

MACHVISION, INC.

2020 Annual Shareholders' Meeting Resolution

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Time: 9:00 a.m., May 29, 2020 (Friday)

Place: No.2-1(NINI Life Square), Xin'an Road, Hsinchu Science Park, Hsinchu City, Taiwan.

Attendance:

Total outstanding shares : 42,608,234shares

Total shares represented by shareholders present in person or by proxy: 25,804,373shares

Percentage of shares held by shareholders present in person or by proxy: 60.56%

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

Recorder: Wen,Pei-Chun

1. Announcement

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum.
The Chairman called the meeting to order.

2. Chairman Greeting

3. Report Item:

Proposal 1: 2019 business report.

Description: For 2019 business report, refer to Attachment 1.

Summary of Shareholder's Statement

(Shareholder No. 5607) : Questions about company operations and prospects.

The Chairman responded to the above statements.

Proposal 2: 2019 Audit Committee's review report.

Description: For 2019 Audit Committee's review report, refer to Attachment 2.

Summary of Shareholder's Statement

(Shareholder No. 5607) : Questions about Audit Committee operations.

The Chairman or the person designated by the chairman responded to the above statements.

Proposal 3: Employee and director and supervisor compensation distribution of 2019.

Description: 1. According to Article 26 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.

2. For 2019, the net profit before tax is NT\$1,032,303,060. The Company intends to distribute 9.43% of the net profit, in cash, NT\$97,367,795 of employees' compensation and 1.74% of the net profit, in cash, NT\$17,930,629 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 2020 and passed in the 1st meeting of the 8th-term Board of Directors on February 5, 2020.
3. The difference between the amount of employee and director and supervisor compensation distributed and the estimate should be recognized as profit or loss in 2020.

Summary of Shareholder's Statement

(Shareholder No. 5607) : Questions about Employee compensation.

The Chairman or the person designated by the chairman responded to the above statements.

Proposal 4: Earnings distribution of cash dividends of 2019

Description: 1. According to Article 26-2 of the Articles of Incorporation of the Company, it is proposed that the Board of Directors be authorized to distribute dividends and the compensation in whole or in part, to be pay in cash after passing special resolution, and shall report in the shareholders' meeting . For the table of 2019 earnings distribution according to the Company Act and the Articles of Incorporation, refer to Attachment 4 on Page 36 of the Handbook.

2. According to resolution of the Board of Directors on March 27, 2020, the proposed cash dividend to shareholders is NT\$447,282,340, NT\$10.49755641 for per stock. 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. Upon the approval of the meeting of Board of Directors, it is proposed that the Chairman be authorized to resolve the ex-dividend date, ex-right date, and other relevant issues. The Chairman also be authorized to adjust the cash and stock to distributed to each share based on the number of actual shares outstanding on the record date for distribution.

Summary of Shareholder's Statement

(Shareholder No. 5607) : Questions about Earnings distribution of cash dividends.

The Chairman or the person designated by the chairman responded to the above statements.

4. Proposed Resolutions:

Proposal 1: 2019 business report and financial statements (proposed by the Board of Directors)

Description: 1. The 2019 financial statements have been audited by the independent auditors of the Company. The 2019 business report and financial statements and 2019 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 17~18 and Attachment 3 on Pages 20~35.

3. Please proceed to resolve.

Summary of Shareholder's Statement

(Shareholder No. 5607) : Questions about Finance and Investment.

The Chairman or the person designated by the chairman responded to the above statements.

Voting Results: the number of shares represented by the shareholders present at the time of voting was 25,804,373 and 25,668,873 votes were cast for the proposal, which was 99.47% of the votes represented by the shareholders present.

RESOLVED, that the 2019 business report and financial statements be and hereby were accepted as submitted.

Proposal 2: 2019 earnings distribution (proposed by the Board of Directors)

Description: 1. For the Distribution of 2019 Earnings which was reviewed by the Audit Committee and approved by the Board of Directors, refer to Attachment 4.

2. Please proceed to resolve.

Voting Results: the number of shares represented by the shareholders present at the time of voting was 25,804,373 and 25,535,871 votes were cast for the proposal, which was 98.95% of the votes represented by the shareholders present.

RESOLVED, that the 2019 earnings distribution be and hereby were accepted as submitted

5. Discussion:

Proposal 1: Amendment to the Procedures for the Acquisition and Disposal of Assets (proposed by the Board of Directors)

Description: 1. The comparison table of revised articles of the procedure for the acquisition or disposal of assets in coordination with the Company's operations is as follows.

2. Please proceed to discuss.

Article	Before Amendment	After Amendment	Remark
Article 4	<p>4.2 Security investment:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>4.2 Security investment:</p> <p>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 by the Chairman if the transaction price is below NT\$ 30 billion or be made after the resolution by the Board of Directors if the transaction price is over NT\$ 30 billion.</p> <p>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.</p> <p>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.</p>	<p>4.2.1 Amended</p> <p>4.2.4 deleted according to the law</p>

Article	Before Amendment	After Amendment	Remark
	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.		

Voting Results: the number of shares represented by the shareholders present at the time of voting was 25,804,373 and 25,664,719 votes were cast for the proposal, which was 99.45% of the votes represented by the shareholders present.

