders

Chairperson: Wang, Guang-Shiah, Chairman of the Board of Directors

1. Chairperson Remarks

2. Report Item:

- (1) 2018 business report
- (2) 2018 Audit Committee's review report
- (3) 2018 employees and director and supervisor compensation distribution

3. Proposed Resolutions:

- (1) 2018 business report and financial statements
- (2) 2018 earnings distribution

4. Discussion:

- (1) Amendment to the Articles of Incorporation
- (2) Amendment to the Procedures for the Acquisition and Disposal of Assets
- (3) Amendment to the Procedures for Loaning of Funds
- (4) Amendment to the Procedures for Making of Endorsements/Guarantees

5. Election

- (1) By-election of one director

6. Other Proposals

- (1) Release of new directors from non-competition restrictions

7. Special Motion

8. Meeting Adjourned

Report Item:

Proposal 1: 2018 business report

Explanation: For 2018 business report, refer to Attachment 1 on Pages 20~21 of the Handbook.

Proposal 2: 2018 Audit Committee's review report

Explanation: For 2018 Audit Committee's review report, refer to Attachment 2 on Page 22 of the Handbook.

Proposal 3: 2018 employees and director and supervisor compensation distribution

Explanation: 1. The 2018 employees and director and supervisor compensation should be distributed according to Order Hua-Zong-Yi-Yi-Zi No. 10400058161 on May 20, 2015 regarding the amendment to the distribution of employee and director and supervisor compensation set forth in Article 235-1 of the Company Act.

2. According to 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 5% as employees' compensation and no more than 3% as Directors' and Supervisors' compensation.

3. For 2018, the net profit before tax is NT\$1,622,224,000. The Company intends to distribute 9.96% of the net profit, in cash, NT\$161,623,566 of employees' compensation and 1.97% of the net profit, in cash, NT\$32,036,743 of Directors' and Supervisors' compensation. The above employee and director and supervisor compensation has been reviewed in the 1st meeting of the Remuneration Committee in 2019 and passed in the 2nd meeting of the 8th-term Board of Directors on February 13, 2019.

4. The difference between the amount of employee and director and supervisor compensation distributed and the estimate should be recognized as profit or loss in 2019.

Proposed Resolutions:

Proposal 1: 2018 business report and financial statements (proposed by the Board of Directors)

- Explanation: 1. The 2018 financial statements have been audited by the independent auditors of the Company. The 2018 business report and financial statements and 2018 earnings distribution have been reviewed and passed by the Audit Committee.
2. For the business report, independent auditor's report, and financial statements, refer to Attachment 1 on Pages 20~21 of the Handbook and Attachment 3 on Pages 23~38 of the Handbook.
3. Please proceed to resolve.

Resolution:

Proposal 2: 2018 earnings distribution (proposed by the Board of Directors)

- Explanation: 1. For the table of 2018 earnings distribution according to the Company Act and the Articles of Incorporation, refer to Attachment 4 on Page 39 of the Handbook.
2. The Board of Directors intends to set the ex-dividend date and distribute dividends separately after the 2018 earnings distribution is passed in the annual shareholders' meeting. The distribution of cash dividends is rounded to NT\$1, and the sum of a fractional amount less than NT\$1 is recognized as other revenue of the Company.
3. Please proceed to resolve.

Resolution:

Discussion:

Proposal 1: Amendment to the Articles of Incorporation (proposed by the Board of Directors)

Explanation: 1. The Articles of Incorporation should be amended according to Articles 228-1 and 240 of the Company Act.

2. The comparison table before and after the amendment is as follows:

Article	Before Amendment	After Amendment	Remark
Article 26-1	The earnings distribution or loss offset shall be proposed each half fiscal year. The half a year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated losses and then set aside 10% as legal reserve. When such legal reserve amounts to the total paid-in capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. The remaining earnings, plus the previous quarter's accumulated undistributed earnings, may be distributed in cash according to the distribution plan proposed by the Board of Directors and approved by the Board of Directors or by issuance of new shares according to the distribution plan proposed by the Board of Directors and approved by the shareholders' meeting.	The earnings distribution or loss offset shall be proposed <u>at the close of</u> each half fiscal year. The half a year's earnings, if any, shall first be used to pay all taxes, <u>reserve employee compensation,</u> and offset prior years' accumulated losses and then set aside 10% as legal reserve. When such legal reserve amounts to the total paid-in capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. The remaining earnings, plus the previous <u>half fiscal year's</u> accumulated undistributed earnings, may be distributed in cash according to the distribution plan proposed by the Board of Directors and approved by the Board of Directors or by issuance of new shares according to the distribution plan proposed by the Board of Directors and approved by the shareholders' meeting.	Amended according to the law
Article 26-2	The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated losses and then set aside 10% as legal reserve. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. The remaining earnings, plus the accumulated undistributed earnings, may be distributed according to the	The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated losses and then set aside 10% as legal reserve. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. The remaining earnings, plus the accumulated undistributed earnings, may be distributed <u>by issuance of new</u>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
	distribution plan proposed by the Board of Directors and approved by the shareholders' meeting.	<u>shares</u> according to the distribution plan proposed by the Board of Directors and approved by the shareholders' meeting. <u>According to Paragraph 5, Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses, or legal reserve and capital reserve set forth in Paragraph 1, Article 241 of the Company Act, in whole or in part, to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.</u>	
Article 29	The Articles of Incorporation were formulated on May 26, 1998. The 1st amendment was made on February 22, 2000 The 2nd amendment was made on December 11, 2000 The 3rd amendment was made on June 20, 2002. The 4th amendment was made on June 26, 2003 The 5th amendment was made on May 27, 2004. The 6th amendment was made on December 7, 2005. The 7th amendment was made on June 23, 2006. The 8th amendment was made on May 25, 2007. The 9th amendment was made on October 17, 2007. The 10th amendment was made on June 25, 2008. The 11th amendment was made on June 8, 2010. The 12th amendment was made on June 13, 2012. The 13th amendment was made on May 29, 2014. The 14th amendment was made on	The Articles of Incorporation were formulated on May 26, 1998. The 1st amendment was made on February 22, 2000 The 2nd amendment was made on December 11, 2000 The 3rd amendment was made on June 20, 2002. The 4th amendment was made on June 26, 2003 The 5th amendment was made on May 27, 2004. The 6th amendment was made on December 7, 2005. The 7th amendment was made on June 23, 2006. The 8th amendment was made on May 25, 2007. The 9th amendment was made on October 17, 2007. The 10th amendment was made on June 25, 2008. The 11th amendment was made on June 8, 2010. The 12th amendment was made on June 13, 2012. The 13th amendment was made on May 29, 2014. The 14th amendment was made on	Date of amendment added

Article	Before Amendment	After Amendment	Remark
	May 27, 2015. The 15th amendment was made on May 29, 2018. The 16th amendment was made on December 14, 2018.	May 27, 2015. The 15th amendment was made on May 29, 2018. The 16th amendment was made on December 14, 2018. <u>The 17th amendment was made on May 29, 2019.</u>	

Resolution:

Proposal 2: Amendment to the Procedures for the Acquisition and Disposal of Assets (proposed by the Board of Directors)

Explanation: 1. The Procedures for the Acquisition and Disposal of Assets should be amended

according to the Financial Supervisory Commission Order Jin-Guan-Zheng-Fa-Zi No. 1070341072 on November 26, 2018.

2. The comparison table before and after the amendment is as follows:

Article	Before Amendment	After Amendment	Remark
Article 2	2.2 Real property (including land, houses and buildings, investment property, <u>land use</u> , and construction enterprise inventory) and equipment.	2.2 Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. <u>2.9 Right-of-use assets.</u>	2.9 added
Article 3	3.1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, interest rate, foreign exchange rate, index, or other interests, <u>and</u> hybrid contracts combining the above <u>products</u> . The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 3.2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in	3.1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, <u>specified</u> interest rate, <u>financial instrument price</u> , <u>commodity price</u> , foreign exchange rate, <u>index of prices or rates</u> , <u>credit rating or credit index</u> , <u>or other variable</u> ; or hybrid contracts combining the above <u>contracts</u> ; or <u>hybrid contracts or structured products containing embedded derivatives</u> . The term "forward contracts" does not include insurance contracts, performance contracts, after-sales	3.7, 3.8, and 3.9 added

Article	Before Amendment	After Amendment	Remark
	<p>accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 8, Article 156 of the Company Act.</p>	<p>service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 3.2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act. <u>3.7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u> <u>3.8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u> <u>3.9. Over-the-counter venue ("OTC venue", "OTC"):</u> <u>"Domestic OTC venue" refers to a</u></p>	

Article	Before Amendment	After Amendment	Remark
		<u>venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u>	
Article 4	4.4. When the Company acquires or disposes of memberships or intangible assets, the transaction terms and reasonableness shall be submitted to the Board of Directors for a resolution.	4.4. When the Company acquires or disposes of memberships or intangible assets <u>or right-of-use assets thereof</u> , the transaction terms and reasonableness shall be submitted to the Board of Directors for a resolution.	Amended according to the law
Article 5	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>not be a related party of any party to the transaction.</u>	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u> <u>5.1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> <u>5.2. May not be a related party or de facto related party of any party to the transaction.</u> <u>5.3. If the Company is required to</u>	5.1, 5.2, 5.3, 5.3.1, 5.3.2, 5.3.3, and 5.3.4 added

Article	Before Amendment	After Amendment	Remark
		<p><u>obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>5.3.1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>5.3.2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>5.3.3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>5.3.4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>	
Article 6-1		<p><u>If the Company does not intend to engage in derivatives trading, it may, after obtaining the approval of the Board of Directors, be exempted from adopting</u></p>	Article 6-1 added

Article	Before Amendment	After Amendment	Remark
		<p><u>procedures for derivatives trading.</u> <u>If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the provisions before doing so.</u></p>	
Article 7	<p>7.1.Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>7.3.Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>7.4. Where <u>assets acquired or disposed of are equipment for business use</u>, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria.</p> <p>7.5.Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>7.6.1.Trading of government bonds.</p>	<p>7.1. Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>7.3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>7.4.Where equipment <u>or right-of-use assets thereof</u> for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria.</p> <p>7.5.Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related</u></p>	

Article	Before Amendment	After Amendment	Remark
	<p>7.6.2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>7.6.4. The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. 	<p>party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>7.6.1. Trading of <u>domestic</u> government bonds.</p> <p>7.6.2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (<u>excluding subordinated debt</u>) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>7.6.4. The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets thereof</u> within the same development project within the preceding year. 	
Article 8	<p>2. Total carrying amounts of securities, real property, and equipment acquired by each subsidiary for business use shall be subject to the cap of the Company set forth in Article 4 herein.</p>	<p>2. Total carrying amounts of securities, real property <u>and right-of-use assets thereof</u> and equipment acquired by each subsidiary for business use shall be subject to the cap of the Company</p>	

Article	Before Amendment	After Amendment	Remark
	<p>4. For the calculation of 10 percent of total assets under the standards for the announcement and declaration of subsidiaries, the total assets stated in the most recent parent company only financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. For the calculation of transaction amounts of 20 percent of paid-in capital, 20 percent of paid-in capital stated in the most recent parent company only financial statements shall be used.</p>	<p>set forth in Article 4 herein.</p> <p>4. For the calculation of 10 percent of total assets under the standards for the announcement and declaration of subsidiaries, the total assets stated in the most recent parent company only financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. For the calculation of transaction amounts of 20 percent of paid-in capital, 20 percent of paid-in capital stated in the most recent parent company only financial statements shall be used; <u>for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</u></p>	
Article 9	<p>In acquiring or disposing of real property, equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>9.1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the</p>	<p>In acquiring or disposing of real property, equipment, <u>or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof</u> held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>9.1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be</p>	

Article	Before Amendment	After Amendment	Remark
	<p><u>above</u> procedure shall also be followed whenever there is any change to the terms and conditions of the transaction <u>in the future</u>.</p>	<p>submitted for approval in advance by the Board of Directors; the <u>same</u> procedure shall also be followed whenever there is any <u>subsequent</u> change to the terms and conditions of the transaction.</p>	
Article 11	<p>Where the Company acquires or disposes of <u>memberships or</u> intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Where the Company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	
Article 13	<p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been passed by half of the Audit Committee members and approved by the Board of Directors: 13.3. With respect to the acquisition of real property from a</p>	<p>When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been passed by half of the Audit Committee members and approved by the Board of Directors:</p>	

Article	Before Amendment	After Amendment	Remark
	<p>related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. <u>Between the Company and its subsidiaries,</u> the Company's Board of Directors may pursuant to Subparagraph 4, Paragraph 2, Article 4 of the Regulations delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p>	<p>13.3 With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. <u>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital,</u> the Company's Board of Directors may pursuant to Subparagraph 4, Paragraph 2, Article 4 of the Regulations delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting: <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u> <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p>	
Article 14	<p>The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property from a related party and appraises the cost of the real property in accordance with</p>	<p>The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means: Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party and</p>	

Article	Before Amendment	After Amendment	Remark
	<p>Paragraph 1 and Paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 13 herein, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land. 	<p>appraises the cost of the real property <u>or right-of-use assets thereof</u> in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 13 herein, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land. 4. <u>The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u> 	
Article 15	15.1.2. <u>Closed</u> transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard	15.1.2. <u>Completed</u> transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard	15.1.3 deleted

Article	Before Amendment	After Amendment	Remark
	<p>property market sale practices. <u>15.1.3. Leases by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property leasing practices.</u> 15.2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of <u>closed</u> transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. <u>Closed</u> transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions <u>closed</u> by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p>	<p>property market sale <u>or leasing</u> practices. 15.2. Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed</u> transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. <u>Completed</u> transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions <u>completed</u> by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p>	
Article 16	<p>Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken: 16.1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the</p>	<p>Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken: 16.1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and</p>	

Article	Before Amendment	After Amendment	Remark
	<p>difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the other company.</p> <p>16.2.Independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</p> <p>16.3.Actions taken pursuant to the Subparagraph 1 and Subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>Exchange Act against the difference between the real property <u>or right-of-use asset</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the other company.</p> <p>16.2.Independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</p> <p>16.3.Actions taken pursuant to the Subparagraph 1 and Subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated,</u> or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length</p>	

Article	Before Amendment	After Amendment	Remark
		transaction.	

