

MACHVISION Inc. Co., LTD

2022 Annual Report

Notice to readers

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

- Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>
- Company Website: <http://www.machvision.com.tw>

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Headquarters,**Branches and****Deputy Spokesperson**

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Auditors

KPMG Taiwan

Auditors: Po-Shu Huang , Chung Shun Wu

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Website: <http://www.kpmg.com.tw>

Overseas Securities Exchange

Not applicable.

Corporate Website

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

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I. Letter to Shareholders

2022 Business Report

Thank you for visiting shareholders' meeting in 2023. Over the past year, the Group's revenue in 2022 was NT\$ 2.1 billion, decline of 23.56%. The net profit after tax in 2022 was NTD\$591,776 thousands, decline of 28.40%. The operating net profit margin was 30.14%, the net profit after tax was 28.15%, the return on assets was 14.08%, and the return on equity was 19.81%

1. Business Performance in 2022

(1) Business Performance

Unit: NTD thousands

	2022		2021		Increase(decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenues	2,102,302	100.00	2,750,264	100.00	(647,962)	(23.56)
Gross profit	1,214,188	57.76	1,694,571	61.61	(480,383)	(28.35)
Operating income	633,562	30.14	1,068,766	38.86	(435,204)	(40.72)
Net income before income tax	733,890	34.91	1,044,967	38.00	(311,077)	(29.77)
Net income after income tax	591,776	28.15	826,469	30.05	(234,693)	(28.40)
Earnings per share (NT\$)	13.35		18.51		(5.16)	

(2) Budget execution

The company did not disclose financial forecasts in 2022.

(3) Financial income and expenditure and profitability analysis

			2022	2021	2020
Profitability	Return on assets (%)		14.08	20.23	19.45
	Return on equity (%)		19.81	29.70	28.15
	Rate to paid-up capital (%)	Operating income	141.65	238.95	194.31
		Pre-tax net profit	164.08	233.63	179.84
	Net profit ratio (%)		28.15	30.05	27.30
	Earnings per share (NT\$)		13.35	18.51	15.02

(4) Research and development status

The main research and development of the company in 2022 were as follows:

1. Index 4W Tester
2. CSP 4W Tester
3. COLOR CSP AOI 4.0
4. Color FC AVI & Bump AOIM
5. Lead Frame AVI

2. Summary of the business plan for the year of 2023

Important production and sales policy and company development strategies :

With Taiwan's advantages in the field of semiconductors, several customers have greatly expanded their IC substrate and flexible board business in Taiwan. At Machvision, we will continue to invest in the research and development of niche products and develop new products with high cost performance ratio to assist customers in significantly reducing the costs of purchase of production equipment and labor for improving competitiveness, launching corresponding products for different industries, and jointly achieving industrial development.

Under the uncertainties of global economic development, Machvision will integrate resources through the merger of subsidiaries, and continue to invest in the development of niche products known as " Index 4W Tester ". The equipment is mainly developed for HDI, 5G, and high-end circuits of automotive PCB. MACHVISION continues to innovate the products for the long-term competitiveness.

In order to cope with the changeable environment MACHVISION will execute the plans for staff training and organizational adjustment to enhance the core value. Besides MACHVISION invites supply chain to join carbon-neutral economy for Corporate Sustainability.

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

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

Chairman: Wang, Guang-Shiah

General Manager: Chen, Fu-Sheng

Accounting Supervisor: Su, Yi-Fan

II. Company Profile

2.1 Date of Incorporation: June 9th, 1998.

2.2 Company History

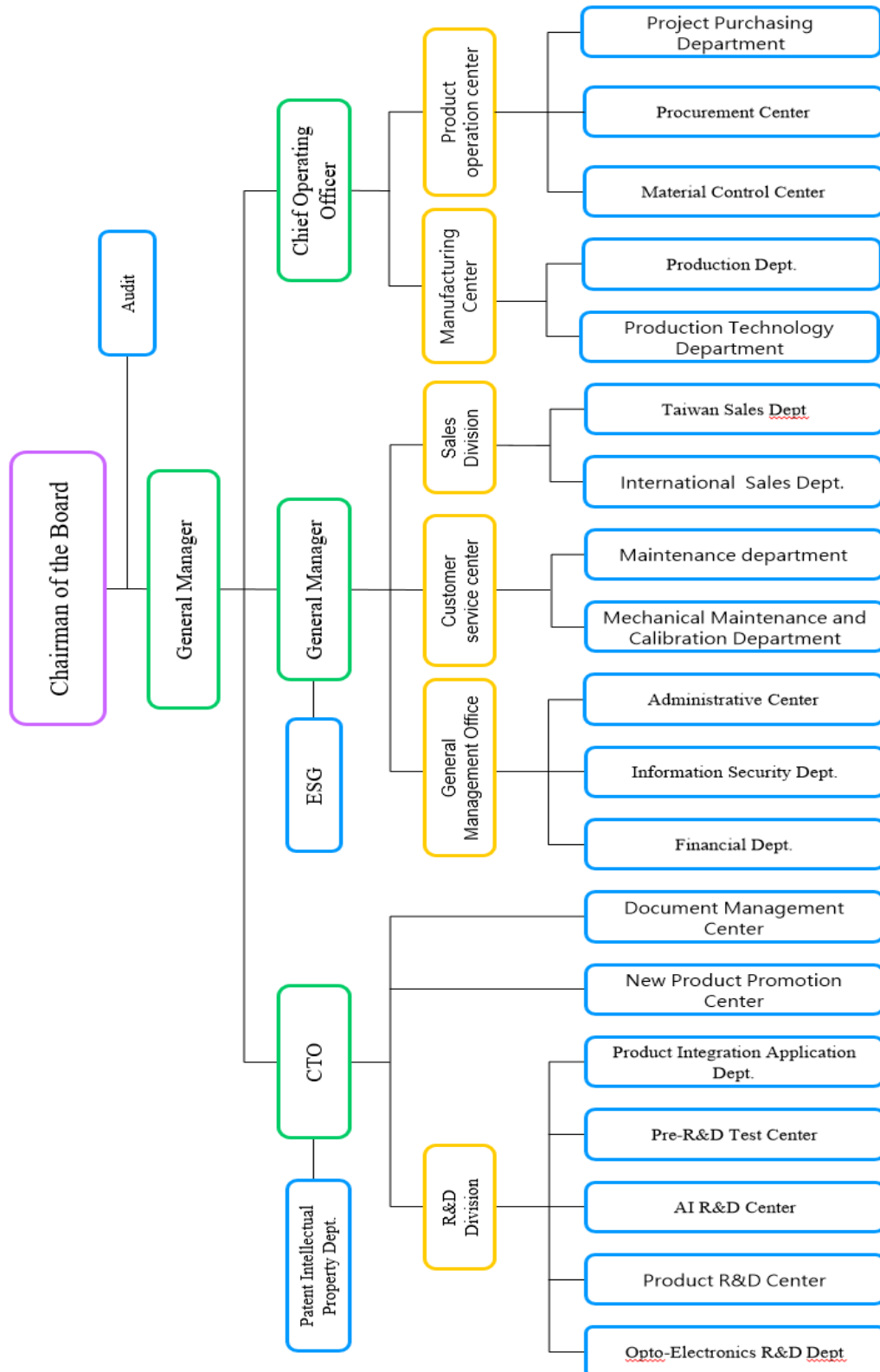
Year	Milestones
Jun. 1998	Established the research and development center of Machvision Technology Co., Ltd., with a paid-up capital of NTD\$39,900 thousands. Started development of general-purpose 2.5D measuring machine
Mar. 1999	Started to develop linear scanning technology.
Sep. 1999	Started development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