RESOLVED, that the amendment to the Procedures for the Acquisition and Disposal of Assets be and hereby were accepted as submitted

Proposal 2: Amendment to the Rules and Procedure of Shareholders' Meetings (proposed by the Board of Directors)

Explanation: 1. The comparison table of revised articles of the Rules and Procedure of Shareholders'

Meetings amended according to the Financial Supervisory Commission Order

Jin-Guan-Zheng-Shen-Zi No. 1080339900 is as follows.

2. Please proceed to discuss.

Article	Before Amendment	After Amendment	Remark
Article 1		The Rules of Procedure for Shareholders' Meetings (these Rules) are adopted to establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings and to strengthen management capabilities.	Amended according to the law
Article 2	Article 1 Unless otherwise provided in the Law, the shareholders' meetings of the Company shall be proceeded in accordance with the Rules set herein.	The <u>rules of procedures for</u> the Company's shareholders' meetings, except as otherwise provided by law, regulation, <u>or the Articles of Incorporation</u> , shall be as provided in these Rules.	Amended according to the law
Article 3		<u>Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors. The Company shall</u>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
		<p><u>prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. In addition, before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the</u></p>	

Article	Before Amendment	After Amendment	Remark
		<p><u>consent of the addressee, the meeting notice may be given in an electronic form. Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for delisting, release of the non-compete restriction on directors, earnings transferred to common stock, capital surplus transferred to common stock, the dissolution, merger, or demerger of the Company, or any matter under Paragraph 1, Article 185 of the Company Act shall be set out in the notice of the reasons for convening the shareholders' meeting, with the main content explained. None of the above matters may be raised by an extraordinary motion; such main content may be posted on the website designated by the securities authority or the Company, and its website shall be specified in the notice. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda, provided that such proposals are made to urge the Company to promote public interest or fulfill its social responsibility. In addition, when the circumstances under any subparagraph of Paragraph 4,</u></p>	

Article	Before Amendment	After Amendment	Remark
		<p><u>Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals by correspondence or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</u></p>	

Article	Before Amendment	After Amendment	Remark
Article 4		<p><u>For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>	
Article 5	<p>Article 4</p> <p>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.</p>	<p>The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. <u>Full consideration shall be given to the opinions of the independent directors with respect</u></p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
		<u>to the place and time of the meeting.</u>	
Article 6	<p>Article 2</p> <p>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.</p> <p>Article 12</p> <p>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.</p>	<p><u>The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</u></p> <p><u>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</u></p> <p><u>Shareholders and their proxies (collectively, "Shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</u></p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p><u>The Company shall furnish attending shareholders with the</u></p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
		<u>meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting.</u> When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.	
Article 7	<p>Article 5</p> <p>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.</p> <p>Article 6</p> <p>The Company may appoint</p>	<p>If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.</p> <p><u>When a managing director or a director serves as chair, as referred</u></p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
	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.	<p><u>to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair. Shareholders' meetings convened by the Board of Directors shall be chaired by the chairperson of the Board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.</u></p> <p>If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. <u>When there are two or more such convening parties, they shall mutually select a chair from among themselves.</u></p> <p>The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.</p>	
Article 8	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.	<p><u>The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the</u></p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
		<u>voting and vote counting procedures.</u> <u>The recorded materials referred to in the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</u>	
Article 9	<p>Article 2</p> <p>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.</p> <p>Article 3</p> <p>Attendance and votes at shareholders' meetings shall be calculated based on numbers of shares.</p> <p>Article 8</p> <p>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</p>	<p>Attendance at shareholders' meetings shall be calculated based on numbers of shares.</p> <p>The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in <u>plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p> <p>The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, <u>the chair shall declare the meeting adjourned.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the</p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
	<p>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.</p> <p>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.</p>	<p>attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the <u>shareholders'</u> meeting pursuant to Article 174 of the Company Act.</p>	
Article 10	<p>Article 9</p> <p>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.</p> <p>The shareholders cannot designate</p>	<p>If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors.</p> <p><u>All proposals (including extraordinary motions and amendments) shall be decided by vote.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.</p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
	<p>any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned.</p> <p>Article 14</p> <p>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.</p>	<p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda referred to in the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. <u>If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</u></p> <p>The chair <u>shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders</u>; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote <u>and arrange adequate time for voting.</u></p>	
Article 11	<p>Article 10</p> <p>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.</p>	<p>Before speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who</p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
	<p>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.</p> <p>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.</p> <p>Article 11</p> <p>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).</p> <p>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.</p> <p>Article 12</p> <p>When a corporation is appointed to attend as proxy, only one representative can attend the Shareholders' Meeting.</p> <p>If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.</p> <p>Article 13</p> <p>After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.</p>	<p>has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	

Article	Before Amendment	After Amendment	Remark
Article 12	<p>Article 3</p> <p>Attendance and votes at shareholders' meetings shall be calculated based on numbers of shares.</p>	<p>Voting at a shareholders' meeting shall be calculated based the number of shares.</p> <p><u>With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.</u></p> <p><u>When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.</u></p> <p><u>The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</u></p> <p><u>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</u></p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
Article 13	<p>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)</p> <p>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.</p> <p>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.</p>	<p><u>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.</u></p> <p><u>When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; therefore, the Company shall avoid the submission of extraordinary motions and amendments to original proposals.</u></p> <p><u>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made.</u></p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
		<p><u>to cancel the earlier declaration of intent.</u></p> <p><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.</u></p> <p>Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. <u>At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the</u></p>	