Resolution:

Proposal 3: Amendment to the Procedures for Loaning of Funds (proposed by the Board of Directors)

Explanation: 1. The Procedures for Loaning of Funds should be amended according to the Financial Supervisory Commission Order Jin-Guan-Zheng-Shen-Zi No. 1080304826 on March 7, 2019.

2. The comparison table before and after the amendment is as follows:

Article	Before Amendment	After Amendment	Remark
Article 2	Scope The Company shall comply with these Procedures when making loans to others.	Scope The Company shall comply with these Procedures when making loans to others; <u>provided that where another act or regulation provides otherwise, the provisions of such act shall prevail.</u>	Amended according to the law
Article 3	1. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or 2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth. The term "financing amount" as used in the preceding paragraph means the cumulative balance of the Company's short-term financing. The restriction in Paragraph 2 shall	1. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or 2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth. The term "financing amount" as used in the preceding paragraph means the cumulative balance of the Company's short-term financing. The restriction in Paragraph 2 shall	

Article	Before Amendment	After Amendment	Remark
	<p>not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the provisions concerning the setting of the amount limits and the durations of loans shall still apply.</p>	<p>not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the provisions concerning the setting of the <u>total and individual</u> amount limits and the durations of loans shall still apply.</p> <p><u>For the limitation on short-term loans made to others by the Company with a paid-in capital of NT\$1 billion or more, which has joined the Leasing Association and declared to comply with the self-regulation and complied with relevant regulations, the restrictions on the amount of loans in Paragraph 2 do not apply, provided that the amount of loans must not exceed 100% of the net asset value. If the person in charge of a company violates Paragraph 1, Paragraph 2, and the proviso in the preceding paragraph, the person in charge shall be jointly and severally liable for repayment with the borrowing company. In case of damage caused to the company, the person in charge shall be liable for compensation.</u></p>	
Article 7	<p>Procedures for Loaning of Funds 1. Before making loans to others, the finance department shall review the qualifications for entities to which the Company may loan</p>	<p>Procedures for Loaning of Funds 1. Before making loans to others, the finance department shall review the qualifications for entities to which the Company may loan</p>	

Article	Before Amendment	After Amendment	Remark
	<p>funds, the necessity of and reasonableness of extending loans to others, and the operation, finance, and credit status of such entities. The finance department shall also review impacts on the Company's business operations, financial conditions, and shareholders' equity. If such entities are not subsidiaries in which the Company directly or indirectly holds 50 percent of the issued shares or more, a third party's guarantee or collateral equivalent to 60% of the loan extended or more shall be obtained with the pledge or mortgage creation. The value of collateral shall be based on the appraisal report prepared by a professional appraisal institution. Loan contracts shall be established for all loans.</p> <p>2. Loans of funds shall be made after being passed by the Board of Directors. When the Company loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p> <p>3. Loans of funds between the Company and its subsidiaries shall be submitted for a resolution by the Board of Directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty,</p>	<p>funds, the necessity of and reasonableness of extending loans to others, and the operation, finance, and credit status of such entities. The finance department shall also review impacts on the Company's business operations, financial conditions, and shareholders' equity. If such entities are not subsidiaries in which the Company directly or indirectly holds 50 percent of the issued shares or more, a third party's guarantee or collateral equivalent to 60% of the loan extended or more shall be obtained with the pledge or mortgage creation. The value of collateral shall be based on the appraisal report prepared by a professional appraisal institution. Loan contracts shall be established for all loans.</p> <p>2. Loans of funds shall be made after being passed by the Board of Directors. When the Company loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p> <p>3. Loans of funds between the Company and its subsidiaries shall be submitted for a resolution by the Board of Directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty,</p>	

Article	Before Amendment	After Amendment	Remark
	<p>within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>4. The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the Company, except in cases of companies in compliance with Paragraph 3, Article 3 herein.</p>	<p>within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>4. The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the Company, except in cases of companies in compliance with Paragraph 3, Article 3 herein.</p> <p><u>When the Company makes short-term loans to others according to the preceding paragraph, the Company shall specially assess the risk of a company without collateral or within the same industry and affiliate or conglomerate and set the cap of loans.</u></p>	
Article 10	<p>The Company shall announce and report the loans made to others in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. According to the International Financial Reporting Standards, the finance department shall evaluate the status of loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose</p>	<p><u>The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of Boards of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the</u></p>	

Article	Before Amendment	After Amendment	Remark
	<p>relevant information in the financial statements and provide certified public accountants relevant information for the implementation of necessary auditing procedures.</p>	<p><u>transaction, whichever date is earlier.</u></p>	
<p>Article 14</p>	<p>After passage by the Audit Committee and the Board of Directors, these Procedures shall be submitted to the shareholders' meeting for approval; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to the Audit Committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Procedures.</p> <p>Where the Company has established independent directors, when it submits these Procedures for discussion by the Board of Directors under the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p>	<p>After passage by the Audit Committee and Board of Directors, <u>the formulation of or amendment to</u> these Procedures shall be submitted to the shareholders' meeting for approval; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to the Audit Committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Procedures.</p> <p>Where the Company has established independent directors, when it submits these Procedures for discussion by the Board of Directors under the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion; <u>independent directors' opinions specifically expressing dissent or reservation shall be included in the minutes of the Board of Directors' meeting.</u> <u>The dissenting opinion in the preceding paragraph shall be passed by half of the Audit Committee members or more and approved by the Board of Directors. If the dissenting opinion</u></p>	

Article	Before Amendment	After Amendment	Remark
		<u>is not passed by more than half of the Audit Committee members, it may be approved by more than two-thirds of all directors, and the Audit Committee's resolution shall be included in the minutes of the Board of Directors' meeting.</u>	

Resolution:

Proposal 4: Amendment to the Procedures for Making of Endorsements/Guarantees (proposed by the Board of Directors)

Explanation: 1. The Procedures for Making of Endorsements/Guarantees should be amended according to the Financial Supervisory Commission Order Jin-Guan-Zheng-Shen-Zi No.

1080304826 on March 7, 2019.

2. The comparison table before and after the amendment is as follows:

Article	Before Amendment	After Amendment	Remark
Article 5	2. The Company may make an endorsement/guarantee only after it is passed by the Board of Directors or approved by the chairman of the Board, where empowered by the Board of Directors to grant endorsements/guarantees within NT\$30 million, for subsequent submission to and ratification by the next Board of Directors' meeting. Where the Company has established independent directors, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors'	2. The Company may make an endorsement/guarantee only after it is passed by the Board of Directors or approved by the chairman of the Board, where empowered by the Board of Directors to grant endorsements/guarantees within NT\$30 million, for subsequent submission to and ratification by the next Board of Directors' meeting. Where the Company has established independent directors, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; <u>independent directors' opinions specifically expressing dissent or reservation shall be included in the minutes of the Board of Directors' meeting.</u> Before	Amended according to the law

Article	Before Amendment	After Amendment	Remark
	<p>meeting. Before making any endorsement/guarantee pursuant to Paragraph 2, Article 4 herein, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p>	<p>making any endorsement/guarantee pursuant to Paragraph 2, Article 4 herein, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p>	
Article 8	<p>1. The Company shall announce and report the endorsements/guarantees made for others in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.</p>	<p><u>1. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</u> <u>A. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statements.</u> <u>B. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statements.</u> <u>C. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10</u></p>	

Article	Before Amendment	After Amendment	Remark
		<p><u>million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statements.</u></p> <p><u>D. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statements. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 4 of the preceding paragraph.</u></p>	
Article 11	<p>After passage by the Audit Committee and the Board of Directors, these Procedures shall be submitted to the shareholders' meeting for approval; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to the Audit Committee and for discussion by the shareholders' meeting. The Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically</p>	<p>After passage by the Audit Committee and Board of Directors, <u>the formulation of or amendment to</u> these Procedures shall be submitted to the shareholders' meeting for approval; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to the Audit Committee and for discussion by the shareholders' meeting. The Board of Directors shall take into full consideration each independent director's opinion; <u>independent</u></p>	

Article	Before Amendment	After Amendment	Remark
	expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting. The same shall apply to any amendments to these Procedures.	<u>directors' opinions specifically expressing dissent or reservation shall be included in the minutes of the Board of Directors' meeting. The dissenting opinion in the preceding paragraph shall be passed by half of the Audit Committee members or more and approved by the Board of Directors. If the dissenting opinion is not passed by more than half of the Audit Committee members, it may be approved by more than two-thirds of all directors, and the Audit Committee's resolution shall be included in the minutes of the Board of Directors' meeting.</u>	

Resolution:

Election:

Proposal 1: By-election of one director (proposed by the Board of Directors)

Explanation: 1. Based on the operational needs, one director should be reelected, and the number of incumbent directors would increase from 8 to 9.

2. The new director should assume office after the by-election, and the term of office should be the same as that of the incumbent directors from the date of election to December 13, 2021. The list of candidates for director is as follows:

Candidate for Director	Account Number or ID Number	Education	Work Experience	Number of Shares Held
Cheng, Fu-Sheng	11806	Master in Industrial Engineering and Engineering Management, National TsingHua University	President of MACHVISION, INC. Executive Assistant of Wafer Works Corporation & Vice President of Subsidiary Operations	26,000

3. Please proceed to elect.

Resolution:

Other Proposals:

Proposal 1: Release of new directors from non-competition restrictions (proposed by the Board of Directors)

Explanation: 1. According to Paragraph 1, 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. According to Paragraph 1, Article 209 of the Company Act, please approve the release of new directors from non-competition restrictions in the shareholders' meeting.
The concurrent positions held by the candidate for director in other companies are summarized below:

Director	Company where the Director Concurrently Holds a Position	Position
Chen, Fu-Sheng	Machvision Korea Co., Ltd.	Chairperson
	Guangdong Jusen Intelligent Equipment Co., Ltd.	Chairperson

Special Motion:

Meeting Adjourned

Attachment 1

2018 Business Report(營業報告書)

Thank you for your time to visit our shareholders' meeting in the Republic of China in 2019. Looking back over the past year, the company's consolidated revenue in 2018 was NT\$ 3.112 billion, a record high since its establishment, with an annual growth rate of 119% high. Consolidated after-tax net profit was NT\$ 1,307,717 thousands, an annual growth of 183%. The net profit margin for the year of 2018 was 51%, the net profit after tax was 42%, the return on assets was 48%, and the return on equity was 71%.

1. Business results in 2018

(1) Business plan implementation results

Unit: NTD thousands

Item	2018		2017		Increase/decrease	
	Amount	%	Amount	%	Amount	%
Operating revenues (營業收入)	3,111,876	100	1,420,888	100	1,690,988	119
Gross profit (營業毛利)	2,166,682	70	909,603	64	1,257,079	138
Operating income (營業利益)	1,584,152	51	566,258	40	1,017,894	180
Net income before income tax(稅前淨利)	1,622,224	52	546,790	38	1,075,434	197
Net Income , net of tax 稅後淨利	1,307,717	42	461,424	32	846,293	183
Earnings per share (每股盈餘)(NT\$)	30.43		10.86		19.57	

(2) Budget execution situation

The company did not disclose financial forecasts in 2018 and therefore does not apply.

(3) Financial income and expenditure and profitability analysis

Item		2018	2017	2016	
Profitability (獲利能力)	Return on assets (%) (資產報酬率)	48	28	15	
	Return on equity (%) (權益報酬率)(%)	71	37	19	
	Rate to paid-up capital (%) (估實收資本額 比例)	Operating income	372	133	58
		Pre-tax net profit	381	128	58
	Net profit ratio(純益率) (%)	42	32	25	
	Earnings per share (NT\$) (每股盈餘)	30.43	10.86	4.67	

(4) Overview of technology and R&D

The main research and development achievements of the company in 2018 are as follows:

1. COF Chip AVI
2. RTRAOI

2. Summary of the business plan for the year of 2019

Important production and sales policies, future company development strategies and expected sales:

Annual revenue has a significantly grown in 2018. Not only set a new record high of annual revenue, but also MoM, QoQ and YoY have a significantly grown. This is mainly due to the “MACHVISION Five Arrows” of company's product strategy, in which the first arrow is on the development of IC Substrate, HDI & FPCB AOI equipments have the MACHVISION market share increased in FPCB market; as for the second arrow of Semiconductor AOI equipments, enhance depth key accounts' relationship and mass production; the third arrow is the PCB smart AOI 4.0 is also the growth momentum in 2018; the fourth arrow, 3D AOI full measuring equipments , and the new layout of products from PRC equity for the fifth arrow.

Although the global economy in 2019 is deeply affected by the US-China trade war, the market uncertainties increase, MACHVISION has made preparations to expand the two main axes of vertical extension and horizontal new industry expansion, and increase revenue kinetic energy. Longitudinal deep extension refers to the expansion of the market share of existing products, such as the PCB market outside the Greater China region and the market development of small and medium-sized PRC private enterprises in the mainland, these are the markets that have not been discovered in 2018. Horizontal new industry expansion refers the new industry direction of COF, Smart camera and FPCB Assembly AVI to attack, and adds a new growth momentum. These two policies help to withstand the uncertainties in the US-China trade war environment and are quite optimistic about the revenue growth in 2019.