Year	Milestones
	up capital after capital increase was NTD\$100,000 thousands.
Jan. 2006	Established the Kaohsiung office and is committed to software development.
Jun. 2006	Expand the operations center.
Jun. 2006	Capital increase by retained earnings of NTD\$40,000 thousands, and the amount of paid-up capital after capital increase was NTD\$140,000 thousands.
Feb. 2007	The manufacturing center is expanding and moved.
Feb. 2007	Capital increase for NTD\$21,000 thousands, and the paid-up capital after the capital increase was NTD\$161,000 thousands.
May. 2007	Handle stock public offerings.
Jun. 2007	Company's stock is registered in the trading market.
Aug. 2007	Capital increase by retained earnings of NTD\$33,919 thousands, and the amount of paid-up capital after capital increase was NTD\$194,919 thousands.
Sep. 2008	Capital increase for NTD\$30,578 thousands, and the paid-up capital after the capital increase was NTD\$225,496 thousands.
Dec. 2008	Launched a 3D stereo measuring machine.
Feb. 2009	Launched CSP Bump detector and next-generation circuit AOI inspection machine.
Mar. 2009	Invested in the development of ultra-high-speed inner inspection machine and 3D AOI printing circuit stereo inspection machine.
May. 2009	Launched the second generation AFI automatic appearance final inspection machine.
Aug. 2009	Introduced ultra-high speed inner inspection machine.
Nov. 2009	Launched 3D AOI printed circuit stereo inspection machine.
Dec. 2009	Invested in the development of LED Lead Frame inspection machine.
Sep. 2010	Launched LED Lead Frame high precision measuring machines.
Jan. 2011	Capital increase for NTD\$30,070 thousands, and the paid-up capital after the capital increase was NTD\$255,566 thousands.
Jan. 2011	Company stock IPO.
Mar. 2011	Launched FGF flexible PCB gold finger inspection machines.
Aug. 2011	Launched a roll-to-roll AOI inspection machine.
Aug. 2011	Capital increase for NTD\$51,113 thousands, and the paid-up capital after the capital increase was NTD\$306,679 thousands.
Dec. 2011	Launched FVRS Gold Finger re-inspection machines.
Aug. 2012	Capital increase by retained earnings for NTD\$30,668 thousands, and

Year	Milestones
	the paid-up capital after the capital increase was NTD\$337,347 thousands.
Sep. 2012	Launched FCCSP appearance inspection machine (elastic type).
Oct. 2012	Launched large countertop appearance inspection machine
Dec. 2012	Launched flexible appearance inspection machine.
Jul. 2013	Capital increase by retained earnings of NTD\$33,735 thousands, and the amount of paid-up capital after capital increase was NTD\$371,082 thousands.
Aug. 2013	Introduced new automatic appearance inspection machine AFI2 3000x400.
Oct. 2013	Capital increase for NTD\$55,000 thousands, and the paid-up capital after the capital increase was NTD\$426,735 thousands.
Jan. 2014	Moved to newly acquired building, No. 2~3, Industrial East 2nd Road, Hsinchu Science Park.
Mar. 2015	Launched PCB appearance inspection machine AOFI.
May. 2016	Introduced wafer appearance inspection machine Wafer AVI.
Apr. 2017	Introduced smart AOI 4.0.
Dec. 2017	Launched flexible PCB continuous circuit inspection machine
Aug. 2018	Launched thin film flip chip package appearance inspection machine and thin film flip chip packaging circuit inspection machine.
Sep. 2018	AI R&D Center established.
Mar. 2019	Established the Bethel Unicorn Incubation Center
Apr. 2019	Got listed on the Taiwan Stock Exchange Corporation (TSEC)
Oct. 2019	Introduced Color CSP AFI
May 2020	Capital increase for NTD\$21,200 thousands, and the paid-up capital after the capital increase was NTD\$447,282 thousands.
Oct. 2020	Introduced Tray In(Out) inspection equipment, including of AVI , bump, and board warpage.
Apr. 2021	Introduced Multifield Laservia Inspector
Sep. 2021	Introduced FPCB Assembly AVI
Nov. 2022	Introduced CSP AFI (High Throughput version)
Dec. 2022	Introduced Lead Frame AVI