Article	Before Amendment	After Amendment	Remark
		<p><u>shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</u></p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.</p> <p><u>Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</u></p>	
Article 14		<p><u>The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced</u></p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
		<u>on-site immediately, including the names of those elected as directors and the numbers of votes with which they are elected.</u> <u>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year.</u> <u>If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</u>	
Article 15		<u>Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes.</u> <u>The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.</u> <u>The meeting minutes may be produced and distributed in an electronic form.</u> <u>The Company may distribute the meeting minutes referred to in the preceding paragraph by means of a public announcement made through the MOPS.</u> <u>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions are adopted, a summary of the deliberations, and voting results (including the numbers of votes), and the numbers of votes with which directors are elected (if applicable), and shall be</u>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
		<u>retained for the duration of the existence of the Company.</u>	
Article 16		<u>On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting. If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</u>	Amended according to the law
Article 17	<p>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.</p> <p>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</p>	<p>Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.</p> <p>The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an <u>identification card</u> or armband bearing the word "Proctor."</p> <p><u>At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.</u></p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
	<p>shareholders should be decided by the chairman.</p> <p>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.</p> <p>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.</p> <p>Article 19</p> <p>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.</p>	<p><u>When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.</u></p>	
Article 18	<p>Article 16</p> <p>During the meeting, the Chairman may, at his or her discretion, set time for intermission.</p>	<p>When a meeting is in progress, the chair may announce a break based on time considerations. <u>If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.</u></p> <p><u>If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been</u></p>	Amended according to the law

Article	Before Amendment	After Amendment	Remark
		<u>addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.</u> <u>A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.</u>	
Article 19	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.	These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.	Amended according to the law

Voting Results: the number of shares represented by the shareholders present at the time of voting was 25,804,373 and 25,665,715 votes were cast for the proposal, which was 99.46% of the votes represented by the shareholders present.

RESOLVED, that the amendment to the Rules and Procedure of Shareholders' Meetings be and hereby were accepted as submitted.

6.Special Motion : None.

7.End of Meeting : The meeting was adjourned at 10:06 a.m. May 29, 2020 ..

(This meeting minutes were only recorded the summary of the essential issues during the meeting. The detail of the proceeding, procedure and Shareholder's Statement shall be governed by and subject to the audio and video recording materials)

Attachment 2

MACHVISION, INC. Audit Committee Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements and earnings distribution proposal. The financial statements were audited by KPMG Taiwan and issued the audit report. These have been reviewed by the Audit Committee and determined to be correct and accurate. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Audit Committee Convener: Lee, Tsu-Der

March 27, 2020

Attachment 3

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Machvision Inc. Co., Ltd. (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Impairment of trade receivables

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

Description of key audit matter:

The notes, accounts and long-term accounts receivable constituted 47% of total consolidated assets of the Group as of December 31, 2019, and the impairment of notes, accounts and long-term accounts receivable depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

How the matter was addressed in our audit:

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

3. Inventory measurement

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Po-Shu Huang and Ann Tien Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 5, 2020