The strong capability of R&D is always the core competitiveness of the company. In order to strengthen and maintain this competitive advantage, the company will continue to develop three core technologies for the automatic optical inspection: one for the 2D/3D measurement, the second for the wiring inspection and the other for the appearance defect inspection, and will actively invest more R&D resources, import the new technology for research and development to develop new products, to create a larger market and more performance and profits. In addition to the development of new products, the company is also actively improving the functionality and efficiency of existing products, upgrading existing equipments of customers, increasing production capacity and increasing customer satisfaction.

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

Chairman: Wang, Guang-Shiah

General Manager: Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

Attachment 2

MACHVISION, INC. **Audit Committee Review Report (審計委員會查核報告書)**

To: The General Meeting of Shareholders 2019 of MACHVISION, INC.

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and proposal for Allocation of Earnings. The Huang, Bai-Shu accountant and Yu, An-Tian accountant of the KPMG CPA firm was retained to audit the MACHVISION, INC. (the "Company") Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and Earnings Allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of MACHVISION, INC. According to relevant requirements by Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Audit Committee
Convener:

February 13, 2019

Attachment 3

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated balance sheets of Machvision Inc. Co., Ltd. (the "Company") and its subsidiaries ("the Group") as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2018 and 2017, and their consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2018 consolidated financial statements. 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. Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

1. Revenue recognition

We also consider the appropriateness of the disclosure of operating income in Note 4-13 and 6-14 to the consolidated financial statements.

Description of key audit matter:

Operating income is the primary indicator for an investor and management to assess the financial or business performance of the Company. It is a significant impact on the financial statements as at the right timing and amount about the revenue recognition, and in the first time the management's subject judgment of the assumptions or judgments used to measure and recognize income by International Financial Reporting Standard No. 15 is applicable, is think a key check item.

How the matter was addressed in our audit:

To understand and test the effectiveness of the design and implementation of sales and collection operations cycle of internal control system, and review the proper functionality of the key judgments and estimates of the income recognition from the significant contract assessment; understand the product categories and sales models of the top ten clients of sales. Check whether the sales revenue and the receivables turnover days are match the trading conditions, understand the client changes in the latest period and the same period of last year and analyze whether there are any major abnormalities; select the sales transaction samples for a period of time before and after the shipment deadline, check the relevant voucher to assess the correctness of the revenue recognition period and whether there is an abnormal income subpoena and to know whether there is a significant return or exchange after the period.

2. Impairment of trade receivables

Please refer to Note 4-7 and 6-2 for the relevant disclosure of impairment of accounts receivable.

Description of key audit matter:

The Company and its subsidiaries' Notes Receivable, Accounts Receivable and long-term receivables accounted for 34% of the total assets as December 31, 2018 , the impairment situation evaluated by the management due to internal and external evidences, is a key check item.

How the matter was addressed in our audit:

Test the validity of the control points related to the collection; obtain the accounts receivable list, select the sample to send a letter to the inquiry; obtain the account receivable impairment loss rate trial balance, check whether the formula is acceptable, and obtain the accounts receivable for the age analysis table, select the sample to check the correctness of the relevant voucher and check the aging interval, and check whether the provision for bad debts is based on the loss rate, and whether the management management's recognition of the impairment of the accounts receivable is reasonable.

3. Inventory measurement

Please refer to Note 4-8,5 and 6-3 for the relevant disclosures on the subsequent measurement of inventories.

Description of key audit matter:

The inventory of the Company and its subsidiaries is mainly optical inspection instruments and related components. Due to the rapid changes in technology and the updating of production

technology, the original products may be outdated or no longer meet the market demand, the sales demand and price of related products may fluctuate drastically, and the post-continuation measurement depends on the management of the group by means of internal and external evidences evaluated, is a key check item.

How the matter was address in our audit:

Whether the accounting policy is reasonable for continuously valuating the measurement of inventory ; review the inventory age report, analyze the inventory age change, and assess whether the inventory management has being implemented accounting policies continuously; understand and evaluate the reasonable basis of the net realizable value adopted by management, and then reselect the sample and review Relevant documents to check the correctness of the amount and to assess whether the continuously inventory recognition at the management level is reasonable.

Other Matter

We have audited and expressed an unqualified opinion on the individual financial statements of the Company as of December 31, 2018 and 2017 and for the years then ended.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control(内部控制) 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's 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 auditor's 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 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, that we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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.

Notes to Readers

The accompanying consolidated financial statements are intended only to present the Consolidated statement of financial position, financial performance and 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 consolidated financial statements 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 auditor's report are Po-Shu Huang and AnnTien Yu.

KPMG

Taipei, Taiwan (Republic of China)

February 13, 2019

MACHVISION, INC. and Subsidiaries
CONSOLIDATED BALANCE SHEETS(合併資產負債表)
 December 31, 2018 and 2017(民國一〇七年及一〇六年十二月三十一日)

單位：新台幣千元

Assets (資產)		107.12.31		106.12.31		Liabilities and stockholders' equity (負債及權益)		107.12.31		106.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets (流動資產)：						Current liabilities (流動負債)：					
1100	Cash and cash equivalents (現金及約當現金)(Note (附註)6-1)	\$ 1,764,842	51	751,469	39	2130	Bank loans - current (合約負債－流動)(Note 6-14)	\$ 82,716	2	-	-
1151	Notes receivable (應收票據)(Note 6-2)	18,379	1	2,953	-	2150	Notes payable (應付票據)	1,358	-	524	-
1170	Accounts receivable, net (應收帳款淨額)(Note 6-2)	1,076,197	31	708,948	37	2170	Accounts payable (應付帳款)	318,692	9	185,895	10
130x	Inventories (存貨)(Note 6-3)	234,001	7	186,551	10	2209	Other payables (其他應付款)(Note 6-16)	457,106	14	218,538	11
1410	Prepayments (預付款項)	8,785	-	3,256	-		Income tax liabilities, 2018(本期所得稅負債)	271,716	8	65,811	3
1479	Other current assets (其他流動資產)	7,178	-	5,406	-	2250	Allowance for liabilities - current(負債準備－流動)(Note 6-8)	45,353	1	20,188	1
	Total current assets (流動資產合計)	3,109,382	90	1,658,583	86	2399	Other current liabilities (其他流動負債)	13,498	1	29,848	2
Non-current assets (非流動資產)：							Total current liabilities (流動負債合計)	1,190,439	35	520,804	27
1510	Financial assets measured at fair value through profit or loss- non current(透過損益按公允價值衡量之金融資產－非流動)(Note 6-4)	9,644	-	-	-	2570	Deferred tax liabilities (遞延所得稅負債)(Note 6-11)	780	-	-	-
1543	Financial assets measured at cost (以成本衡量之金融資產－非流動)(Note 6-5)	-	-	9,644	1	2640	Net defined benefit liabilities - non-current淨確定福利負債－非流動(Note 6-10)	9,497	-	8,757	-
1600	Property, plant and equipment (不動產、廠房及設備)(Note 6-6)	238,607	7	213,862	11		Total liabilities (負債總計)	1,200,716	35	529,561	27
1780	Intangible assets (無形資產)(Note 6-7)	303	-	566	-	3100	Equity attributable to the parent company (歸屬母公司業主之權益)(Note 6-12)：				
1840	Deferred tax assets (遞延所得稅資產)(Note 6-11)	25,686	1	13,730	1		Capital (股本)	426,082	12	426,082	22
1920	Guarantee deposits paid (存出保證金)	5,285	-	5,767	-	3211	Capital surplus (資本公積)：				
1932	Long-Term accounts receivables (長期應收款)(Note 6-2)	80,951	2	16,064	1		Capital surplus-additional paid-in capital-common stock (普通股股票溢價)	59,485	2	59,485	3
1995	Other non-current assets (其他非流動資產)(Note 8)	2,189	-	2,186	-	3235	Capital surplus - recognition of changes in ownership equity of subsidiaries (認列對子公司所有權權益變動數)	4	-	4	-
	Total non-current assets (非流動資產合計)	362,665	10	261,819	14	3280	Capital surplus-other (資本公積－其他)	3	-	-	-
								59,492	2	59,489	3
							Retained earnings (保留盈餘)：				
						3310	Legal reserve surplus (法定盈餘公積)	180,274	5	134,000	7
						3320	Special reserve surplus (特別盈餘公積)	2,507	-	2,041	-
						3350	Undistributed surplus(未分配盈餘)	1,544,754	44	721,872	38
								1,727,535	49	857,913	45
							Other components of equity (其他權益)：				
						3410	Exchange differences on financial statement of foreign operations(國外營運機構財務報表換算之兌換差額)	(2,957)	-	(2,507)	-
							Equity attributable to the parent company (歸屬於母公司業主權益總計)	2,210,152	63	1,340,977	70
							Non-controlling interests (非控制權益)	61,179	2	49,864	3
							Total equity (權益總計)	2,271,331	65	1,390,841	73
							Total liabilities and equity (負債及權益總計)	\$ 3,472,047	100	1,920,402	100
	Total assets (資產總計)	\$ 3,472,047	100	1,920,402	100	36xx					

(Please reference to the individual financial statement attached notes) (請詳閱後附合併財務報告附註)

Chairman: Wang, Guang-Shiah

Manager : Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

MACHVISION, INC. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (合併綜合損益表)

For the years ended December 31, 2018 and 2017

Unit: NTD thousands

	2018		2017	
	Amount	%	Amount	%
4000 Operating incomes (營業收入) (Note 6-14 6-15)	\$ 3,111,876	100	1,420,888	100
5000 Operating costs (營業成本) (Note 6-3 6-6 6-10 6-16 7)	945,194	30	511,285	36
5900 Gross profit (營業毛利)	2,166,682	70	909,603	64
6000 Operating expenses (營業費用) (Note 6-2 6-6 6-10 6-16 7) :				
6100 Amortizations (推銷費用)	242,446	8	134,973	9
6200 General and administrative (管理費用)	161,796	5	64,614	5
6300 Research and development (研究發展費用)	169,439	6	143,758	10
6450 Expected credit impairment Loss(預期信用減損損失)	8,849	-	-	-
Total operating expenses (營業費用合計)	582,530	19	343,345	24
Net operating income (營業淨利)	1,584,152	51	566,258	40
7000 Non-operating income and expenses (營業外收入及支出) (Note 6-17) :				
7010 Other income (其他收入)	8,788	-	5,556	-
7020 Other gain and losses (其他利益及損失)	29,284	1	(25,024)	(2)
Total non-operating income and expenses (營業外收入及支出合計)	38,072	1	(19,468)	(2)
7900 Income from continuing operations before income tax (繼續營業部門稅前淨利)	1,622,224	52	546,790	38
7950 Decrease : Income tax expense (所得稅費用) (Note 6-11)	314,507	10	85,366	6
Net income, 2018 (本期淨利)	1,307,717	42	461,424	32
8300 Other comprehensive income (其他綜合損益) :				
8310 Items that may not be reclassified subsequently to profit or loss (不重分類至損益之項目)				
8311 Determine the re-measurement of the welfare plan(確定福利計畫之再衡量數)	(698)	-	54	-
8349 Income tax related to items that may not be reclassified subsequently to P/L (與不重分類之項目相關之所得稅)	-	-	-	-
	(698)	-	54	-
8360 Items that may be reclassified subsequently to profit or loss (後續可能重分類至損益之項目)				
8361 Exchange differences on translation of foreign operations (國外營運機構財務報表換算之兌換差額)	(676)	-	(561)	-
8399 Income tax related to items that may be reclassified subsequently to P/L (與可能重分類之項目相關之所得稅)	226	-	95	-
Total items that may be reclassified subsequently to profit or loss (後續可能重分類至損益之項目合計)	(450)	-	(466)	-
8300 Total other comprehensive income, 2018 (本期其他綜合損益)	(1,148)	-	(412)	-
Total comprehensive income, 2018 (本期綜合損益總額)	\$ 1,306,569	42	461,012	32
2018 net income attributable to (本期淨利歸屬於):				
Stockholders of the parent (母公司業主)	\$ 1,296,402	42	462,744	32
8620 Non-controlling interests (非控制權益)	11,315	-	(1,320)	-
	\$ 1,307,717	42	461,424	32
Total comprehensive income attributable to (綜合損益總額歸屬於):				
Stockholders of the parent (母公司業主)	\$ 1,295,254	42	462,332	32
Non-controlling interests (非控制權益)	11,315	-	(1,320)	-

(Please reference to the individual financial statement attached notes)

Chairman: Wang, Guang-Shiah

Manager : Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

		<u>\$ 1,306,569</u>	<u>42</u>	<u>461,012</u>	<u>32</u>
9750	Earnings per share (每股盈餘) (Note 6-13)				
9710	Earnings per share-basic (基本每股盈餘) (NTD)	<u>\$</u>	<u>30.43</u>		<u>10.86</u>
9810	Earnings per share-diluted (稀釋每股盈餘) (NTD) (單位：新台幣元)	<u>\$</u>	<u>30.11</u>		<u>10.78</u>

(Please reference to the individual financial statement attached notes)

Chairman: Wang, Guang-Shiah

Manager : Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

MACHVISION, INC. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (合併權益變動表)
For the years ended December 31,2018 and 2017

Unit: NTD thousands

Equity attributable to the parent company(歸屬於母公司業主之權益)