III. Corporate Governance Report

3.1 Organization



3.1.1 Organizational Chart

3.1.2 Major Corporate Functions

Department	Tasks and responsibility
Audit Department	<ol style="list-style-type: none">1. Check whether company's internal control system continues to operate effectively, whether operational activities are carried out according to established plan, whether laws and regulations are actually followed and propose improvements.2. Coordinate and promote self-inspection operations of relevant internal control implementations of various departments.
ESG Department	<ol style="list-style-type: none">1. ESG-related publicity, event promotion and information exposure.2. Company image publication planning.3. Product Marketing Planning.4. Promotion activities.
Sales Division	<ol style="list-style-type: none">1. Responsible for sales, promotion and execution of various products.2. Responsible for business gathering and market development, analysis and forecasting.
Customer Service Department	<ol style="list-style-type: none">1. Installation, testing, upgrade, customer education training and question and answer after sales of domestic and foreign machines.2. Various engineering support work within the company.
Product Operation Center	<ol style="list-style-type: none">1. Integrate system resources of various departments.2. Process improvement works in various departments.
Manufacturing Center	<ol style="list-style-type: none">1. Responsible for the assembly of all project machines.2. Support all projects to carry out a large number of on-site upgrades and installations.3. Technical data management.4. Responsible for the installation and testing of all project machines.5. Responsible for all project machines to be handed over to the quality assurance inspection assembly.
Material Control Center	<ol style="list-style-type: none">1. Production scheduling.2. Production/logistics/warehousing management.

Department	Tasks and responsibility
Procurement Center	<ol style="list-style-type: none"> 1. Plan various direct/indirect material procurement strategies and formulate procurement performance targets. 2. Collect market information on supply and demand and prices of materials in the industry, and maintain good relations with various manufacturers. 3. Integrate production schedule and material balance, and is responsible for production and sales coordination. 4. Inventory management.
Project Purchasing Department	<ol style="list-style-type: none"> 1. Market Intelligence Search Set. 2. New supplier development and verification. 3. Negotiation of prices, distribution and evaluation of new suppliers.
Patent Intellectual Property Dept.	<ol style="list-style-type: none"> 1. Patent application planning. 2. Patent management and dispute resolution.
R&D Department	Pre-development testing center: <ol style="list-style-type: none"> 1. Core algorithm development. 2. New technology integration design. 3. Feasibility assessment of new product development. Artificial
	Intelligence R&D Center: <ol style="list-style-type: none"> 1. Develop and improve AI technologies. 2. AI technologies import to AOI and AVI products
	Optics-Electronics R & D Department: <ol style="list-style-type: none"> 1. Support the core technologies required for each project development. 2. Optical machine designs and optical machine experiments. 3. Project image data maintenance. 4. Collection and summary of project documents. 5. R&D to production data and technology transfer. 6. Engineering change data transfer (drawing, material list, checklist).
	Product research and development: <ol style="list-style-type: none"> 1. Develop and develop new products. 2. Control and conduct development projects. 3. Support the core technologies required for each project development. 4. Collection/induction of project documentations.
	Product Integration Application Department <ol style="list-style-type: none"> 1. Product review in the initial R&D process and the improvement process. 2. Assembling and installing of all R&D machines. To improve and manage the technical and testing documents. 3. Support R&D Demo and PK.

Department	Tasks and responsibility
New Product Promotion Center	<ol style="list-style-type: none"> 1. Market intelligence collection and customer demand function understanding. 2. New product development and function confirmation. 3. Customer product verification and feedback review. 4. New product education and training for business and customer service units.
Document Management Center	<ol style="list-style-type: none"> 1. Responsible for the management of the issuance, recycling, destruction and archiving of related documents. 2. Production, modification, filing and storage of technical documents. 3. Technical drawings, engineering specifications, BOM changes/releases/management.
Administration center	<p>Administrative Personnel Center:</p> <ol style="list-style-type: none"> 1. Coordinating administrative, general affairs, and human resources matters. 2. Planning, coordination and promotion of project plans. 3. Company image and marketing affairs planning and execution. <p>Labor Safety Center:</p> <ol style="list-style-type: none"> 1. Responsible for work environment safety measures. 2. Emergency response plan. 3. Health implementation of labor safety operations. <p>Human resources:</p> <ol style="list-style-type: none"> 1. Human resources. 2. Responsible for shaping of the corporate image and developing PR strategies and campaigns.
Information Security Management Department	<ol style="list-style-type: none"> 1. Responsible for the planning, promotion and management of company information operations. 2. Information computerization promotion center. 3. Various computerized information collection, provision and control. 4. Various software and hardware equipment planning and control. 5. Various computer knowledge education and training implementation promotion center.
Financial Department	<ol style="list-style-type: none"> 1. Responsible for accounting operations, business analysis and tax planning. 2. Responsible for financing planning, fund management and scheduling, and customer credit management. 3. Long-term and short-term investment evaluation and management.

3.2 Directors and Management Team

3.2.1 Directors

March 27, 2023

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected MM/DD/YYYY	Term (Years)	Date First Elected MM/DD/YYYY	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	WANG/ GUANG-SHIAH	Male/ 60-70	07/20/2021	3	05/26/1998	1,426,740	3.19%	1,426,740	3.19%	72,426	0.16%	-	-	Ph.D., Institute of Industrial Engineering, Pennsylvania State University Professor, Department of Industrial Engineering Management, Chung Hua University	Company's chief technical officer Director of Machvision (Dongguan) Inc.. Chairman of SISSCA Co.,Ltd. (legal representative)	-	-	-	
Director	R.O.C.	CHUANG/ YUNG-SHUN	Male/ 71-80	07/20/2021	3	12/07/2005	417,711	0.93%	417,711	0.93%	-	-	-	-	Master of International Business Studies, National Taiwan University Master of Business Administration, Tulane University, USA Bachelor of Electronic Engineering, National Taiwan University of Science and Technology Chairman of AAEON Technology Co., Ltd.	Chairman of AAEON Technology Co., Ltd. (legal representative) Chairman of AAENO Investment Co., Ltd. (legal representative) Chairman of ONYX Healthcare Inc. (legal representative) Chairman of AAEON Technology (Suzhou) Co., Ltd. (legal representative)	-	-	-	Please see note 1 for other concurrent positions.