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2019		December 31, 2018		Liabilities and Equity		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 741,899	24	1,764,842	51	2130	Current contract liabilities (note 6(p))	\$ 13,594	-	82,716	2
1151	Notes receivable (notes 6(b) and (p))	13,709	-	18,379	1	2150	Notes payable	993	-	1,358	-
1170	Accounts receivable, net (notes 6(b) and (p))	1,181,836	39	1,076,197	31	2170	Accounts payable	381,467	13	318,692	9
130x	Inventories (note 6(c))	381,669	13	234,001	7	2209	Other payables (note 6(q))	420,100	14	457,106	14
1410	Prepayments	23,064	1	8,785	-	2230	Current tax liabilities	33,141	1	271,716	8
1479	Other current assets	13,039	-	7,178	-	2250	Provisions — current (note 6(j))	12,125	-	45,353	1
	Total current assets	<u>2,355,216</u>	<u>77</u>	<u>3,109,382</u>	<u>90</u>	2280	Current lease liabilities (note 6(i))	14,875	-	-	-
Non-current assets:						2399	Other current liabilities	<u>19,014</u>	<u>1</u>	<u>13,498</u>	<u>1</u>
1510	Financial assets at fair value through profit or loss—non-current (note 6(e))	9,644	-	9,644	-		Total current liabilities	<u>895,309</u>	<u>29</u>	<u>1,190,439</u>	<u>35</u>
1600	Property, plant and equipment (note 6(f))	267,915	9	238,607	7		Non-Current liabilities:				
1755	Right-of-use assets (note 6(g))	108,945	4	-	-	2570	Deferred income tax liabilities (note 6(m))	-	-	780	-
1780	Intangible assets (note 6(h))	8,898	-	303	-	2640	Net defined benefit liabilities (note 6(l))	10,429	-	9,497	-
1840	Deferred income tax assets (note 6(m))	37,460	1	25,686	1	2580	Non-current lease liabilities (note 6(i))	95,435	3	-	-
1920	Refundable deposits	17,807	1	5,285	-		Total non-current liabilities	<u>105,864</u>	<u>3</u>	<u>10,277</u>	<u>-</u>
1932	Long-term receivables (notes 6(b) and (p))	230,705	8	80,951	2		Total liabilities	<u>1,001,173</u>	<u>32</u>	<u>1,200,716</u>	<u>35</u>
1995	Other non-current assets (notes 6(k) and 8)	7,401	-	2,189	-		Equity attributable to shareholders of the company (note 6(n)):				
	Total non-current assets	<u>688,775</u>	<u>23</u>	<u>362,665</u>	<u>10</u>	3100	Ordinary shares	<u>426,082</u>	<u>14</u>	<u>426,082</u>	<u>12</u>
							Capital surplus:				
						3211	Additional paid-in capital	59,485	2	59,485	2
						3235	Changes in equities of subsidiaries	4	-	4	-
						3280	Other capital surplus	23	-	3	-
								<u>59,512</u>	<u>2</u>	<u>59,492</u>	<u>2</u>
							Retained earnings:				
						3310	Legal reserve	309,915	10	180,274	5
						3320	Special reserve	2,957	-	2,507	-
						3350	Unappropriated retained earnings	1,115,977	38	1,544,754	44
								<u>1,428,849</u>	<u>48</u>	<u>1,727,535</u>	<u>49</u>
							Other equity interest:				
						3410	Foreign currency translation differences for foreign operations	(4,543)	-	(2,957)	-
							Total equity attributable to shareholders of the company	<u>1,909,900</u>	<u>64</u>	<u>2,210,152</u>	<u>63</u>
						36xx	Non-controlling interests	132,918	4	61,179	2
							Total equity	<u>2,042,818</u>	<u>68</u>	<u>2,271,331</u>	<u>65</u>
Total assets		<u><u>\$ 3,043,991</u></u>	<u><u>100</u></u>	<u><u>3,472,047</u></u>	<u><u>100</u></u>		Total liabilities and equity	<u><u>\$ 3,043,991</u></u>	<u><u>100</u></u>	<u><u>3,472,047</u></u>	<u><u>100</u></u>

See accompanying notes to consolidated financial statements.

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

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (note 6(p))	\$ 2,543,441	100	3,111,876	100
5000	Operating costs (notes 6(c), (f), (g), (h), (i), (j), (k), (l), (q) and 7)	904,519	36	945,194	30
5900	Gross profit from operations	1,638,922	64	2,166,682	70
6000	Operating expenses (notes 6(b), (f), (g), (h), (i), (k), (l), (q) and 7):				
6100	Selling expenses	240,374	9	242,446	8
6200	Administrative expenses	112,616	4	161,796	5
6300	Research and development expenses	217,292	9	169,439	6
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(1,857)	-	8,849	-
	Total operating expenses	568,425	22	582,530	19
	Net operating income	1,070,497	42	1,584,152	51
7000	Non-operating income and expenses (notes 6(i) and (r)):				
7010	Other income	14,340	-	8,788	-
7020	Other gains and losses	(30,218)	(1)	29,284	1
7050	Financial costs	(2,006)	-	-	-
	Total non-operating income and expenses	(17,884)	(1)	38,072	1
	Net income before tax	1,052,613	41	1,622,224	52
7950	Less: Income tax expenses (note 6(m))	185,744	7	314,507	10
	Net income	866,869	34	1,307,717	42
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Losses on remeasurements of defined benefit plans	(863)	-	(698)	-
8349	Less: income tax related to items that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(863)	-	(698)	-
8360	Items that will be reclassified subsequently to profit or loss:				
8361	Financial statements translation differences for foreign operations	(3,002)	-	(676)	-
8399	Less: income tax related to items that will be reclassified to profit or loss	(63)	-	(226)	-
	Total items that will be reclassified subsequently to profit or loss	(2,939)	-	(450)	-
8300	Other comprehensive income (loss), net of tax	(3,802)	-	(1,148)	-
	Total comprehensive income	\$ 863,067	34	1,306,569	42
	Net income attributable to:				
	Shareholders of the parent	\$ 852,599	33	1,296,402	42
8620	Non-controlling interests	14,270	1	11,315	-
		\$ 866,869	34	1,307,717	42
	Total comprehensive income attributable to:				
	Shareholders of the parent	\$ 850,150	33	1,295,254	42
	Non-controlling interests	12,917	1	11,315	-
		\$ 863,067	34	1,306,569	42
	Earnings per share (note 6(o)):				
9710	Basic earnings per share (in New Taiwan dollars)	\$ 20.01		30.43	
9810	Diluted earnings per share (in New Taiwan dollars)	\$ 19.86		30.11	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent											
						Total other equity interest					
Retained earnings						Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity		
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total						
	3110	3200	3310	3320	3350	3300	3410	31xx	36xx	3xxx	
Balance at January 1, 2018	A1	\$ 426,082	59,489	134,000	2,041	721,872	857,913	(2,507)	1,340,977	49,864	1,390,841
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	B1	-	-	46,274	-	(46,274)	-	-	-	-	-
Special reserve appropriated	B3	-	-	-	466	(466)	-	-	-	-	-
Cash dividends of ordinary share	B5	-	-	-	-	(426,082)	(426,082)	-	(426,082)	-	(426,082)
Other changes in capital surplus	C17	-	3	-	-	-	-	3	-	-	3
Net income	D1	-	-	-	-	1,296,402	1,296,402	-	1,296,402	11,315	1,307,717
Other comprehensive income	D3	-	-	-	-	(698)	(698)	(450)	(1,148)	-	(1,148)
Total comprehensive income	D5	-	-	-	-	1,295,704	1,295,704	(450)	1,295,254	11,315	1,306,569
Balance at December 31, 2018	Z1	426,082	59,492	180,274	2,507	1,544,754	1,727,535	(2,957)	2,210,152	61,179	2,271,331
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	B1	-	-	129,641	-	(129,641)	-	-	-	-	-
Special reserve appropriated	B3	-	-	-	450	(450)	-	-	-	-	-
Cash dividends of ordinary share	B5	-	-	-	-	(1,150,422)	(1,150,422)	-	(1,150,422)	-	(1,150,422)
Other changes in capital surplus	C17	-	20	-	-	-	-	20	-	-	20
Net income	D1	-	-	-	-	852,599	852,599	-	852,599	14,270	866,869
Other comprehensive income	D3	-	-	-	-	(863)	(863)	(1,586)	(2,449)	(1,353)	(3,802)
Total comprehensive income	D5	-	-	-	-	851,736	851,736	(1,586)	850,150	12,917	863,067
Acquisition of subsidiaries	M7	-	-	-	-	-	-	-	-	22,379	22,379
Changes in non-controlling interests	O1	-	-	-	-	-	-	-	-	36,443	36,443
Balance at December 31, 2019	Z1	\$ 426,082	59,512	309,915	2,957	1,115,977	1,428,849	(4,543)	1,909,900	132,918	2,042,818