	Retained Earnings						Other components of equity (其他權益項目) Exchange differences on translation of foreign operations	Equity attributable to the parent company (歸屬於母公司業主權益總計)	Non-controlling Interests	Total equity
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Un-appropriated earnings	Total				
Balance as of January 1,2017	\$ 426,082	59,570	114,12	-	459,949	574,07	(2,041)	1,057,681	29,973	1,087
Appropriations of prior year's earnings (盈餘指撥及分配) :										
Legal capital reserve	-	-	19,87	-	(19,879)	-	-	-	-	-
Special Reserve	-	-	-	2,041	(2,041)	-	-	-	-	-
Cash dividends (普通股現金股利)	-	-	-	-	(178,955)	(178,95)	-	(178,955)	-	(178,955)
Net income, 2017	-	-	-	-	462,744	462,74	-	462,744	(1,320)	461
Other comprehensive income in 2017	-	-	-	-	54	54	(466)	(412)	-	(412)
Total comprehensive income in 2017	-	-	-	-	462,798	462,79	(466)	462,332	(1,320)	461
Increase in non-controlling interests(非控制權益增加)	-	(81)	-	-	-	-	-	(81)	21,211	21
Balance (餘額) as of December 31,2017	426,082	59,489	134,00	2,041	721,872	857,91	(2,507)	1,340,977	49,864	1,390
Appropriations of prior year's earnings:										
Legal capital reserve	-	-	46,27	-	(46,274)	-	-	-	-	-
Special Reserve	-	-	-	466	(466)	-	-	-	-	-
Cash dividends	-	-	-	-	(426,082)	(426,08)	-	(426,082)	-	(426,082)
Changes in capital surplus (其他資本公積變動數)	-	3	-	-	-	-	-	3	-	-
Net income,2018	-	-	-	-	1,296,402	1,296,40	-	1,296,402	11,315	1,307
Other comprehensive income in 2018	-	-	-	-	(698)	(698)	(450)	(1,148)	-	(1,148)
Total comprehensive income in 2018	-	-	-	-	1,295,704	1,295,70	(450)	1,295,254	11,315	1,306
Balance as of December 31,2018	<u>\$ 426,082</u>	<u>59,492</u>	<u>180,27</u>	<u>2,507</u>	<u>1,544,754</u>	<u>1,727,55</u>	<u>(2,957)</u>	<u>2,210,152</u>	<u>61,179</u>	<u>2,271</u>

(Please reference to the individual financial statement attached notes)

Chairman: Wang, Guang-Shiah

Manager : Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

MACHVISION, INC. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS (合併現金流量表)

For the years ended December 31, 2018 and 2017

Unit: NTD thousands

	2018	2017
Cash flows from operating activities (營業活動之現金流量):		
Net income (loss) before tax (本期稅前淨利)	\$ 1,622,224	546,790
Adjustments (調整項目):		
Total provided by (used in) operating activities: 收益費損項目		
Depreciation (折舊費用)	8,783	8,577
Amortization	263	485
Expected credit impairment loss(預期信用減損損失)/Bad debt expenses (壞帳費用提列)	8,849	3,325
Interest revenue (利息收入)	(6,751)	(3,163)
Loss on disposal of property, plant and equipment (處分不動產、廠房及設備損失)	727	12
Total provided by (used in) operating activities 收益費損項目合計	<u>11,871</u>	<u>9,236</u>
Changes in operating assets and liabilities (與營業活動相關之資產/負債變動數):		
Net cash provided by (used in) operating activities 與營業活動相關之資產之淨變動:		
Notes receivable	(15,426)	1,531
Accounts receivable	(376,098)	(362,895)
Inventories (存貨)	(47,450)	(31,643)
Prepayments (預付款項)	(5,529)	9,351
Other current assets	(1,772)	(3,315)
Long-term receivables	(65,538)	(7,795)
Total net assets provided by (used in) operating activities (與營業活動相關之資產之淨變動合計)	<u>(511,813)</u>	<u>(394,766)</u>
Net liabilities provided by (used in) operating activities(與營業活動相關之負債之淨變動):		
Bank loans	64,502	-
Notes payable	834	(213)
Accounts payable	132,797	53,352
Other payables	238,568	85,719
Debt allowance 負債準備	25,165	9,124
Other current liabilities	1,864	23,556
Net accrued pension liabilities (淨確定福利負債)	42	58
Total net liabilities provided by (used in) operating activities (與營業活動相關之負債之淨變動合計)	<u>463,772</u>	<u>171,596</u>
Total net assets and liabilities provided by (used in) operating activities (與營業活動相關之資產及負債之淨變動合計)	<u>(48,041)</u>	<u>(223,170)</u>
Total adjustments 調整項目合計	<u>(36,170)</u>	<u>(213,934)</u>
Cash generated from operations (營運產生之現金流入)	1,586,054	332,856
Interest received (收取之利息)	7,402	3,179
Income tax paid (支付之所得稅)	(119,552)	(55,827)
Net cash provided by (used in) operating activities (營業活動之淨現金流入)	<u>1,473,904</u>	<u>280,208</u>
Cash flows from investing activities (投資活動之現金流量):		
Acquisition of property, plant and equipment (取得不動產、廠房及設備)	(34,916)	(6,995)
Proceeds from disposal of property, plant and equipment(處分不動產、廠房及設備)	220	-
Decrease (increase) in refundable deposits (存出保證金減少(增加))	482	(1,310)
Loss (gain) from disposal other assets - non-current(其他非流動資產減少(增加))	(3)	101
Net cash provided by (used in) investing activities (投資活動之淨現金流出)	<u>(34,217)</u>	<u>(8,204)</u>
Cash flows from financing activities(籌資活動之現金流量):		
Cash dividends distributed (發放現金股利)	(426,082)	(178,955)
Changes in non-controlling interests 非控制權益變動	-	21,130
Undistributed surplus - overdue(逾期未發放之股利)	3	-
Net cash flows provided by (used in) financing activities (籌資活動之淨現金流出):	<u>(426,079)</u>	<u>(157,825)</u>
Effect of exchange rate changes on cash and cash equivalents (匯率變動對現金及約當現金之影響)	<u>(235)</u>	<u>(318)</u>
Net increase (decrease) in cash and cash equivalents (本期現金及約當現金增加數)	1,013,373	113,861
Cash and cash equivalents at beginning of period (期初現金及約當現金餘額)	<u>751,469</u>	<u>637,608</u>
Cash and cash equivalents at end of period (期末現金及約當現金餘額)	<u>\$ 1,764,842</u>	<u>751,469</u>

(Please reference to the individual financial statement attached notes)

Chairman: Wang, Guang-Shiah

Manager: Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS(會計師查核報告)

The Board of Directors
MACHVISION, INC.,

Opinion

We have audited the accompanying balance sheets of MACHVISION INC. (the “Company”) and its subsidiaries (the “MACHVISION Group”) as of December 31, 2018 and 2017, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including the summary of significant accounting policies (together “the financial statements”).

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2018 and 2017, and the financial performance and cash flows for the years then ended.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2018 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company’s consolidated financial statements for the year ended December 31, 2018 are stated as follows:

1. Revenue Recognition

We also consider the appropriateness of the disclosure of operating income in Note 4.13 and 6.15 to the financial statements.

Description of key audit matter:

Operating income is the primary indicator for an investor and management to assess the financial or business performance of the Company. It is a significant impact on the financial statements as at the right timing and amount about the revenue recognition, and in the first time the management’s subject judgment of the assumptions or judgments used to measure and recognize income by International Financial Reporting Standard No. 15 is applicable, is think a key check item.

How the matter was addressed in our audit:

To understand and test the effectiveness of the design and implementation of sales and collection operations cycle of internal control system, and review the proper functionality of the key judgments and estimates of the income recognition from the significant contract assessment; understand the product categories and sales models of the top ten clients of sales. Check whether the sales revenue and the receivables turnover days are match the trading conditions, understand the client changes in the latest period and the same period of last year and analyze whether there are any major abnormalities; select the sales transaction samples for a period of time before and after the shipment deadline, check the relevant voucher to assess the correctness of the revenue recognition period and whether there is an abnormal income subpoena and to know whether there is a significant return or exchange after the period

2. Accounts receivable impairment

Please refer to Note 4-6 and 6-2 for the relevant disclosure of impairment of accounts receivable.

Description of key audit matter:

The Company' Notes Receivable, Accounts Receivable and long-term receivables accounted for 34% of the total assets as December 31, 2018 , the impairment situation evaluated by the management due to internal and external evidences, is a key check item.

How the matter was addressed in our audit:

Test the validity of the control points related to the collection; obtain the accounts receivable list, select the sample to send a letter to the inquiry; obtain the account receivable impairment loss rate trial balance, check whether the formula is acceptable, and obtain the accounts receivable for the age analysis table, select the sample to check the correctness of the relevant voucher and check the aging interval, and check whether the provision for bad debts is based on the loss rate, and whether the management management's recognition of the impairment of the accounts receivable is reasonable.

3. Inventory continued measurement

Please refer to Note 4-7,5 and 6-3 for the relevant disclosures on the subsequent measurement of inventories.

Description of key audit matter:

The inventory of the Company and its subsidiaries is mainly optical inspection instruments and related components. Due to the rapid changes in technology and the updating of production technology, the original products may be outdated or no longer meet the market demand, the sales demand and price of related products may fluctuate drastically, and the post-continuation measurement depends on the management of the group by means of internal and external evidences evaluated, is a key check item.

In response the audit formula:

Whether the accounting policy is reasonable for continuously valuating the measurement of inventory; review the inventory age report, analyze the inventory age change, and

assess whether the inventory management has being implemented accounting policies continuously; understand and evaluate the reasonable basis of the net realizable value adopted by management, and then reselect the sample and review Relevant documents to check the correctness of the amount and to assess whether the continuously inventory recognition at the management level is reasonable.

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

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control (内部控制) as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries

The governance unit (including the audit committee) of MACHVISION, INC. is responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 unconsolidated 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 unconsolidated 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, that we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the accompanying notes, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the unconsolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 unconsolidated financial statements 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 CPA firm of KPMG

Huang, Bai-Shu

Account:

Yu, An-Tian

The competent authority of the securities approves the visa number : Taiwan Finance Certificate Six Characters No. 0920122026 (88) Taiwan Financial Certificate (6) No.18311

February 13, 2019

MACHVISION, INC. and Subsidiaries

BALANCE SHEETS(資產負債表)

December 31, 2018 and 2017

Unit: NTD

Assets		2018.12.31		2017.12.31		Liability and equity		2018.12.31		2017.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets :						Current liabilities:					
1100	Cash and cash equivalents (Note 6-1)	\$ 1,640,945	48	640,157	34	2130	Allowance for liabilities - current (Note 6-13)	\$ 81,800	2	-	-
1151	Notes receivable (Note 6-2)	1,837	-	1,252	-	2150	Notes payable	1,358	-	524	-
1170	Accounts receivable, net (Note 6-2)	892,763	26	652,971	35	2170	Accounts payable	300,035	9	184,676	10
1180	Accounts receivable-related parties (應收帳款－關係人)(Note 6-2 7)	152,397	5	77,149	4	2180	Accounts payable-related parties (應付帳款－關係人)(Note 7)	25,947	1	15,729	1
1210	Other receivables-related parties (其他應收款－關係人)(Note 7)	3,809	-	4,386	-	2200	Other payables (Note 6-17)	427,325	13	200,922	11
130x	Inventories (Note 6-3)	224,723	7	176,210	9	2220	Other payables-related parties (其他應付款－關係人)(Note 6-7)	37,059	1	27,526	1
1410	Prepayments (預付款項)	5,271	-	1,999	-	2230	Income tax liabilities, 2018	267,607	8	65,812	4
1479	Other current assets	4,362	-	2,528	-	2250	Allowance for liabilities - current (Note 6.9)	45,353	1	20,188	1
	Total current assets	2,926,107	86	1,556,652	82	2399	Other current liabilities	1,778	-	19,485	1
Non-current assets							Total current liabilities	1,188,262	35	534,862	29
1510	Financial assets measured at fair value through profit or loss- non current (Note 6-5)	9,644	-	-	-		Non-current liabilities :				
1543	Financial assets measured by cost- non current (Note 6-6)	-	-	9,644	1	2570	Deferred Income Tax Liabilities (Note 6.12)	780	-	-	-
1550	Investment using the equity method (Note 6-4)	85,091	3	86,083	5	2640	Pension Reserve/Accrued Pension Liability (Note 6.11)	9,497	-	8,757	-
1600	Property, plant and equipment (Note 6-7)	215,585	6	191,327	10		Total non-current liabilities(非流動負債合計)	10,277	-	8,757	-
1780	Intangible assets (Note 6-8)	303	-	566	-		Total liabilities	1,198,539	35	543,619	29
1840	Deferred income tax asset (Note 6-12)	25,686	1	13,730	1		Equity (Note 6.13):				
1920	Guarantee deposits paid	4,005	-	4,487	-	3110	Common stock	426,082	12	426,082	23
1932	Long-term accounts receivables (Note 6-2)	80,951	2	16,064	1		Capital surplus				
1942	Long-term receivable-related parties (長期應收款－關係人)(Note 6-2 7)	59,130	2	3,857	-	3211	Capital surplus-additional paid-in capital-common stock	59,485	2	59,485	3
1995	Other non-current assets(其他非流動資產)(Note 6-10 8)	2,189	-	2,186	-	3235	Capital surplus - recognition of changes in ownership equity of subsidiaries(資本公積－認列對子公司所有權權益變動數)	4	-	4	-
	Total non-current assets	482,584	14	327,944	18	3280	Capital surplus-other	3	-	-	-
							Retained earnings:				
						3310	Legal reserve:	180,274	5	134,000	7
						3320	Special reserve:	2,507	-	2,041	-
						3350	Undistributed surplus	1,544,754	45	721,872	38
								1,727,535	50	857,913	45
							Other equity:				
						3410	Exchange differences on financial statement of foreign operations	(2,957)	-	(2,507)	-
							Total equity	2,210,152	64	1,340,977	71
							Total liabilities and equity	\$ 3,408,691	100	1,884,596	100
	Total assets	\$ 3,408,691	100	1,884,596	100						

(Please reference to the individual financial statement attached notes)

Chairman: Wang, Guang-Shiah

Manager : Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

MACHVISION, INC.
STATEMENTS OF COMPREHENSIVE INCOME(綜合損益表)