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected MM/DD/YYYY	Term (Years)	Date First Elected MM/DD/YYYY	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	YU/ MING-CHANG	Male/ 61-70	07/20/2021	3	08/07/2008	1,073,940	2.40%	1,073,940	2.40%	16,636	0.04%	—	—	Master of Electrical Engineering, Tsinghua University Deputy General Manager of Stark Technology Co., Ltd.	Director of Stark Technology Inc. Director of Aspeed Technology Co., Ltd. (legal representative) Director of Atech OEM Technology Inc. Director of Autovision Technology Co., Ltd. (legal representative) Director of board of ChipAI Co., LTD.(legal representative) Independent director of CipherLab Co., Ltd.				
Director	R.O.C.	CHANG/ YUNG-YANG	Male/ 71-80	07/20/2021	3	05/25/2007	1,333,904	2.98%	1,336,904	2.99%	—	—	—	—	Doctor of Science and Technology, Institute of Science and Technology Management, Chung Hua University Associate Professor, Kainan University Vice-principal of Taoyuan community college Consultant of Changqiao Accounting firm	Chairman of Changhong Enterprise Management Consulting Co., Ltd. Director of JUIC International corporation Supervisor of Avountes Co., Ltd. Chairman of HUNG CHIAO ENVIRONMENT-TECHNOLOGY ENGINEERING INC.				

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected MM/DD/YYYY	Term (Years)	Date First Elected MM/DD/YYYY	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	YAN/ WEI-CHYUN	Male/ 61-70	07/20/2021	3	06/10/2013	275,998	0.62%	276,000	0.62%	—	—	—	—	Master of Business Administration, City University of New York, USA Chairman and General Manager of Atech OEM Co., Ltd.	Chairman and General Manager of Atech OEM Co., Ltd. Director of CipherLab Co., Ltd. Director of AAEON Technology (Suzhou) Co., Ltd. (legal representative)				Please note 2 for other concurrent positions
Director	R.O.C.	CHEN/ FU-SHEN	Male/ 41-50	07/20/2021	3	05/29/2019	27,034	0.06%	27,034	0.06%	—	—	—	—	Master of Industrial Engineering, Tsinghua University Wafer works Group Chairman Special Assistance and Deputy General Manager of Subsidiary Operations	Company's general manager Director of board of SISSCA Co.,Ltd.(legal representative) Chairman of Machvision Korea Co., Ltd				
Director	R.O.C.	LEE/ TSU-DER	Male/ 71-80	07/20/2021	3	05/27/2016	—	—	—	—	1,000	—	—	—	Bachelor of Dental Medicine, Taipei Medical University Chairman of Taipei Medical University	Independent director of China general plastics corporation				Please see note 3 for other concurrent positions

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected MM/DD/YYYY	Term (Years)	Date First Elected MM/DD/YYYY	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	YEN/ TZONG-MING	Male/ 71-80	07/20/2021	3	05/26/2017	—	—	—	—	—	—	—	—	Master of Economics, Soochow University Wharton School of the University of Pennsylvania PhD Program in Finance Director of Hsinchu Science Park Bureau Director of Mega Bills Adjunct Faculty, National Yang Ming EMEA Chiao Tung University Professor, Department of Business Administration, Hsuan Chuang University	Independent director of ACTION ELECTRONICS CO., LTD. Director of Private Hsinchu Guangfu Senior High School Senior Consultant of Wholetech System Hitech Limited				
Director	R.O.C.	DU/ MING-HAN	Male/ 61-70	07/20/2021	3	12/24/2018	—	—	—	—	—	—	—	—	Master of Management Science, Tamkang University Senior Deputy General Manager of Taiwan Microsoft Corporation President of Taiwan World Vision	Independent director of Machvision Inc. Director of SISSCA Co.,Ltd				

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

Note 2: Chairman of Danyang Qiye Technology Co.,Ltd. (legal representative), Chairman of Outstanding Electronics (dongguan) manufacturer Co., Ltd. (legal representative), Chairman of ATECH (Yichang) Electronics Co., Ltd. (legal representative), director of ATECH Technology (SAMOA) Ltd. (legal representative)), director of Growth Profits Group Limited (legal representative), director of Outstanding Electronics Manufacturer Group Co., Ltd. (legal representative), Supervisor of Autovision Technology Inc., independent director of Abico Avy Co., Ltd., director of Sigold Optics Co., Ltd. (legal representative) , director of Avountes co., Ltd. (legal representative), director of QQE TECHNOLOGY CO., LTD. (legal representative), independent director of TOP UNION ELECTRONICS CORPORATION.

Note 3: Independent director of China general plastics corporation, director of Diamond capital management Ltd. (legal representative), director of Diamond biotechnology investment Ltd. (legal representative), director of Xinyao biotechnology investment Ltd.(legal representative), director of MICROBIO (shanghai) CO., LTD.,

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

Major shareholders of the institutional shareholders: None.

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

3.2.2 Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

March 27, 2023

Criteria Name	Independent director	Audit Committee Member	Professional qualification and experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
WANG/ GUANG-SHIAH	-	-	Please refer to page 12-16.	Not applicable	0
YU/ MING-CHANG	-	-			1
CHANG/ YONGYING	-	-			0
CHUANG/ YUNGSHIN	-	-			2
YAN/ WEI-CHYUN	-	-			2
CHEN/ FU-SHEN	-	-			0
LEE/ TSU-DER	V	V Convener	Please refer to page 12-16.	Independent directors are in compliance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	1
YEN/ TZONG-MING	V	V	Not been a person of any conditions defined in Article 30 of the Company Law.		1
DU/ MING-HAN	V	V			0

3.2.3 Board Diversity Policy and Implementation Status

Member diversification is considered by the Board members. Factors taken into account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge and terms of service. The Board objectively chooses candidates to meet the goal of member diversification.