See accompanying notes to consolidated financial statements.

MACHVISION INC. CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2019 and 2018****(Expressed in Thousands of New Taiwan Dollars)**

		2019	2018
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	\$ 1,052,613	1,622,224
A20000	Adjustments:		
A20010	Adjustments to reconcile profit and loss:		
A20100	Depreciation	23,785	8,783
A20200	Amortization	110	263
A20300	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(1,857)	8,849
A20900	Interest expense	2,006	-
A21200	Interest income	(7,143)	(6,751)
A21300	Dividend income	(1,326)	-
A22500	Loss (gain) on disposal of property, plant and equipment	(107)	727
A20010	Total adjustments to reconcile profit	15,468	11,871
A30000	Changes in assets / liabilities relating to operating activities:		
A31000	Net changes in operating assets:		
A31130	Notes receivable	4,670	(15,426)
A31150	Accounts receivable	(103,467)	(376,098)
A31200	Inventories	(146,087)	(47,450)
A31230	Prepayments	(13,279)	(5,529)
A31240	Other current assets	(5,804)	(1,772)
A31990	Long-term accounts receivable	(149,416)	(65,538)
A31000	Total changes in operating assets, net	(413,383)	(511,813)
A32000	Net changes in operating liabilities:		
A32125	Contract liabilities	(69,122)	64,502
A32130	Notes payable	(365)	834
A32150	Accounts payable	62,775	132,797
A32180	Other payables	(37,218)	238,568
A32200	Provisions	(33,228)	25,165
A32230	Other current liabilities	5,516	1,864
A32240	Net defined benefit liability	69	42
A32000	Total changes in operating liabilities, net	(71,573)	463,772
A30000	Total changes in operating assets / liabilities, net	(484,956)	(48,041)
A20000	Total adjustments	(469,488)	(36,170)
A33000	Cash provided by operating activities	583,125	1,586,054
A33100	Interest income received	6,827	7,402
A33500	Income tax paid	(436,810)	(119,552)
AAAA	Net cash provided by operating activities	153,142	1,473,904
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plant and equipment	(44,686)	(34,916)
B02800	Proceeds from disposal of property, plant and equipment	143	220
B03700	Decrease (increase) in refundable deposits	(12,369)	482
B05000	Net cash inflows from business combination	10,758	-
B06700	Increase in other non-current assets	(3,779)	(3)
B07600	Dividends received	1,326	-
BBBB	Net cash used in investing activities	(48,607)	(34,217)
CCCC	Cash flows from financing activities:		
	Payment of lease liabilities	(11,363)	-
C04500	Cash dividends paid	(1,150,422)	(426,082)
C05800	Changes in non-controlling interests	36,443	-
C09900	Surplus not paid due to overdue	20	3
CCCC	Net cash used in financing activities	(1,125,322)	(426,079)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(2,156)	(235)
EEEE	Net increase (decrease) in cash and cash equivalents	(1,022,943)	1,013,373
E00100	Cash and cash equivalents at beginning of period	1,764,842	751,469
E00200	Cash and cash equivalents at end of period	\$ 741,899	1,764,842

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Machvision Inc. (the "Company"), which comprise the statement of financial position as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Impairment of trade receivables

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

Description of key audit matter:

The notes, accounts and long-term accounts receivable constituted 49% of total assets of the Company as of December 31, 2019, and the impairment of notes, accounts and long-term accounts receivable depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

How the matter was addressed in our audit:

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

3. Inventory measurement

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision and performance of the audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Po-Shu Huang and Ann Tien Yu.