For the years ended December 31,2018 and 2017

Unit: NTD thousands

		2018		2017	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (Note 6-15 6-16 7)	\$ 2,995,779	100	1,369,792	100
5000	Operating costs (Note 6-3 6-7 6-9 6-10 6-11 6-17 7)	<u>921,494</u>	<u>31</u>	<u>511,827</u>	<u>37</u>
	Gross profit	2,074,285	69	857,965	63
5910	Decrease: unrealized sales benefits (減：未實現銷貨利益)	<u>1,185</u>	<u>-</u>	<u>2,533</u>	<u>-</u>
5900	Realized operating margin(已實現營業毛利)	<u>2,073,100</u>	<u>69</u>	<u>855,432</u>	<u>63</u>
6000	Operating expenses (Note 6-2 6-7 6-8 6-10 6-11 6-17 7)				
6100	Amortizations	188,365	6	99,719	7
6200	General and administrative	159,876	6	62,681	5
6300	Operating expenses total	148,216	5	123,093	9
6450	Credit impairment loss expected(預期信用減損損失)	<u>8,708</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Operating expenses total	<u>505,165</u>	<u>17</u>	<u>285,493</u>	<u>21</u>
	Operating income	<u>1,567,935</u>	<u>52</u>	<u>569,939</u>	<u>42</u>
7000	Non-operating income and expenses (Note 6-18 7):				
7010	Other income	8,853	-	5,992	-
7020	Other gain and losses	28,458	1	(26,359)	(2)
7775	Share of interests (losses) of subsidiaries recognized by equity method(採用權益法認列之子公司利益(損失)之份額)	<u>869</u>	<u>-</u>	<u>(2,265)</u>	<u>-</u>
	Total non-operating income and expenses	<u>38,180</u>	<u>1</u>	<u>(22,632)</u>	<u>(2)</u>
7900	Income from continuing operations before income tax	1,606,115	53	547,307	40
7950	Decrease: income tax expense (Note 6-12)	<u>309,713</u>	<u>10</u>	<u>84,563</u>	<u>6</u>
	Net income	<u>1,296,402</u>	<u>43</u>	<u>462,744</u>	<u>34</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	確定福利計畫之再衡量數	(698)	-	54	-
8349	Income tax related to items that may not be reclassified subsequently to P/L (與不重分類之項目相關之所得稅)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(698)</u>	<u>-</u>	<u>54</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(676)	-	(561)	-

(Please reference to the individual financial statement attached notes)

Chairman:
Wang, Guang-Shiah

Manager :
Chen, Fu-Sheng

Accounting Supervisor:
Tsai, Chia-Fen

8399	Income tax related to items that may be reclassified subsequently to P/L	226	-	95	-
	Total items that may be reclassified subsequently to profit or loss(後續可能重分類至損益之項目合計)	(450)	-	(466)	-
8300	Total other comprehensive income	(1,148)	-	(412)	-
	Total comprehensive income	\$ 1,295,254	43	462,332	34
9750	Earnings per share (Note 6.14)				
9710	Earnings per share-basic(NTD)	\$ 30.43		10.86	
9810	Earnings per share-diluted(NTD)	\$ 30.11		10.78	

(Please reference to the individual financial statement attached notes)

Chairman:
Wang, Guang-Shiah

Manager :
Chen, Fu-Sheng

Accounting Supervisor:
Tsai, Chia-Fen

MACHVISION, INC.
STATEMENTS OF CHANGES IN EQUITY (權益變動表)

For the years ended December 31, 2018 and 2017 民國一〇七年及一〇六年一月一日至十二月三十一日

	Unit: NTD thousands						Other Components of equity Exchange Differences on Translation of Foreign	Total Equity
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Retained Earnings Un-appropriated Earnings	Total		
Balance as of January 1, 2017	\$ 426,082	59,570	114,12	-	459,949	574,070	(2,041)	1,057,681
Appropriations of prior year's earnings:								
Legal capital reserve	-	-	19,87	-	(19,879)	-	-	-
Special reserve- recognized	-	-	-	2,041	(2,041)	-	-	-
Cash dividends	-	-	-	-	(178,955)	(178,955)	-	(178,955)
Net income, 2017	-	-	-	-	462,744	462,744	-	462,744
Other comprehensive income, 2017	-	-	-	-	54	54	(466)	(412)
Total comprehensive income, 2017	-	-	-	-	462,798	462,798	(466)	462,332
Dispose the difference between the equity price of the company and the book value(處分子公司股權價格與帳面價值差額)	-	(81)	-	-	-	-	-	(81)
Balance as of December 31, 2017	426,082	59,489	134,00	2,041	721,872	857,913	(2,507)	1,340,977
Appropriations of prior year's earnings:								
Legal capital reserve	-	-	46,27	-	(46,274)	-	-	-
Special reserve- recognized(提列特別盈餘公積)	-	-	-	466	(466)	-	-	-
Cash dividends	-	-	-	-	(426,082)	(426,082)	-	(426,082)
Other changes in capital surplus	-	3	-	-	-	-	-	3
Net income, 2018	-	-	-	-	1,296,402	1,296,402	-	1,296,402
Other comprehensive income, 2018	-	-	-	-	(698)	(698)	(450)	(1,148)
Total comprehensive income, 2018	-	-	-	-	1,295,704	1,295,704	(450)	1,295,254
Balance as of December 31, 2018	\$ 426,082	59,492	180,27	2,507	1,544,754	1,727,535	(2,957)	2,210,152

(Please reference to the individual financial statement attached notes)

Chairman: Wang, Guang-Shiah

Manager : Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

MACHVISION, INC.
STATEMENTS OF CASH FLOWS(現金流量表)
For the years ended December 31, 2018 and 2017

Unit: NTD thousands

	2018	2017
Cash flows from operating activities:		
Net income before tax	\$ 1,606,115	547,307
Adjustments		
Total provided by (used in) operating activities:		
Depreciation	6,991	7,005
Amortization	263	485
Expected credit impairment Loss/Bad debt expenses	8,708	3,325
Interest revenue	(6,386)	(3,106)
Net gain of financial assets at fair value through profit or loss	(869)	2,265
loss on disposal of property, plant and equipment (處分不動產、廠房及設備損失)	727	-
Unrealized sales benefits	1,185	2,533
Total provided by (used in) operating activities	10,619	12,507
Changes in operating assets and liabilities:		
Net assets provided by (used in) operating activities:		
Notes receivable	(585)	64
Accounts receivable	(248,500)	(361,490)
Accounts receivable-related parties	(75,248)	(18,070)
Other receivables-related parties	577	(2,278)
Inventories	(48,513)	(28,443)
Prepayments	(3,272)	9,638
Other current assets	(1,850)	(1,443)
Long-term receivables(related party included)	(121,387)	791
Total net assets provided by (used in) operating activities	(498,778)	(401,231)
Net liabilities provided by (used in) operating activities:		
Bank loans	63,632	-
Notes payable	834	(213)
Accounts payable	115,359	52,696
Accounts payable-related parties	10,218	(15,191)
Other payables	226,403	78,076
Other payables-related parties	9,533	5,346
Debt allowance	25,165	9,124
Other current liabilities	461	16,236
Accrued pension liabilities	42	58
Total net liabilities provided by (used in) operating activities	451,647	146,132
Total net assets and liabilities provided by (used in) operating activities	(47,131)	(255,099)
Total adjustments	(36,512)	(242,592)
Cash generated from operations	1,569,603	304,715
Interest received	7,629	3,122
Income tax paid	(118,868)	(55,023)
Net cash provided by (used in) operating activities	1,458,364	252,814
Cash flows from investing activities:		
Acquired investments using the equity method(取得採用權益法之投資)	-	(18,870)
Acquisition of property, plant and equipment	(32,196)	(1,059)
Proceeds from disposal of property, plant and equipment	220	-
Decrease (Increase) in refundable deposits	482	(390)
Other non-current assets Decrease (Increase)	(3)	101
Net cash provided by (used in) investing activities	(31,497)	(20,218)
Cash flows from financing activities:		
Cash dividends distributed	(426,082)	(178,955)
Undistributed surplus - overdue	3	-
Net cash provided by (used in) financing activities	(426,079)	(178,955)
Net increase in cash and cash equivalents	1,000,788	53,641
Cash and cash equivalents at beginning of period	640,157	586,516
Cash and cash equivalents at end of period	\$ 1,640,945	640,157

(Please reference to the individual financial statement attached notes)

Chairman: Wang, Guang-Shiah

Manager : Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

Attachment 4

MACHVISION, INC.
STATEMENT of SURPLUS ALLOCATION
2018

Unit: NTD thousands

Balance at beginning of period (期初餘額)	249,050,922
Increase : Net income-after tax, in 2018, in 2018 (本年度稅後淨利)	1,296,400,699
Decrease: Determine the welfare plan (loss) benefits (減：確定福利計畫精算(損)益)	(698,000)
profit available for distribution (可供分配盈餘)	1,544,753,621
Decrease: Legal reserve- 10% recognized (提列10%法定盈餘公積)	(129,640,070)
Special reserve- recognized (提列特別盈餘公積)	(450,295)
Assignment item(分配項目)：	
Cash dividends distributed (NTD 27.00 per share) (股東現金紅利(每股27.00元))	(1,150,422,318)
Balance of undistributed surplus as of December 31, 2018 (期末未分配盈餘)	264,240,938

Note 1: All surpluses are allocated in cash. If the total amount after the decimal point (less than one yuan) allocated due to shareholder dividends is added to the company's other income.

Company representative: Wang, Guang-Shiah

Manager: Chen, Fu-Sheng

Accounting Supervisor: Tsai, Chia-Fen

Appendix 1

Corporate Charter of MACHVISION Inc Co., Ltd.

Chapter 1 General Provisions

Article 1: The Company is organized in accordance with the Company Act and named MACHVISION Inc Co., Ltd. (hereinafter referred to as “the Company”).

Article 2: The company’s businesses are listed as follows:

1. CB01010 Manufacture of Machinery and Equipment
2. CE01010 Precision Instruments Manufacturing
3. CE01030 Photographic and Optical Equipment Manufacturing
4. I301010 Software Design Services
5. F401010 International Trade

To research, develop, design, manufacture and sell the following products:

1. Non-contact machine vision inspection system & equipment (precision inspection under 10μm)
 - (1) Inspection system & equipment for BGA, CSP substrates
 - (2) Inspection system & equipment for LCD Panel
 - (3) Hole AOI for PCB high-speed slot hole
2. Intelligent vision module
3. Inspection system for line width
4. Inspection system for drill bits
5. Analysis software for target diagrams
6. To provide import/export and international trading services related to this company’s businesses.

Article 2-1: The Company may act as a guarantor.

Article 3: The Company is headquartered in Science-based Industrial Park and when necessary may establish branches or representative offices at proper locations at home and abroad as resolved by the Board of Directors and approved by the competent authority.

Article 4: Public announcements of the Company shall be made according to Company Act and other related laws and regulations.

Article 5: The Company's total amount of investment in other businesses is not subject to the limitation of 40% of the Company’s paid-in capital under Article 13 of the Company Act. Any other matters relating to reinvestment shall be executed pursuant to resolutions to be adopted by the Board of Directors.

Chapter 2 Shares

Article 6: The authorized capital of the Company is NT\$0.5 billion consisting of 50 million shares. The par value of each share is NT\$10, and such shares can be issued in separate installments.

Article 7: The share certificates of the Company shall without exception be in registered form, signed by, or affixed with seals of, at least three Directors, and authenticated by the competent authority before issuance.

Article 8: The shareholders of the Company shall process the shareholder services such as transfer of share ownership, creation for pledge of rights, reporting of loss, inheritance of shares, gift, reporting of specimen chop loss or change, or change of address, etc., in accordance with the ‘Regulations Governing the Administration of Stock Affairs of Public Companies’ announced by the competent authority in addition to the relevant securities laws and regulations.

Article 9: All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an General shareholders' meetings, or for 30 days prior to an extra General shareholders' meetings, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Chapter 3 Shareholders' Meeting

Article 10: Shareholders' meetings of the Company are of two kinds: general shareholders' meetings and extra general shareholders' meetings. The General shareholders' meetings are convened once per year within six months from the close of the fiscal year. Extra general shareholders' meetings may be convened in accordance with applicable laws and regulations whenever necessary.

Article 11: The shareholders unable to attend the shareholders' meeting in person shall comply with the Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the competent authority to appoint a proxy to attend the meeting and execute their power.

Article 12: The Chairperson of the Board shall chair the shareholders' meeting. Where the Chairperson of the Board is on leave or unable to perform his/her duties, the proxy shall act in place of the chairperson in accordance with Article 208 of the Company Act herein.

Article 13: Each shareholder of the Company is entitled to one vote for each share held. The shareholders have no voting rights once any circumstance occurs and applies to the Company under Article 179 of the Company Act.

Article 14: Except as otherwise provided by the Company Act, resolutions of a shareholders' meeting shall be adopted at a meeting attended by shareholders representing a majority of the total number of issued shares and at which meeting a majority of the shareholders vote in favor of such resolutions. Where the Company cancelling its public offering, the Company shall submit this matter to the shareholders' meeting for resolution.

Voting rights of shareholders may be exercised by way of electronic transmission. A shareholder who exercises his/her votes by way of electronic transmission shall be deemed to have attended such general meeting in person. Any other related matters shall be dealt with in accordance with the applicable laws, rules and regulations.

Article 15: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, provided that provisions in Article 183 of The Company Act, be fulfilled.

Chapter 4 Directors, Audit Committees

Article 16: The Company shall have five to nine Directors, all to be elected from persons having legal capacity at a shareholders' meeting and are eligible for re-election. Directors shall each hold office for a term of three (3) years. The special election of Directors shall adopt the full-fledged candidate nomination measure. If the percentage of shareholdings of all the Directors selected is subject to the provisions separately prescribed by the competent authority in charge of securities affairs, such provisions shall prevail.