Core goals for diversification Name of director	Nationality	Age	Gender	Employee	Operational management and business judgment	Finance and accounting	Crisis handling	Industry knowledge	Global market perspectives	Leadership
WANG/ GUANG-SHIAH	R.O.C	61~70	Male	Yes	V		V	V	V	V
YU/ MING-CHANG	R.O.C	71~80	Male	No	V		V	V	V	V
CHANG/ YONGSHUN	R.O.C	61~70	Male	No	V		V	V	V	V
CHANG/ YUNG-YANG	R.O.C	71~80	Male	No	V	V	V	V	V	V
YAN/ WEI-CHYUN	R.O.C	61~70	Male	No	V	V	V	V	V	V
CHEN/ FU-SHEN	R.O.C	41~50	Male	Yes	V		V	V	V	V
LEE/ TSU-DER	R.O.C	71~80	Male	No	V		V	V	V	V
YEN/ TZONG-MING	R.O.C	71~80	Male	No	V	V	V	V	V	V
DU/ MING-HAN	R.O.C	61~70	Male	No	V		V	V	V	V

3.2.4 Management Team

Title	Nationality	Name	Gender	Date Effective MM/DD/YY	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman and Chief Technology Officer of R/D dept.	R.O.C.	WANG/GUANG-SHIAH	Male	07/01/06	1,426,740	3.19%	72,426	0.16%	—	—	Ph.D., Institute of Industrial Engineering, Pennsylvania State University Professor, Department of Industrial Engineering Management, Chung Hua University	Director of Machvision (Dongguan) Inc.. Chairman of SISSCA Co.,Ltd. (legal representative)	—	—	—	
General Manager	R.O.C.	CHEN/FU-SHEN	Male	04/10/14	27,034	0.06%	—	—	—	—	Master of Industrial Engineering, Tsinghua University Wafer works Group Chairman Special Assistance and Deputy General Manager of Subsidiary Operations Associate deputy	Director of SISSCA Co. Ltd. (legal representative) Chairman of Machvision Korea Co., Ltd	—	—	—	
Chief Operating Officer	ROC	CHEN/CHIA-NAN	Male	06/01/22	—	—	—	—	—	—	Department of Mechanical Engineering, Chung Yuan Christian University General Manager of Taiwan Union Technology corporation.	General Manager of SISSCA Co. Ltd	—	—	—	

Title	Nationality	Name	Gender	Date Effective MM/DD/YY	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Business Deputy General Manager	R.O.C.	TSENG/WEI-LUN	Male	07/01/19	—	—	—	—	—	—	EMBA of National Chiao Tung University(Studying) Section manage of Chip Power Technology Corp.	NA	—	—	—	
Research and Development Deputy General Manager	R.O.C.	WANG/YUAN-NAN	Male	07/01/19	4,000	0.01%	—	—	—	—	Master of Taiwan University Department of Mechanical Engineering General manager of Sigold Optics Inc. General manager of Anderson Industrial Corp. General manager of Lianyuan Inc.	NA	—	—	—	
Financial and accounting officer corporate governance officer	R.O.C.	SU/YI-FAN	Female	06/01/22	—	—	—	—	—	—	Bachelor of Accounting, Chung Yuan Christian University Assistant manager of KPMG Taiwan	NA	—	—	—	Note1

Note1: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

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

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
Director	WANG/GUANG-SHIAH	-	-	-	-	5,532	5,532	50	50	0.93%	0.93%	12,036	12,036	108	108	13,532	-	13,532	-	5.23%	5.23%	-
	YU/MING-CHANG																					
	CHANG/YONGSHUN																					
	CHUANG/YUNGSHUN																					
	YAN/WEI-CHYUN																					
	CHEN/FU-SHEN																					
Independent Director	LEE/TSU-DER	-	-	-	-	2,766	2,766	145	145	0.49%	0.49%	-	-	-	-	-	-	-	-	0.49%	0.49%	-
	YEN/TZONG-MING																					
	DU/MING-HAN																					
	1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: 2.In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors. 3. The remuneration of directors and the remuneration of employees have not yet been decided, which is based on the percentage of the allocation in previous year.																					

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

3.3.2 Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Technical Officer	WANG/GUANG-SHIAH	14,309	14,309	396	396	7,297	7,297	17,734	-	17,734	-	6.65%	6.65%	-
General Manager	CHEN/FU-SHEN													
Chief Operating Officer	CHEN/ CHIA-NAN													
Business Deputy General Manager	TSENG/WEI-LUN													
Research and Development Deputy General Manager	WANG/YUAN-NAN													

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

3.3.3 Names of managerial officers with compensation as employees and the status of payment

	Title	Name	Stock	Cash	Total	Proportion of total to net profit after tax of parent company only (%)
Managerial Officers	Chief Technical Officer	WANG/GUANG-SHIAH	-	17,969	17,969	3.01%
	General Manager	CHEN/FU-SHEN				
	Chief Operating Officer	CHEN/ CHIA-NAN				
	Business Deputy General Manager	TSENG/WEI-LUN				
	Research and Development Deputy General Manager	WANG/YUAN-NAN				
	Financial and accounting officer corporate governance officer	SU/YI-FAN				

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

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

Year	Ratio of total remuneration paid to president and vice presidents to net income (%)		Ratio of total remuneration paid to directors to net income (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
2021	5.53%	5.53%	5.44%	5.44%
2022	5.72%	5.72%	6.65%	6.65%

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

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

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

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

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	WANG/GU ANG- SHIAH	5	1	83.33	None
Director	YU/MING- CHANG	6	0	100.00	None
Director	CHANG/Y ONGSHU N	6	0	100.00	None
Director	CHUANG/ YUNGSH ON	6	0	100.00	None
Director	YAN/WEI- CHYUN	6	0	100.00	None
Director	CHEN/FU- SHEN	6	0	100.00	None
Independent director	LEE/TSU- DER	6	0	100.00	None
Independent director	YEN/TZO NG-MING	6	0	100.00	None
Independent director	DU/MING- HAN	5	1	83.33	None