KPMG

Taipei, Taiwan (Republic of China)

February 5, 2020

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

Parent Company Only Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018				December 31, 2019		December 31, 2018			
		Amount	%	Amount	%			Amount	%	Amount	%		
Assets						Liabilities and Equity							
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$	478,550	17	1,640,945	48	2130	Current contract liabilities (note 6(p))	\$	1,490	-		
1151	Notes receivable (notes 6(b) and (p))		45	-	1,837	-	2150	Notes payable		993	-		
1170	Accounts receivable, net (notes 6(b) and (p))		862,763	30	892,763	26	2170	Accounts payable		344,092	12		
1180	Accounts receivable-related parties (notes 6(b), (p) and 7)		186,977	6	152,397	5	2180	Accounts payable-related parties (note 7)		31,789	1		
1210	Other receivables-related parties(note 7)		25,667	1	3,809	-	2200	Other payables (note 6(q))		377,861	13		
130x	Inventories (note 6(c))		363,119	13	224,723	7	2220	Other payables-related parties (note 7)		58,358	2		
1410	Prepayments		13,433	-	5,271	-	2230	Current tax liabilities		30,170	1		
1479	Other current assets		10,147	-	4,362	-	2250	Provisions — current (note 6(j))		12,125	1		
Total current assets			1,940,701	67	2,926,107	86	2280	Current lease liabilities (note 6(i))		10,602	-		
Non-current assets:						2399	Other current liabilities		5,020	-	-		
1510	Financial assets at fair value through profit or loss—non-current (note 6(e))		9,644	-	9,644	-	Total current liabilities			872,500	30		
1550	Investment using the equity method (note 6(d))		164,557	6	85,091	3	Non-Current liabilities:						
1600	Property, plant and equipment (note 6(f))		244,241	9	215,585	6	2570	Deferred income tax liabilities (note 6(m))		-	-		
1755	Right-of-use assets (note 6(g))		98,923	4	-	-	2580	Non-current lease liabilities (note 6(i))		89,564	3		
1780	Intangible assets (note 6(h))		193	-	303	-	2640	Net defined benefit liabilities (note 6(l))		10,429	-		
1840	Deferred income tax assets (note 6(m))		37,460	1	25,686	1	2650	Investment using the equity method with credit balance		16,698	1		
1920	Refundable deposits		9,716	-	4,005	-	Total non-current liabilities			116,691	4		
1932	Long-term receivables (notes 6(b) and (p))		230,705	8	80,951	2	Total liabilities			989,191	34		
1942	Long-term receivable-related parties (notes 6(b) 、(p) and 7)		155,550	5	59,130	2	Equity attributable to shareholders of the company (note 6(n)):						
1995	Other non-current assets (notes 6(k) and 8)		7,401	-	2,189	-	3100	Ordinary shares		426,082	14		
Total non-current assets			958,390	33	482,584	14	Capital surplus:						
						3211	Additional paid-in capital		59,485	2	59,485	2	
						3235	Changes in equities of subsidiaries		4	-	4	-	
						3280	Other capital surplus		23	-	3	-	
									59,512	2	59,492	2	
							Retained earnings:						
						3310	Legal reserve		309,915	10	180,274	5	
						3320	Special reserve		2,957	-	2,507	-	
						3350	Unappropriated retained earnings		1,115,977	38	1,544,754	44	
									1,428,849	48	1,727,535	49	
							Other equity interest:						
						3410	Foreign currency translation differences for foreign operations		(4,543)	-	(2,957)	-	
							Total equity		1,909,900	65	2,210,152	65	
Total assets		\$	2,899,091	100	3,408,691	100	Total liabilities and equity		\$	2,899,091	100	3,408,691	100