Article 16-1: The number of Independent Directors shall be no less than three, and shall be no less than one fifth of the total number of Directors. The Independent Directors shall be elected from among the list of candidates for Independent Directors by the shareholders' meeting. Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, method of nomination and election and other matters for compliance with respect to Independent Directors shall be subject to the rules prescribed by the competent authority in charge of securities affairs.

Article 17: When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of Directors or all the Independent Directors have been dismissed

for any reason, the Board of Directors shall call a meeting of shareholders to elect succeeding Directors to fill the vacancies. The new Directors shall serve the remaining term of service until the expiry of the existing Directors' present term of office, except for the overall re-election of Directors.

Article 18: The Board shall be formed by the Directors. The chairperson of the Board shall be elected from among the Directors by a majority vote of the Directors present at a meeting attended by at least two-thirds of all Directors. The exercise of all the matters shall be handled by the chairperson of the Board in accordance with the provisions of laws and regulations and the Articles of Incorporations of the company, and the resolutions adopted by the shareholders' meetings and the meetings of the board of directors.

Article 19: The resolution on Company's guidelines for management and other important matters shall be adopted by the Board of Directors. Others shall be convened and presided by the Chairman of the Board of Directors, except the calling for the first meeting of each term of the Board of Directors which shall be convened by the Board of Directors in accordance with Article 203 of the Company Act. In case the chairman of the Board of Directors can not exercise his power and authority for any cause, the chairman of the Board of Directors shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves an acting chairman of the Board of Directors.

Article 19-1: A notice specifying the reason for convening a Board meeting shall be sent to all Directors seven (7) days prior to the meeting; provided, however, that a Board meeting may be convened on short notice in the event of emergency. Such notice may be served in the form of writing, E-mail, or Fax.

Article 20: Unless otherwise provided by the Company Act, the meeting of the Board of Directors shall be attended by over one-half of the entire Directors of the Company. The resolutions of a directors' meeting shall be adopted with the consent of a majority of the Directors present at the meeting. In case a Director cannot, for cause, attend a meeting, he/she shall, in each time, issue a written proxy. The proxy form shall state therein the scope of authority of such proxy with reference to the subject matters to be discussed as listed in the Board meeting notice. A Director may accept the appointment to act as the proxy of one other Director only.

Article 21: When the Company's Directors perform their duties for the Company, the Company may pay remuneration regardless of whether the Company operates at a profit or loss. The Board of Directors is authorized to decide the rates of such remuneration by taking into account the extent and value of the services provided for the management of the Company. The remuneration of directors shall be determined without succeeding the standards on the highest emolument prescribed in the Company's regulations on the salary payment. The Board of Directors of the Company may resolve to pay the transportation allowances to Directors and may purchase liability insurance for Directors at a level consistent with general practices in the industry.

Article 21-1: The Company's Board meeting may set up various functional committees and shall establish the respective organizational codes of each functional committee based on operation needs.

Article 22: The Company may establish the Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act based on operation needs. The Audit Committee shall be organized by at least three Independent Directors. The members of the Audit Committee are responsible for exercising the powers conferred by the Company Act, the Securities and Exchange Act and any other legal rules for prescribing the powers of supervisors. The Supervisors will cease to function and be dismissed on the date of instituting of the Audit Committee. The regulations on supervisors in this charter shall be immediately invalidated.

Article 22-1: The Company shall set up the Audit Committee according to laws, which shall consist

of the entire Independent Directors. Powers conferred by the Company Act, the Securities and Exchange Act and any other law to be exercised by supervisors shall be exercised by the Audit Committee.

Matters concerning the number of committee members, the tenure, the authority and assigned duties, the parliamentary rules, and the resources to be provided by the Company when the Audit Committee exercises its powers shall be adopted pursuant to the Taiwan Regulations Governing the Exercise of Powers by Audit Committees of Public Companies and prescribed in accordance with the laws based on organization charters of the Audit Committee.

Chapter 5 Managerial officers and staffs

Article 23: The Company may have one president. The appointment, dismissal and remuneration of the president shall be handled in accordance with Article 29 of the Company Act herein.

Article 24: Following the resolutions adopted at a meeting of the Board of Directors and instructions of the Chairman of the Board, the President shall take charge of all the Company's business operations.

Chapter 6 Final Accounts

Article 25: At the end of each fiscal year, the Board of Directors shall prepare the following documents: (1) Business report (2) Financial report (3) Proposal for allocating profit or covering loss, which shall be submitted to the Audit Committee for review and approval 30 days prior to the regular shareholders' meetings in accordance with the laws, and submitted to the regular shareholders' meetings for approval.

Article 26: The Company's profit distributable to the employees as compensation for the current year shall mean the annual profit for such year before tax after deducting employees' and Directors' compensation of the Company. After reserving a sufficient amount out of the net income to set off the accumulated losses at the end of year, the Company may distribute no less than five percent (5%) to the employees as the Employees' compensation and may distribute not more than 3% to the Directors as the Directors' compensation. The decision on proportion of distribution for employees' and Directors' compensation and employees' compensation shall be paid either in the form of Shares or in cash, upon resolution by a majority votes at a meeting of the Directors attended by two-thirds or more of the Directors. Such resolution shall be reported to the Shareholders at a general meeting. The Company may allocate the profit distributable to the employees as compensation, to be paid in cash, to employees including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive Shares or cash.

Article 26-1: The Company shall resolve the surplus earning distribution and/or loss offsetting after the close of each semi fiscal year. If after the semi-annual closing of books there is a profit, the Company shall first estimate and reserve all taxes and dues, cover its losses in accordance with laws and appropriate a legal reserve of 10%; however, where such legal reserve amounts to the total capital of the Company, this provision shall not apply. The Company shall set aside a Special Reserve in accordance with laws and regulations prescribed by the competent authority. Any profit left over may be distributed, along with accumulative profits not yet distributed in previous quarters, pursuant to the distribution plan proposed by the Board of Directors.

The said plan may, in pursuance of the resolution adopted by its Board of Directors, be implemented in the form of cash. The said plan implemented in the form of issuance of new shares shall be distributed upon the resolution of the shareholders' meeting.

Article 26-2: If after closing of annual accounts there is a profit, the Company shall first estimate and reserve all taxes and dues, cover its losses in accordance with laws and appropriate a legal reserve of 10%. The Company shall set aside a Special Reserve in accordance with

laws and regulations prescribed by the competent authority. Any profit left over may be distributed, along with accumulative profits not yet distributed in previous quarters, pursuant to the distribution plan proposed by the Board of Directors and upon the resolution of the shareholders' meeting.

Chapter 7 Supplemental Provisions

Article 27: The Company's Charter and operational regulations shall be separately established and adopted by the Board of Directors.

Article 28: Matters not addressed by these Articles of Incorporation shall be governed by the Company Act and any other applicable laws.

Article 29: These Articles of Incorporation were adopted on May 26, 1998.

The 1st amendment was made on February 22, 2000.

The 2nd amendment was made on December 11, 2000.

The 3rd amendment was made on June 20, 2002.

The 4th amendment was made on June 26, 2003.

The 5th amendment was made on May 27, 2004.

The 6th amendment was made on December 7, 2005.

The 7th amendment was made on June 23, 2006.

The 8th amendment was made on May 25, 2007.

The 9th amendment was made on October 17, 2007.

The 10th amendment was made on June 25, 2008.

The 11th amendment was made on June 8, 2010.

The 12th amendment was made on June 13, 2012.

The 13th amendment was made on May 29, 2014.

The 14th amendment was made on May 27, 2016.

The 15th amendment was made on May 29, 2018.

The 16th amendment was made on December 14, 2018.

MACHVISION Inc Co., Ltd.

Responsible Person: Kuang-Hsia Wang

MACHVISION Inc Co., LTD
Procedures for Acquisition or Disposal of Assets

Chapter I. General Provisions

Article 1: Purpose and Basis

In order to protect investment, and all relevant information be disclosed publicly, and strengthen management of acquisition or disposition of assets of the Company, this procedure is specifically formulated.

These measures are stipulated in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", issued by the competent authority, but otherwise stipulated by other statutory regulations.

Article 2: Scope of Application

2.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.

2.2 Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.

2.3 Memberships.

2.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.

2.5 Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items)

2.6 Derivatives.

2.7 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.

2.8 Other major assets.

Article 3: The terms used in this procedure are defined as follows:

3.1 Derivatives: herein refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law used herein refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor ("transfer of shares") under Article 156, paragraph 8 of the Company Act.

3.3 Related Person Subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers

3.4 Professional Appraiser: herein should mean any appraisers/appraisal institutions specialized in real estate or other lawful appraisers/appraisal institutions of real estate and equipment.

3.5 Date of the Event: herein should mean, in principle, the contracting day, the payment day, the transaction day, the title transferring day, the day of a board resolution or other date when the transaction party and the transaction amount can be ascertained (whichever is earlier); for investments required to be approved by authority, the Date of the Event will be any of the above-mentioned dates or the date on which the approval letter of authority is received, whichever is earlier.

3.6 Mainland China area investment: Refers to investments in the mainland China area approved by Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions

of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4: Evaluation Procedure

The Company's decision to obtain or dispose of assets should be conducted via the following methods:

4.1 Purchase and sale of real estate or equipment: Price decisions shall be made after referring to the announcement of the present value, present value assessment, and the actual transaction price of the adjacent real estate after bidding, price comparison and negotiation. The authorization of transaction shall be made according to the approval and decision of the Company.

4.2 Security investment:

4.2.1. The valuable securities not purchased from the centralized trading market or business places of securities trading: the cause of the proposed investment, the counterpart of transaction, the purchase price and other issues should be made after the resolution by the Board of Directors.

4.2.2. The total amount of acquired short-term securities (excluding the evaluation of allowance losses) shall not exceed 50% of the net value, of which the total amount of individual securities (excluding the evaluation of the loss of allowance) shall not exceed 10% of the net value of the Company.

4.2.3. The total amount of acquired long-term securities (excluding the assessment of allowance losses) shall not exceed 200% of the net value, and the total amount of individual securities (excluding the assessment of allowance losses) shall not exceed 100% of the net value of the Company.

4.2.4. The Company shall not give up on Samoa MACHVISION INC.'S future capital increase each year. Samoa MACHVISION INC. shall not give up the capital increase of MACHVISION (Dongguan) Testing Equipment Co., Ltd. in the coming years; if in the future, the Company is required to give up the Company's capital increase or punishment on the basis of the policy alliance investigation or other agreement of the OTC, it must be approved by the special resolution of the Board of Directors of the Company.

4.3 The total amount of real estate acquired for non business use shall not exceed ten percent of the net value of the Company.

4.4 The acquisition or disposition of a membership card or intangible assets shall be made after the decision of the Board of Directors is made on the terms and reasonableness of its transaction. If the above terms of transaction are restricted, the data shall be based on the provisions of Articles 9 to 12 of this procedure if necessary.

Article 5: Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, shall not be a Related Party of the Company or the other party of the transaction.

Article 6: Operating Procedure

The assets obtained or disposed of by the Company shall be submitted by the department in charge of the application and shall be submitted according to the provisions of the Article 5. After approval by the power and responsibility officer, the purchase, sale, acceptance, delivery and registration of property rights shall be handled in accordance with the relevant provisions of the Company's internal control system.

For major asset or derivative commodity transactions, they shall be approved by more than half of all Audit Committee members first and then submitted to the Board for approval; when it is stipulated that an asset transaction will be obtained or disposed of for discussion by the Board, the Board shall take into full consideration each Independent Director's opinions; if an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

Article 7: Announcement and Declaration Procedure

If the Company acquires or disposes of assets in the following circumstances, it shall, by nature and in accordance with the prescribed format, report the relevant information to the website designated by the competent authority within two days from the date of the occurrence of the facts:

7.1 When the Company acquires or disposes of real estate from a Related Party or when it intends to acquire or dispose of assets other than real estate from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading government bonds or bonds under repurchase/resale agreements and purchasing or redeeming domestic money market funds.

7.2 Implementation of merger, division, acquisition or share transfer.

7.3 The loss of trading derivatives reaches the limit for all or individual contract set forth in the Procedures for Financial Derivatives Transactions.

7.4 Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a Related Party, and the transaction amount is more than NT\$500 million.

7.5 Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the Company expects to invest in the transaction for more than NT\$500 million.

7.6 Where there is an asset transaction other than any such transactions referred to in the preceding 5 subparagraphs, a disposal of receivables to a financial institution, or an investment in mainland China area that reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

7.6.1 Trading of government bonds.

7.6.2 As a professional investor for overseas securities traded on the stock exchange or securities dealer business premises to whom, or to subscribe to raise the domestic primary market issuance of corporate bonds and equity interest in general not involved in financial bonds, or securities underwriting business due to business needs Emerging as the company recommended counseling securities dealers securities for subscription in accordance with the provisions of GreTai Securities Market.

7.6.3 Trading of bonds under repurchase/resale agreements and money market funds for the purchase or purchase of domestic securities investment trusts.

7.6.4 The amount of preceding transactions above shall be calculated as follows:

- (1) The amount of any individual transaction.
- (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- (3) The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

Within the preceding year as used refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company and its Subsidiary, which is not a domestic public issuing company, shall input the status with regard to the transaction of derivative commodities up to the end of last month into the information declaration website designated by the competent authority 10th day of each month in line with the prescribed format on a monthly basis.

The Company shall make announcement of declaration in accordance with the regulations, if there is

an error or omission at the time of the announcement, a correction should be made, and the whole content should be re-declared and re-announced within two (2) days from the date of finding.

The contracts, meeting minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by other laws, be kept in the Company for at least five (5) years.