Other mentionable items:

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

Date	Proposal and resolution	Matters referred to in Article 14-3 of the Securities and Exchange Act	Other matters involving objections or expressed reservations by independent directors
2022/2/9 Ninth 6th time	1. Approved the company's employee remuneration (including managers) distribution standards.	yes	no
	2. Approved the 2021 remuneration to directors (including independent directors) and employees.	yes	no
	3. The Proposal for amendment of Partial Articles of the Company's "Articles of Incorporation" was adopted.	yes	no
	4. Approved the company's 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement"..	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	1. Resolution (1~2): Reviewed by Compensation Committee and all attendees of directors and independent directors passed without objection except CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) were not participate in discussions and voting due to interest avoidance. 2. Resolution (3~4): All Attendees of directors and independent directors passed without objection.		
2022/5/4 Ninth 7th time	1. Approved the the company's visa accountant remuneration case.	yes	no
	2. Approval of the Amendment to the Rules of Procedures for Shareholder meetings.	yes	no
	3. Approval of amendment to the Procedures for the Acquisition and Disposal of Assets.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		

Date	Proposal and resolution	Matters referred to in Article 14-3 of the Securities and Exchange Act	Other matters involving objections or expressed reservations by independent directors
2022/5/26 Ninth 8th time	1. Approved the appointment of the finance officer, accounting officer and corporate governance officer.	yes	no
	2. Approved the appointment of chief of operation.	yes	no
	3. Approved the construct of factory and building.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		
2022/8/3 Ninth 9th time	1. Approved the distribution of remunerations to directors (including independent directors) for 2021.	yes	no
	2. Approved the distribution of remunerations to key management and employees for 2021.	yes	no
	3. Approved the routine adjustment in the salary of key management for 2022.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Reviewed by Compensation Committee and all attendees of directors and independent directors passed without objection expect CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) were not participate in discussions and voting due to interest avoidance.		
2022/11/3 Ninth 10th time	1. Approved the proposed renewal of the “Liability Insurance of Directors, Supervisors, and Managerial Officers” from Tokio Marine Nawa Insurance Co., Ltd	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		

Date	Proposal and resolution	Matters referred to in Article 14-3 of the Securities and Exchange Act	Other matters involving objections or expressed reservations by independent directors
2022/12/23 Ninth 11th time	1. Adopted 2022 proposition for distribution amount of year-end bonus for managerial officers.	yes	no
	2. Adopted the revision of some clauses from “Corporate Governance Best Practice Principles.”	yes	no
	3. Adopted the revision of some clauses from “Procedures for Handling Material inside Information of the Company.”	yes	no
	4. Approved of increasing investment in China.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	1. Resolution (1): Reviewed by Compensation Committee and all attendees of directors and independent directors passed without objection expect CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) were not participate in discussions and voting due to interest avoidance. 2. Resolution (2~4): All Attendees of directors and independent directors passed without objection.		

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

3. Implementation Status of Board Evaluations

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2022/01/01 ~ 2022/12/31	Board of Directors, individual directors, and functional committees	internal self-evaluation by the Board of Directors, self-assessment by directors, peer evaluation	Note 1 、 2
Once three year	2019/11/01 ~ 2020/10/31	Board of Directors, individual directors, and functional committees	Hiring an external professional organization. Taiwan Corporate Governance Association	Note 1 、 2

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

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

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

3.4.2 Audit Committee

A total of 6 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director	LEE/TSU- DER	6	-	100.00%	-
Independent director	YEN/TZO NG-MING	6	-	100.00%	-
Independent director	DU/MING -HAN	5	1	83.33%	-

Other mentionable items:

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

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

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

Date	Proposal and resolution	Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2022/2/9 2 st 5th time	The Proposal for amendment of Partial Articles of the Company's "Articles of Incorporation" was adopted.	yes	no
	Approved the company's 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement".	yes	no
	Approved the company's 2021 financial reports	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2022/5/4 2 st 6th time	Approved the the company's visa accountant remuneration case	yes	no
	Approval of the Amendment to the Rules of Procedures for Shareholder meetings.	yes	no
	Approval of amendment to the Procedures for the Acquisition and Disposal of Assets.	yes	no

Date	Proposal and resolution	Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2022/5/26 2 nd 7th time	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
	The appointment of the finance officer, accounting officer and corporate governance officer.	yes	no
	The construct of factory and building.	yes	no
	Audit Committee's resolution : Agree.		
2022/8/3 2 nd 8th time	Company's response to the Audit Committee's opinion : Agree.		
	Approved the financial statements for the second quarter of 2022..	yes	no
	Audit Committee's resolution : Agree.		
2022/11/3 2 nd 9th time	Company's response to the Audit Committee's opinion : Agree.		
	Approved the proposed renewal of the "Liability Insurance of Directors, Supervisors, and Managerial Officers" from Tokio Marine Nawa Insurance Co., Ltd.	yes	no
	Audit Committee's resolution : Agree.		
2022/12/23 2 nd 10th time	Company's response to the Audit Committee's opinion : Agree.		
	Adopted the revision of some clauses from "Corporate Governance Best Practice Principles."	yes	no
	Adopted the revision of some clauses from "Procedures for Handling Material inside Information of the Company."	yes	no
	Adopted MACHVISION 2023 audit plan.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		

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

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

Date	Communications
Feb. 2022	Discuss the financial report and related issues with the financial and accounting supervisor and the audit supervisor °
May 2022	Discuss the new amendments to laws and regulations with the financial and accounting supervisor and the audit supervisor °
Aug. 2022	Discuss the financial report, new amendments to laws and regulations, and other related issues with the accounting supervisors and audit supervisors.
Dec. 2022	Meeting with the accounting supervisor and the audit supervisor to explain the relevant matters of the audit matters. Discuss with the audit supervisor about issues related to the 2023 annual audit plan and risk assessment.
Independent directors have direct communication channels with internal audits and accountants. The internal audit supervisor reports to the audit committee in the audit committee held every quarter. Accountants attend audit committees held from time to time.	