MACHVISION INC.**Parent Company Only Statements of Comprehensive Income****For the years ended December 31, 2019 and 2018****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (note 6(p) and (g))	\$ 2,358,299	100	2,995,779	100
5000	Operating costs (notes 6(c), (f), (g), (i),(j),(k),(l),(q)and 7)	821,865	35	921,494	31
	Gross profit	1,536,434	65	2,074,285	69
5910	Decrease: unrealized sales benefits	(996)	-	1,185	-
5900	Gross profit from operations	1,537,430	65	2,073,100	69
6000	Operating expenses (notes 6(b), (f), (g), (h) ,(i), (k),(l),(q)and 7):				
6100	Selling expenses	156,751	7	188,365	6
6200	Administrative expenses	105,469	4	159,876	6
6300	Research and development expenses	190,618	8	148,216	5
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(1,772)	-	8,708	-
	Total operating expenses	451,066	19	505,165	17
	Net operating income	1,086,364	46	1,567,935	52
7000	Non-operating income and expenses (note 6(r)and 7)):				
7010	Other income	30,143	1	8,853	-
7020	Other gains and losses	(29,937)	(1)	28,458	1
7050	Financial costs	(1,853)	-	-	-
7775	Share of profit (losses) of subsidiaries for using equity method	(52,415)	(2)	869	-
	Total non-operating income and expenses	(54,062)	(2)	38,180	1
	Net income before tax	1,032,302	44	1,606,115	53
7950	Less: Income tax expenses (note 6(m))	179,703	8	309,713	10
	Net income	852,599	36	1,296,402	43
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Losses on remeasurements of defined benefit plans	(863)	-	(698)	-
8349	Less: income tax related to items that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(863)	-	(698)	-
8360	Items that will be reclassified subsequently to profit or loss:				
8361	Financial statements translation differences for foreign operations	(1,649)	-	(676)	-
8399	Less: income tax related to items that will be reclassified to profit or loss	(63)	-	(226)	-
	Total items that will be reclassified subsequently to profit or loss	(1,586)	-	(450)	-
8300	Other comprehensive income (loss), net of tax	(2,449)	-	(1,148)	-
	Total comprehensive income	\$ 850,150	36	1,295,254	43
	Earnings per share (note 6(o)):				
9710	Basic earnings per share (in New Taiwan dollars)	\$ 20.01		30.43	
9810	Diluted earnings per share (in New Taiwan dollars)	\$ 19.86		30.11	

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

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings			Total other equity interest Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total		
Balance at January 1, 2018	\$ 426,082	59,489	134,000	2,041	721,872	857,913	(2,507)	1,340,977
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	46,274	-	(46,274)	-	-	-
Special reserve appropriated	-	-	-	466	(466)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(426,082)	(426,082)	-	(426,082)
Other changes in capital surplus	-	3	-	-	-	-	-	3
Net income	-	-	-	-	1,296,402	1,296,402	-	1,296,402
Other comprehensive income	-	-	-	-	(698)	(698)	(450)	(1,148)
Total comprehensive income	-	-	-	-	1,295,704	1,295,704	(450)	1,295,254
Balance at December 31, 2018	426,082	59,492	180,274	2,507	1,544,754	1,727,535	(2,957)	2,210,152
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	129,641	-	(129,641)	-	-	-
Special reserve appropriated	-	-	-	450	(450)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,150,422)	(1,150,422)	-	(1,150,422)
Other changes in capital surplus	-	20	-	-	-	-	-	20
Net income	-	-	-	-	852,599	852,599	-	852,599
Other comprehensive income	-	-	-	-	(863)	(863)	(1,586)	(2,449)
Total comprehensive income	-	-	-	-	851,736	851,736	(1,586)	850,150
Balance at December 31, 2019	<u>\$ 426,082</u>	<u>59,512</u>	<u>309,915</u>	<u>2,957</u>	<u>1,115,977</u>	<u>1,428,849</u>	<u>(4,543)</u>	<u>1,909,900</u>

MACHVISION INC.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Net income before tax	\$ 1,032,302	1,606,115
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	17,965	6,991
Amortization	110	263
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(1,772)	8,708
Interest expense	1,853	-
Interest income	(6,467)	(6,386)
Dividend income	(1,326)	-
Net gain of financial assets at fair value through profit or loss	52,415	(869)
Loss (gain) on disposal of property, plant and equipment	(120)	727
Unrealized sales benefits	(996)	1,185
Total adjustments to reconcile profit	61,662	10,619
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Notes receivable	1,792	(585)
Accounts receivable	31,772	(248,500)
Accounts receivable-related parties	(34,580)	(75,248)
Other receivables-related parties	(21,858)	577
Inventories	(138,396)	(48,513)
Prepayments	(8,162)	(3,272)
Other current assets	(5,807)	(1,850)
Long-term accounts receivable(related party included)	(245,558)	(121,387)
Total changes in operating assets, net	(420,797)	(498,778)
Net changes in operating liabilities:		
Contract liabilities	(80,310)	63,632
Notes payable	(365)	834
Accounts payable	44,057	115,359
Accounts payable-related parties	5,842	10,218
Other payables	(49,464)	226,403
Other payables-related parties	21,299	9,533
Provisions	(33,228)	25,165
Other current liabilities	3,242	461
Net defined benefit liability	69	42
Total changes in operating liabilities, net	(88,858)	451,647
Total changes in operating assets / liabilities, net	(509,655)	(47,131)
Total adjustments	(447,993)	(36,512)
Cash provided by operating activities	584,309	1,569,603
Interest income received	5,873	7,629
Income tax paid	(429,631)	(118,868)
Net cash provided by operating activities	160,551	1,458,364
Cash flows from investing activities:		
Acquisition of investments accounted for using the equity method	(115,836)	-
Acquisition of property, plant and equipment	(40,387)	(32,196)
Proceeds from disposal of property, plant and equipment	143	220
Decrease (increase) in refundable deposits	(5,711)	482
Increase in other non-current assets	(3,779)	(3)
Dividends received	1,326	-
Net cash used in investing activities	(164,244)	(31,497)
Cash flows from financing activities:		
Payment of lease liabilities	(8,300)	-
Cash dividends paid	(1,150,422)	(426,082)
Surplus not paid due to overdue	20	3
Net cash used in financing activities	(1,158,702)	(426,079)
Net increase (decrease) in cash and cash equivalents	(1,162,395)	1,000,788
Cash and cash equivalents at beginning of period	1,640,945	640,157
Cash and cash equivalents at end of period	\$ 478,550	1,640,945