Should any of the following conditions occur after the filing and public announcement of transactions, the Company needs to make an "Announcement and Report" accordingly within two (2) days commencing immediately from the date of occurrence of the event.

1. Amendment, termination or cancellation of the original agreement;
2. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.
3. Change to the originally publicly announced and reported information.

Article 8: Procedures for Managing Subsidiaries

1. Subsidiary should set up the handling procedures for acquisition or disposition of assets, and follow it accordingly.
2. The book value of securities and non-commercial real estate and equipment Subsidiary acquires should be the same amount as the quota of the Company as stipulated in Article 4.
3. If Subsidiary is not a domestic public issuing company, the public issuing parent company shall be the one who acquires or disposes the assets up to the announced declaration as stipulated in Article 7.
4. The standard of announcement and declaration of Subsidiary, for the regulation for 10% of the total assets, it shall be calculated by the total assets in the latest individual report of the parent company stipulated in the financial reporting standards of the securities issuer. The transaction amount stipulated in the 20% of the paid-in capital shall also be calculated by the 20% of the paid-in capital in the latest individual report of the parent company.

Chapter II. Acquisition and Disposition of Assets

Article 9: Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment for operation purpose, for acquisition or disposal of real estate, plant, and equipment by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:

9.1 If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction should be approved by the Board in advance. The above procedures should also be followed in case the transaction terms are changed subsequently.

9.2 If the transaction amount is more than NT \$1 billion, at least two Professional Appraisers to perform the appraisal.

9.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or

more of the transaction amount.

9.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 10: The Company acquiring or disposing of securities shall, prior to the Date of the Event, obtain the latest financial statements of the object company audited or reviewed by certified public accountant for the assessment and reference of transaction price. Should the transaction price reach 20% of the Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price have to be sought from a certified public accountant prior to the Date of the Event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. These requirements are not applicable if such securities have a public price from an active market or where otherwise provided by regulations of the Financial Supervisory Commission.

Article 11: If the Company obtains or subordinates a membership certificate or intangible assets transaction amounting to 20% of the company's paid-in capital or more than NT\$300 million, it shall, in addition to dealing with government organs, consult an accountant before the fact occurs to express its views on the reasonableness of the transaction price. The accountant shall also act in accordance with the provisions of Audit Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.

Article 11-1: The calculation of the transaction amounts referred to in Article 9 to Article 11 shall be done in accordance with Article 7, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 12: The Company for acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.

Chapter III. Related Person Transactions

Article 13: When the Company acquires or disposes of real estate from a Related Party or when it intends to acquire or dispose of assets other than real estate from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading government bonds or bonds under repurchase/resale agreements and domestic securities investment trust enterprise issued by money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by half of the Audit Committee and recognized by the Board:

13.1 The purpose, necessity and anticipated benefit of the property acquisition or disposal.

13.2 The reason for choosing the Related Party as a trading counterparty.

13.3 With respect to the acquisition of real estate from a Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 14 and 15.

13.4 The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.

13.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds

utilization.

13.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Articles 13-1.

13.7 Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by half of the Audit Committee and recognized by the Board need not be counted toward the transaction amount.

With respect to the Company and subsidiaries, the Company's Board may pursuant to Article 4, Item 2. Paragraph 4, delegate the Board Chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board meeting. When an acquisition of real estate from a Related Party is submitted for discussion by the Board pursuant to Paragraph 1, the Board shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, such asset transaction could be approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' Meeting. The terms all Audit Committee members and all directors in this article shall be counted as the actual number of persons currently holding those positions.

Article 13-1: When the Company engages in any acquisition or disposal of assets from or to a Related Party, in addition to adhere to procedures regulated in the preceding Article and this Article, the Company shall follow the relevant procedures described below to ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised properly. When the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the preceding Article. The calculation of the amount of the preceding transaction shall be dealt with in accordance with Article 11-1.

When judging whether a trading counterparty is a Related Party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 14: The Company, when acquiring real estate from a Related Party shall, evaluate the reasonableness of the transaction costs by the following means:

14.1 Based upon the Related Party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer under the law. Necessary interest on funding is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

14.2 Total loan value appraisal from a financial institution where the Related Party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a Related Party of one of the trading counterparties. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real estate from a Related Party and appraises the cost of the real estate in accordance with the provisions of paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real estate from a Related Party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 13 and the provisions of the preceding three paragraphs do not apply:

- (1) The Related Party acquired the real estate through inheritance or as a gift.
- (2) More than five (5) years will have elapsed from the time the Related Party signed the contract to obtain the real estate to the signing date for the current transaction.
- (3) The real estate is acquired through signing of a joint development contract with the Related Party or through contract development, where the Related Party as the developer, on the land of the Company or a third-party landowner.

Article 15: When the results of the Company's appraisal conducted in accordance with the provisions of paragraph 1 and paragraph 2 of Article 14 are uniformly lower than the transaction price, the matter shall be handled in compliance with the provisions of Article 16. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA has been obtained, this restriction shall not apply:

15.1 Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

15.1.1 Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The reasonable construction profit shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

15.1.2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

15.1.3 Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

15.2 Where the Company acquiring real estate from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction, within one year refers to one year from the actual date of acquisition of the real estate.

Article 16: Where acquiring real estate from a Related Party and the results of appraisals conducted in accordance with the provisions of Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken:

16.1 A special reserve shall be set aside in accordance with Article 41, Item 1 of the Securities Exchange Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve shall be set aside pro rata in a proportion in accordance with Article 41, Item 1 of the Securities

Exchange Act.

16.2 The independent board of Audit Committee shall comply with the provisions of Article 218 of the Company Law.

16.3 Actions taken pursuant to subparagraph 1 and 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and got the authority's consent. When the Company obtains real estate from a Related Party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Chapter IV Merger, Division, Acquisition and Share Transfer of Corporation

Article 17: The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board for deliberation and adoption.

However, if the Company merges its Subsidiary which holds 100% of issued shares or total capital directly or indirectly or the merger between Subsidiaries which holds 100% of issued shares or total capital directly or indirectly, it isn't required to obtain the previous reasonable opinions of the experts.

Article 18: the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction under the law, or the proposal is rejected by the shareholders meeting, the Company participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 19: The Company, when participating in a merger, demerger, or acquisition, shall convene a Board meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.

The Company, when participating in a transfer of shares, shall call a Board meeting on the day of the transaction, unless another act provides otherwise or the authority is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed or traded in a securities firm's business premises shall prepare a full written record of the following information and retain it for five (5) years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID

numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or external legal counsel, the execution of a contract, and the convening of a Board meeting.

3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed or traded in a securities firm's business premises shall, within two days commencing immediately from the date of passage of a resolution by the Board, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the authority for recordation.

Where another company(s) participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on the Taipei Exchange (TPEX) market, the company that is listed or traded in a securities firm's business premises shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 20: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 21: The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

21.1 Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

21.2 An action, such as a disposal of major assets that affects the Company's financial operations.

21.3 An event, such as a major disaster or major change in technology that affects shareholder equity or share price.

21.4 An adjustment where the Company participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock in accordance with law.

21.5 An increase or decrease in the number of entities or the Company participating in the merger, demerger, acquisition, or transfer of shares.

21.6 Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 22: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the Company participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

22.1 Handling of breach of contract.

22.2 Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

22.3 The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

22.4 The manner of handling changes in the number of participating entities or companies.

22.5 Preliminary progress schedule for plan execution, and anticipated completion date.

22.6 Scheduled date for convening the legally mandated shareholders meeting under applicable laws, rules, and regulations if the plan exceeds the deadline without completion, and relevant procedures.

Article 23: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out a new the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 24: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 23, Article 24 and Article 27.

Chapter V. Penalty

Article 25: The directors and managers of the Company shall be dismissed if they violate the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the competent authority or the provisions of this procedure and cause significant damage to the Company.

When the relevant executives of the Company violate the aforementioned processing guidelines or the provisions of this procedure, they shall be resolved in line with the Company's staff management measures.

Chapter VI. Supplementary Provisions

Article 26: The matters not covered in this procedure shall be handled in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 27: After the approval of more than one-half of all members of the Board of Auditors and the approval of the Board of Directors, this procedure shall be submitted to the shareholders' meeting for approval, and the same shall be true for amendment.

When submitting the handling procedures for acquisition or disposition of assets to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of the independent directors shall be fully examined. If the independent directors have any objections or reservations, they shall be stated in the proceedings of the Board of Directors.

If the preceding paragraph does not have the consent of more than one-half of all members of the Board of Auditors, the consent of more than two-thirds of all directors shall be obtained, and the resolutions of the Board of Auditors shall be set forth in the proceedings of the Board of Directors. The total members of the said Board of Auditors and the so-called directors shall be calculated by the actual incumbents.

MACHVISION Inc Co., LTD
The Operation Procedures of Lending Funds to Others

Article 1: Purpose and Legal Basis

To strengthen the company's operation procedures of lending funds to other, we have formulated this procedure in accordance with the guidelines of the Financial Supervisory Commission, "The Guidelines for the Loan of Public Companies and Endorsements and Guarantees".

Article 2: Scope of Application

Where the company's funds are lent to others, it shall be processed in accordance with the provisions of this operating procedure.

Article 3: The Borrower

1. For companies or proprietorships that have business contacts with the Company.
2. For companies or proprietorships that need short-term financing for business needs, the total value of the financing amount is limited to forty percent (40%) of the Net Worth of the Company. The amount of financing amount referred to in the preceding paragraph refers to the accumulated balance of the Company's short-term financing funds. The foreign company that the Company directly and indirectly holds one hundred percent (100%) of its voting shares is engaged in capital loan and shall not be subject to the restrictions of the second item. However, loan limit and time limit of the capital should still be set according to the regulations.

The Causes and Necessity of Loan:

1. For companies or proprietorships that have business contacts with the Company and are provided with loaned funds shall be subject to the Item2, Article 4.
2. For those who need short-term financing for business needs and are provided with loaned funds shall be limited to the following:
 - (1) For companies that the Company own more than 50% of their shares, who need short-term financing for business needs.
 - (2) For other companies or proprietorships that need short-term financing due to purchase of materials or operational turnover.
 - (3) For other funds lenders agreed by the Board of Directors of the Company.

The term "business necessity" refers to the need for turnover in order to expand the business scale or business items; and the term "short-term" refers to one year or one business period (whichever is the longer).

Article 4: Loan Limit

1. The total value of the loaned amount is limited to forty percent (40%) of the Net Worth of the Company.
2. For those who have business contacts with the Company and are provided with loaned funds, the individual loaned amounts are limited to 10% of the Company's net transactional amount with said company in the previous year. Business transactional amount refers to the amount of purchase or sale between the parties, whichever is higher.
3. For those who hold shares more than 50% of Subsidiary with short-term financing needs, their individual loaned amounts is limited to 10% of the Company's paid-up capital. However, the loan arising from normal business transactions with the Company is not included in the above limit. The term "normal business transaction" refers to the purchase or sale of goods between the two parties.

Article 5: Loans of funds are limited to a maximum of one (1) year.

Article 6: Calculation and Collection of Interest

The interest rate on capital loans shall not be lower than the average interest rate of short-term loans made by financial institutions on the day of borrowing, or the cost of capital of the Company on the date of borrowing, and shall be calculated on a daily basis. Interest shall be charged at least once every three (3) months.

Article 7: Funds Loaning Procedure

1. Before financing, the Finance Department shall examine the qualifications of the object of financing, and analyze the necessity and reasonableness of the financing, evaluate and make a report on the operation finance and credit status. Moreover, the operational risks and financial status of the Company as well as the impact of shareholders' rights and interests should also be assessed. If the subject of financing is not a Subsidiary of more than 50% of the Company's shares, they should obtain the guarantee of the third party or the collateral of more than 60% of the amount of financing and create the pledge or mortgage procedures. The value of collateral should be referred to the appraisal report issued by the professional appraisal institution. Contracts should be created for all loan cases.

2. All loan cases shall be submitted to the Board of Shareholders for approval and proceed to the financing accordingly, no other person shall be authorized to decide, and shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors.

3. The capital loan between the Company and Subsidiary shall be submitted to the Board of Directors for resolution in accordance with the provisions of the preceding paragraph, and the Chairman of Board shall be authorized to make loans or circulates to the same the borrower within a certain limit of the resolution of the Board of Directors for no more than one (1) year.

4. For a certain amount referred to in the preceding paragraph, except it meets the requirements of Item 3, Article 3, the amount of capital loan and authorization granted by the Company and Subsidiary to a single enterprise shall not exceed 10% of the Net Value of the Company in the latest financial statements.

Article 8: Overrun Improvement Plan

The object of endorsements/guarantees originally conforms to the Article 3 of the regulations and the "The Guidelines for the Loan of Public Companies and Endorsements/guarantees" and does not conform to later; or the amount of endorsements/guarantees exceeds the limit of the calculation due to the change, the amount of endorsements/guarantees or the overrun part should create an improvement plan, and should be eliminated at the end of the contract deadline or at certain time, the Company shall make an improvement plan and send it to the Board of Auditors and complete the improvement according to the scheduled plan and report the same to the Board of Directors.

Article 9: Control of Loaned Amounts and Resolution of Overdue Claims

1. The financial personnel shall make a record covering the borrower's name, amount, interest rate, date of loan, collateral, the date of the resolution, the date of resolution by the Board of Directors, the balance at the end of each month, and the guarantee situation, and detailed them in the reference book; and pay attention to the financial business status of the borrower, any significant change in the value of the collateral and interest payment at any time. Two months before the maturity date, the borrower shall

be reminded to repay the principal and interest.

2. If the borrower fails to repay on or before the maturity date and an extension is required, a request shall be made two months before the maturity date; and proceed accordingly after the approval of the Board of Directors; the Company shall resort to disposition and recovery based on the collateral or guarantor in accordance with the law for violation made by the borrower.