4. 2022 annual work focus :

- (1) Review annual working plans for internal audits, receive monthly reports from the department of internal audit, check management's feedback on issues found by internal audits, and periodically communicate with the head of internal audits.
- (2) Review semi-annual financial reports and annual financial reports for the year 2022, and submit it to the Board of Directors after the discussion and approval by the Audit Committee, in addition, communicate with accountants regarding audit work and impact on changes in laws and regulations.
- (3) Review and revise the "Rules of Procedure for Shareholders Meetings" of the Company in accordance with the Announcement of Tai-Zheng-Zi-Li-Zi No.1110004250.
- (4) Review and revise the "Code of Practice for Corporate Sustainability" of the Company in accordance with the Decree of Jin-Guan-Zheng-Fa-Zi No.1110380465.
- (5) Review and revise the "Code of Practice for Corporate Management" of the Company in accordance with the Decrees of Jin-Guan-Zheng-Fa-Zi No.1110133385 and No.1110146162.
- (6) Review and revise the "Procedure for Handling Material Inside Information and Preventing Insider Trading" of the Company in accordance with the Decree of Jin-Guan-Zheng-Fa-Zi No.1110144326.

- (7) Review the appointment of Huang, Bo-Shu and Wu, Zhong-Shun, certified accountants at KPMG Taiwan, for the year 2022.
- (8) Evaluate “Directors’ and Managers’ liability Insurance” for the year 2023 in accordance with the law
- (9) Evaluate the effectiveness of the internal control system: The Company has conducted a self-assessment on each of the five major elements of the internal control system, including environment control, risk assessment, control operation, information and communication, and monitoring operation. Among these, the control operation was evaluated by each department itself based on its operation level. In addition, an internal control review meeting was held to review the results of evaluation, and it is determined that the overall evaluation results conformed to the standards of internal control system. Both the design and the implementation of internal control system are effective. The Audit Committee has evaluated the effectiveness of the policies and procedures of the Company’s internal control system, including financial, operational, risk management, information security, outsourcing, legal compliance, and other control measures, and has reviewed the periodic reports from the auditors, certified accountants, and management of the Company, and they believe that the Company’s risk management and internal control systems are effective, and the Company has adopted necessary control system to monitor and rectify irregularities.

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

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

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

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

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

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

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

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

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

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
time limit?			financial statements for Q1, Q2, and Q3 and filed monthly operating status before the deadline.	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?Please refer to note2.				
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. Every year, the company reviews the indicators that have not yet met the scoring standards based on the recent corporate governance evaluation results and the corporate governance evaluation indicators released in the most recent year, arranges improvement schedules, and has completed the improvement of most of the projects that did not meet the standards.				

Note1 : CPAs' independence evaluation criteria

Items for Evaluation	Evaluation Result	Compliance with Independence
Does/do the CPA and/or his/her spouse and dependent relative(s) have any direct or significantly indirect financial interest relationship with the Company?	No	Yes
2. Does/do the CPA and/or his/her spouse and dependent relative(s) have any financing or guarantee with the company or the directors ?	No	Yes
3. Does/do the CPA and/or his/her spouse and dependent relative(s) have any close business relationship and potential employment relationship with the company?	No	Yes
4. Does/do the CPA and audit team member serve as a director, manager or having a significant influence on the audit work of the company last two years?	No	Yes
5. Does the CPA provide non-audit service items that may directly affect the audit work	No	Yes
6. Does the CPA broker of shares or other securities issued by the company?	No	Yes
7. Does the CPA act as the company's defender or coordinating conflicts with other third parties on behalf of the company?	No	Yes
8.Does the CPA have a relative relationship with the company's directors, managers or persons who have a significant impact on the audit case?	No	Yes

Note2 : Other important information to facilitate a better understanding of the company's corporate governance practices

1. Employees' rights and interests, employee care, investor relations, supplier relationship, and stakeholders' rights

The Company's culture is Service, Elaboration, Family and Innovation. Making considerable investment in employee benefits & work rights and investor relations. The company has been held Badminton Competition since 2016.

In terms of employees' rights & interests and employee care, the Company takes relevant government laws and regulations such as Labor Standards Act, Act of Gender Equality in Employment, Sexual Harassment Prevention Act, etc. as benchmarks for the formulation of personnel management regulations to protect employees' rights and interests. In addition to the announcement and implementation of the said regulations, labor-management meetings are regularly held to facilitate effective communication.

Moreover, "Employee Welfare Committee" has been set up, and funds are allocated on a monthly basis for organizing regular activities to enhance employees' welfare. Detailed benefits programs and budget planning are carried out every year, including gift vouchers for festivals, health-promotion and leisure activities for employees, family days, local/overseas tours, wedding and funeral subsidies, hospitalization subsidies for employees and their families, prizes for year-end parties, health check, labor/health/group insurance, etc.

In terms of investor relations, the Company has set up a dedicated Investor Relations Department to act as a communication bridge between the Company and investors for investors to fully and promptly understand the Company's business achievements/ performance and long-term operational strategies/direction, thereby providing investors, analysts and domestic/international professional investment institutions with the best services.

In regards to supplier selection, the Company continues to promote green procurement by requiring raw material suppliers to provide declarations guaranteeing that their products do not contain prohibited substances that are harmful to the environment.

With respect to stakeholders' rights, the Company has created a Stakeholder section on its website, and has set up Independent Director's Mailbox to establish a direct communication channel between the Company and employees, shareholders and stakeholders for the protection of stakeholders' rights.