Attachment 4

MACHVISION, INC.
Earnings distribution statement
2019

Unit: NTD

Undistributed earnings at the beginning of the period	264,240,938
Increase : Net income-after tax, in 2019	852,599,336
Decrease: Determine the welfare plan (loss) benefits	(862,836)
Undistributed earnings in the current year	1,115,977,438
Decrease: Legal reserve (10%)	(85,173,650)
Decrease: Special reserve	(1,585,326)
Item :	
Less : Distributed earnings Cash dividends (NT\$10.49755641 per share)	(447,282,340)
Undistributed earnings at the end of the period	581,936,122
<p>Note 1: Distribution of dividends is based on 42,608,234 shares issued upon resolution of the Board of Directors on March 27, 2020.</p> <p>Note 2: Total cash dividend distribution is NT\$447,282,340 . Based on 42,608,234 shares outstanding on March 27, 2020. (NT\$10.49755641 per share).</p> <p>Note 3: Total cash dividend distribution is NT\$447,282,340. If the number of shares is changed will affect the amount of cash dividend per share.</p> <p>Note 4: The cash dividend is calculated according to the distribution ratio up to the NT\$, rounded down to the NT\$, and the total unpaid allocation is included in other income.</p> <p>Note 5: The chairman of the board of directors was authorized to decide the distribution Date and other related matters.</p> <p>Note 6: The Resolution of Dividend Distribution is calculated based on the number of shares outstanding on the Board of directors Resolution Day. If there is a change in the share capital and the allocation ratio changes, the chairman of the board of directors is authorized to deal with it.</p>	

Chairman: 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 earnings distribution or loss offset shall be proposed at the close of each half year. The half a year's earnings, if any, shall first be used to pay all taxes, reserve employee compensation, 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 half year'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.

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 by issuance of new shares according to the distribution plan proposed by the Board of Directors and approved by the shareholders' meeting.

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.

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.

The 17th amendment was made on May 29, 2019

MACHVISION Inc Co., Ltd.

Chairman: Wang, Guang-Shiah

Appendix 2

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, 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.

2.9 Right-of-use assets.

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

3.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. 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 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.

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.

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.

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.

3.9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a 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.

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 When the Company acquires or disposes of memberships or intangible assets or right-of-use assets thereof, the transaction terms and reasonableness shall be submitted to the Board of Directors for a resolution.

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 meet the following requirements:

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.

5.2. May not be a related party or de facto related party of any party to the transaction.

5.3. If the Company is required to 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:

5.3.1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

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.

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.

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.

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 6-1: 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 procedures for derivatives trading. If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the provisions before doing so.

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. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust

enterprises.

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

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.

7.4 Where equipment or right-of-use assets thereof 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.

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 furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches 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 domestic government bonds.

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 (excluding subordinated debt) 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.

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 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 transaction counterparty within the preceding year.
- (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project 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. Total carrying amounts of securities, real property and right-of-use assets thereof and equipment acquired by each subsidiary for business use shall be subject to the cap of the Company set forth in Article 4 herein.
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. 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; 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.

Chapter II. Acquisition and Disposition of Assets

Article 9: In acquiring or disposing of real property, equipment, or right-of-use assets thereof 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 domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof 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

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 same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

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: Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic 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 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 intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 domestic 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

13.1 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 property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.

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, 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:

Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

Acquisition or disposal of real property right-of-use assets held for business use.

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 that acquires real property or right-of-use assets thereof 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 or leased 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 or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof 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:

- (1) The related party acquired the real property or right-of-use assets thereof 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 or right-of-use assets thereof 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) 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.

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 sale or leasing 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 property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed 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 completed 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.

Article 16: Where the Company acquires real property or right-of-use assets thereof 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 difference between the real property or right-of-use asset 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.

16.2. Independent directors of the Audit Committee shall comply with Article 218 of the Company Act.

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.

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 or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, 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.

When the Company obtains real property or right-of-use assets thereof 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.

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.

Appendix 3

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

Approved and made 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 4

Current Shareholding of All Directors and Supervisors

As of the date of transfer termination (March 31, 2020), the respective and current shareholding of directors recorded in the shareholder register is as follows:

Title	Name	Number of Shares Held	Shareholding Ratio
Chairman	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%
Director	Chen, Fu-Sheng	26,000	0.06%
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 date of transfer termination (March 31, 2020), the total number of shares issued is 42,608,234.

The minimum Number of shares held of all Directors: 3,600,000 shares

Record of shareholders on the date of transfer termination:

Shareholding Ratio and Number of shares of All Directors: 10.27% ; 4,375,178 shares

Appendix 5

Other Matters:

With regard to the Annual 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. The annual shareholders' meeting accepts shareholders' proposals during the period from March 17, 2020 to March 27, 2020. And which is released and publicized at <http://mops.twse.com.tw>.
3. No shareholders' proposed motions during the specified time period.