Article 10: Announcement and Declaration

For relevant information about capital loans to others, its related announcements and declarations shall be made in accordance with the "The Guidelines for the Loan of Public Companies and Endorsements and Guarantees". Finance Department shall evaluate capital loans and situations and present adequate allowances for bad debts in accordance with the international financial reports standards, and disclose relevant information and provide relevant data in financial reports, and submit it to endorsed accountant to carry out necessary checking and assessment procedures.

Article 11: Controls the loans of Subsidiary to others

The Company forbids Subsidiary to lend funds to others.

Article 12: Internal Audit

The internal audit personnel shall check the procedures of lending funds to others and the implementation at least quarterly, and make written records. In event of a major violation is found, the audit committee shall be notified in writing.

Article 13: Penalty

The managers and organizers of the Company who violate this procedure or "The Guidelines for the Loan of Public Companies and Endorsements and Guarantees" shall be arbitrated according to regulations of rewards and punishments of the Company.

Article 14: After the consent of the audit committee and the approval of the Board of Directors, the operating procedures shall be submitted to the Board of Shareholders for approval. In the event that there are director's objections and a record or written statement is kept, the relevant information shall be submitted to the audit committee and reported the Board of Shareholders for discussion, likewise as amended.

After the Company set up an independent director, the procedure shall be submitted to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, and shall take into full consideration each independent director's opinion; and their opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors.

Article 15: In the event of any unfinished matter, these measures shall be handled in accordance with the relevant laws and regulations.

Appendix 4

MACHVISION Inc Co., LTD Endorsements/Guarantees Procedures

Article 1: Purpose and Legal Basis

To strengthen the company's financial management and risk reduction for endorsements/guarantees, we have formulated this procedure in accordance with the "The Guidelines for the Loan of Public Companies and Endorsements/guarantees" issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

Article 2: Scope of Application

The company's external endorsements/guarantees matters are handled in accordance with this procedure.

Article 3: Definition

The endorsements/guarantees in accordance with this procedure refer to:

1. Financing endorsements/guarantees: including bill discount financing; endorsement or guarantee made to meet the financing needs of another company; and issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
2. Customs duty endorsement/guarantee: it means an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees: it means endorsements or guarantees beyond the scope of the above two subparagraphs.

If the Company provides movable or immovable property to create a pledge or mortgage on its chattel or real property as security for the loans of another company, it shall also be object to the provisions of this operating procedure.

Article 4: The Company may make endorsements/guarantees for the following companies:

1. A company with which it does business.
2. A company in which the 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 Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the Net Worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Based on the requirement of contracting projects, the Company may create mutual insurance between the same industry or co-founders in accordance with the provisions of the contract, or endorsements/guarantees for the invested company or joint guarantee for the performance of the pre-sale house sales contract between the same industry according to the regulations of Consumer Protection Law by all the shareholders who invest in the co-investment relationship according to their shareholding ratio, without the restriction of the preceding two provisions, may be the endorsements/guarantees.

The capital contribution as referred to in the preceding paragraph means the Company's direct investment or the company's contribution by holding one hundred percent (100%) of the voting rights.

Article 5: The handling procedures and decision-making and authorization levels for endorsements /guarantees.

1. When processing endorsements/guarantees, the Finance Department shall examine the qualifications of the object of endorsements/guarantees, and analyze the necessity and reasonableness of the endorsements/guarantees, evaluate and make a report on the operation finance and credit status. Moreover, the operational risks and financial status of the Company as well as the impact of shareholders' rights and interests should also be assessed. If the object of endorsements/guarantees is not subject to Item 2 to Item 5, Article 4 of this procedure, they should obtain collateral of more than 60% of the amount of endorsements/guarantees and create the pledge or mortgage procedures. The value of collateral should be referred to the appraisal report issued by the professional appraisal institution.

2. When processing endorsements/guarantees, it shall be approved by the board of Directors; if necessary, the Chairman of the Board shall first be authorized by the Board of Directors to make a decision within the NT\$30,000,000, and afterwards reported to the Board of Directors for ratification by the most recent; when the position of independent director has been established, it shall take into full consideration each independent director's opinion; and their opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors.

Before making endorsements/guarantees under Article 4, Item 2, a subsidiary in which the Corporation directly and/or indirectly holds 90 percent or more of the voting shares shall first submit the matters to the Corporation's Board of Directors for approval by resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Corporation directly and/or indirectly holds 100 percent of the voting shares.

3. The Finance Department should set up a reference book to give detailed explanations on the object of endorsement, the results of risk assessment, the amount of endorsements/guarantees, the date of approval of the Board of Directors or the chairman, the date of endorsements/guarantees, the contents of the endorsements/guarantees, the conditions and dates for relieving the liability of endorsements/guarantees, and the matters that should be carefully evaluated in the assessment and the procedures of the resolution.

4. For endorsements/guarantees, if it is necessary to exceed the quota specified in Article 7 due to business needs and meets the requirements stipulated in this procedure, the Board of Directors shall consent if submitted, and more than half of the directors shall jointly insure the loss that may occur when the company exceeds the limit, and amend the procedure of endorsements/guarantees, which shall be submitted to the shareholders' meeting for approval. If the shareholders' meeting disagrees, a plan shall be made to eliminate the excess within a certain period of time. After the position of independent director has been established, the opinions of the independent directors should be fully considered during the discussion of the Board of Directors, and the specific opinions and reasons for their consent or objection should be included in the minutes of the Board of Directors.

5. The object of endorsements/guarantees originally conforms to the regulation of Article 4 of the "The Guidelines for the Loan of Public Companies and Endorsements/guarantees" and does not conform to later; or the amount of endorsements/guarantees exceeds the limit of the calculation due to the change, the amount of endorsements/guarantees or the overrun part should create an improvement plan, and should be eliminated at the end of the contract deadline or at certain time, the Company shall make an improvement plan and send it to the Board of Auditors and complete the improvement according to the scheduled plan and report the same to the Board of Directors.

6. If the subject party of the endorsements/guarantees is the subsidiary whose net value is less than the one-half of its total paid-in capital, the Company shall specify its subsequent control measures and submit it to the Board of Directors. If the par value of the subsidiary shares is zero or less than 10 dollars, the paid-in capital should be the result of the following calculation: capital plus paid-in capital minus the stock issue price in minimum.

7. The Finance Department shall evaluate or recognize the losses of endorsements/guarantees, and properly disclose the information of endorsements/guarantees in the financial report, and provide the relevant data to the accountants for their necessary checks and assessments.

Article 6: Procedures of the chop use and custody

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop and negotiable instruments shall be kept in the custody of a designated person approved by the Board of Directors. The seal used by the keeper shall be printed based on the minutes of the meeting adopted by the Board of Directors or documents signed by the chairman of the Board. If a guarantee is made to a foreign company, the letter of guarantee issued by the Company shall be signed by the person authorized by the Board of Directors.

Article 7: Endorsements/guarantees Limits:

1. The total amount of endorsements/guarantees for the Company:

More than 20% of the Company's Net Worth, endorsements/guarantees amount for a single enterprise

More than 10% of the Company's Net Worth.

2. For endorsements/guarantees between the Company and its Subsidiary, the total amount should not exceed more than 30% of the Company's Net Worth.

3. For endorsements/guarantees related to the business transaction, except the above limits, the amount of individual endorsements/guarantees shall be limited to no more than the amount of business transactions between the two parties. Business transaction amount refers to the amount of purchase or sale between the parties, whichever is higher.

Article 8: Announcement of Declaration and Audit

1. Information on endorsements/guarantees should be handled according to the regulations as stipulated in the "The Guidelines for the Loan of Public Companies and Endorsements/guarantees" of FSC for handling the relevant operation of announcement and declaration.

2. The internal audit personnel of the Company shall check the endorsements/guarantees procedures and their implementation at least quarterly, and make written records. In event of a major violation is found, the audit committee shall be notified in writing.

Article 9: The control procedure for filing endorsements/guarantees by Subsidiary

The Company's Subsidiary is forbidden to provide endorsements/guarantees to others.

For companies that we own more than 90% of the direct and indirect voting shares of the Company, they are entitled to endorsements/guarantees, and should be in accordance with the regulations of this operating procedure.

Article 10: Penalty

The managers and organizers of the Company who violate this procedure shall be arbitrated according to the regulations of rewards and punishments of the Company.

Article 11: After the consent of the audit committee and the approval of the Board of Directors, the operating procedures shall be submitted to the Board of Shareholders for approval. In the event that the

director objects and a record or written statement is kept, the relevant information shall be submitted to the audit committee and reported the Board of Shareholders for discussion, and shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors, likewise as amended.

Article 12: In the event of any unfinished matter, these measures shall be handled in accordance with the relevant laws and regulations.

Appendix 5

MACHVISION Inc Co., Ltd. **Rules and Procedure of Shareholders' Meetings**

Ordinary Resolution adopted at a shareholders' meeting on May 25, 2007.

- Article 1 Unless otherwise provided in the Law, the shareholders' meetings of the Company shall be proceeded in accordance with the Rules set herein.
- Article 2 The Company shall provide a sign-in book allowing attending Shareholders to sign in or require attending Shareholders to submit attendance cards in lieu of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.
- Article 3 Attendance and votes at shareholders' meetings shall be calculated based on numbers of shares.
- Article 4 The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time for commencing the said meeting shall not begin earlier than 9 o'clock in the morning or later than 3 o'clock local time in the afternoon.
- Article 5 If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall preside at the said shareholders' meeting. In case the Chairman is on leave of absence, or cannot exercise his powers and authority, the Vice Chairman shall act as chair at the shareholders' meeting. If there is no Vice Chairman, or the Vice Chairman is also on leave of absence, or cannot exercise his powers and authority, the Chairman shall designate a Managing Director to act in lieu of him; if there is no Managing Director, the Chairman shall designate a Director to act in lieu of him. If the Chairman does not designate a Director, the Managing Directors or Directors shall elect one from among themselves to act in lieu of the Chairman.
- Where the shareholders' meeting is convened by any person, other than the Board of Directors, such person shall act as the chairman of that meeting.
- Article 6 The Company may appoint designated lawyer(s), accountant(s) or other relevant person(s) to be present at the shareholders' meeting. All supporting staff for the shareholders' meeting shall wear an identification badge or arm-band.
- Article 7 A shareholders' meeting shall be audio recorded or videotaped in its entirety and these tapes shall be kept for at least one year.

Article 8 Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements the number of Shares represented by the attending Shareholders has not yet constituted more than one-third (1/3) of all Shares in issue present in person and entitled to vote, a tentative resolution may be passed in accordance with Article 175-1 of the Company Act.

Before the end of such a meeting, if the number of Shares represented by the attending Shareholders has already constituted more than an aggregate of one-half (1/2) of all Shares in issue, the Chairman may put the tentative resolution(s) already passed to the Shareholders' resolution again in accordance with Article 174 of the Company Act.

Article 9 The agenda of the Shareholders' Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned.

Article 10 When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 11 Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes).

In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

Article 12 When a corporation is appointed to attend as proxy, only one representative can attend the Shareholders' Meeting.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

Article 13 After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 14 The proposed resolutions should have sufficient discussion and description. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

Article 15 The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

The result of voting shall be announced at the shareholders' meeting and placed on record.

Article 16 During the meeting, the Chairman may, at his or her discretion, set time for intermission.

Article 17 Except otherwise specified in the Company Act or in the Company's Charters, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.

Article 18 If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 19 The chairman may conduct the disciplinary officers (or the security guards) to assist in keeping order of the Meeting place. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" for identification purpose.

Article 20 Any unregulated matters under the Charter shall be governed by the Company Act or the Company's Charters.

Article 21 The Charter shall be implemented accordingly after it has been approved and adopted at a shareholders' meeting of the Company; the same shall apply to any amendment(s) thereof.

Appendix 6

Current Shareholding of All Directors and Supervisors

With regard to the book closure date of the regular shareholders' meeting for the period ended 31th March 2019, the current shareholding of all Directors and Supervisors recorded in a shareholders' roster shall indicate the following particulars:

Position Title	Name	Actual No. of Shares Held	Shareholding Ratio
Chairman of the Board of Directors	Wang, Guang-Shiah	1,366,353	3.21%
Director	Chuang, Yung-Shun	401,721	0.94%
Director	Yu, Ming-Chang	1,032,829	2.42%
Director	Chang, Yung-Yang	1,282,842	3.01%
Director	Yan, Wei-Chyun	265,433	0.62%
Independent Director	Lee, Tsu-Der	0	0.00%
Independent Director	Yen, Tzong-Ming	0	0.00%
Independent Director	Du, Ming-Han	0	0.00%

As of the book closure date for the period ended March 31, 2019, the total outstanding MACHVISION Shares: 42,608,234 shares.

The minimum No. of shares held of all Directors: 3,600,000 shares

With regard to the book closure date for the period ended, the entries in the shareholders' roster shall indicate the following particulars:

Shareholding Ratio and No. of shares of All Directors: 10.21% ; 4,349,178 shares

Appendix 7

Other Matters:

With regard to the Annual General Shareholders' Meeting, the disposition and description on proposals submitted by shareholders shall indicate the following particulars:

1. Shareholder(s) holding one percent or more of the total number of outstanding Shares immediately prior to the relevant book close period may propose in writing to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal. The number of words of a proposal to be submitted shall be limited to not more than three hundred (300) words in accordance with the Article 172-1 of the Company Act.
2. With regard to the convention of a regular shareholders' meeting of the Company this year, the receipt of proposals to be submitted by shareholders shall be within the period from March 18, 2019 to March 28, 2019. The Company shall make a public notice on the Information Reporting Website in accordance with laws.
3. No shareholders' proposed motions during the specified time period.