2. Continuing studying status for directors and independent directors.

Name	Date	Organizer	Course	Training hours
WANG/GUANG-SHIAH	2022/11/13	Taiwan Stock Exchange	2022 CATHY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	9
CHANG/YUNG-YANG	2022/8/8	Securities and Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emissions Policies to Business Operations	3
CHANG/YUNG-YANG	2022/11/7	Securities and Futures Institute	External Innovation and Sustainable Operation	3
YU/MING-CHANG	2022/9/27	Taiwan Corporate Governance Association	How Audit Committees Interpret and Use Audit Quality Indicators (AQI)	3
YU/MING-CHANG	2022/9/29	Taiwan Stock Exchange	Release Conference 2022: Reference guide for Independent Director & Audit Committee	3
CHUANG/YUNG-SHUN	2022/3/10	Taiwan Stock Exchange	On Independent Directors and the 2022 Shareholders' Meeting from an International Perspective	1
CHUANG/YUNG-SHUN	2022/5/23	Taiwan Corporate Governance Association	What Investors Are Thinking - Talking about Enterprise Sustainable Transformation from ESG Investment and Financing	3
CHUANG/YUNG-SHUN	2022/4/22	Taiwan Institute for Sustainable Energy	TRANSFORM TO NET ZERO	3
YAN/WEI-CHYUN	2022/7/28	Taiwan Corporate Governance Association	Discussion on corporate operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3
YAN/WEI-CHYUN	2022/7/27	Taiwan Corporate Governance Association	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3

Name	Date	Organizer	Course	Training hours
CHEN/FU-SHEN	2022/3/18	Accounting Research and Development Foundation	How to apply Robotic Process Automation (RPA) to improve internal control performance	6
CHEN/FU-SHEN	2022/4/1	Accounting Research and Development Foundation	Internal Auditors' Analysis of Legal Compliance and Fraud Prevention Practice Issues on "Information Security" and "Personal Privacy"	6
CHEN/FU-SHEN	2022/10/14	Securities and Futures Institute	111 Annual Insider Trading Prevention Promotion Conference	3
CHEN/FU-SHEN	2022/11/13	Taiwan Stock Exchange	2022 CATHY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	9
LEE/TSU-DER	2022/10/13	Securities and Futures Institute	Dispute over company management right and introduction to commercial event trial law	3
LEE/TSU-DER	2022/7/14	Securities and Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emissions Policies to Business Operations	3
YEN/TZONG-MING	2022/6/10	Accounting Research and Development Foundation	111 Annual Insider Trading Prevention Promotion Conference	3
YEN/TZONG-MING	2022/10/19	The Allied Association Science Park Industries	Prevention and Case Description of Insider Trading	3
DU/MING-HAN	2022/12/15	Corporate Operating and Sustainable Development Association	Corporate Governance and Securities Regulations - Introduction of the Newly Released my country Corporate Governance Blueprint 3.0	3
DU/MING-HAN	2022/12/16	Accounting Research and Development Foundation	Corporate Ethics and Sustainable Development	3

Name	Date	Organizer	Course	Training hours
DU/MING-HAN	2022/12/23	Accounting Research and Development Foundation	Case analysis of legal responsibilities related to the company's "competition for management rights"	3

2. Business Implementation and Continuing studying status for the Corporate Governance Officers

Name	Date	Organizer	Course	Training hours
WANG/GUANG-SHIAH	2022/11/13	Taiwan Stock Exchange	2022 CATHY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	9
CHEN/FU-SHEN	2022/3/18	Accounting Research and Development Foundation	How to apply Robotic Process Automation (RPA) to improve internal control performance	6
CHEN/FU-SHEN	2022/4/1	Accounting Research and Development Foundation	Internal Auditors' Analysis of Legal Compliance and Fraud Prevention Practice Issues on "Information Security" and "Personal Privacy"	6
CHEN/FU-SHEN	2022/10/14	Securities and Futures Institute	111 Annual Insider Trading Prevention Promotion Conference	3
CHEN/FU-SHEN	2022/11/13	Taiwan Stock Exchange	2022 CATHY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	9
SU/YI-FAN	2022/10/5	Accounting Research and Development Foundation	Issuer Securities Firm Stock Exchange Accounting Director Training Course for Beginners	30
SU/YI-FAN	2022/11/13	Taiwan Stock Exchange	2022 CATHY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	6

4. Implementation of risk management policies and risk measurement standards: The Company has established the “Risk Management Measures” and “Risk Control Procedures” to actively promote the implementation of risk management system. Each management unit will evaluate and review risk factors regularly, compile the major risk factors annually and report it to the Board of Directors on a regular basis, and through the evaluation of major risks, adjust key audit items of next year’s audit plan. Please refer to the website of the Company for details of the operation activities in 2022.
5. Implementation of customer policies: The Company strictly complies with the agreements signed with customers, as well as other relevant regulations. We ensure the rights and interests of customers are well protected while providing them with high quality services.
6. The Company's purchases of liability insurance for directors: The Company purchases liability insurance for directors every year. The

insured amount in 2022 was NT\$30,725,000 and the insured period was December 29, 2022 to December 29, 2023. Relevant information is also available in the Market Observation Post System.

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

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

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

A. Professional Qualifications and Independence Analysis of Compensation Committee Members

Title	Criteria Name	Professional qualification and experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director	LEE/ TSU-DER	Please refer to page 12-16 of this Directors.	Independent directors are in compliance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	0
Independent Director	YEN/ TZONG-MING			0
Other	HO/ LI-HSING	<ol style="list-style-type: none"> 1. SHENG YI DEVELOPMENT CO., LTD. Independent Director 2. Evaluation member of the Vocational Training Bureau of the Labour Council 3. Hsinchu County Government County Political Consultant 4. Municipal Consultant of Hsinchu City Government 5. Major in Technology Management and Industrial Engineering 6. Lecturer in colleges and universities 		0

B. Attendance of Members at Compensation Committee Meetings

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

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

Other mentionable items:

1. Scope of Compensation Committee's duties: To ensure sound corporate governance, strengthen the Board functions, assist the board of directors in implementing and evaluating the Company's overall remuneration and benefits policy, and the compensation for managerial officers
2. If the Board of Directors does not accept or amends the suggestions made by the Remuneration Committee, the board meeting date, term/session, content of proposal(s), the board's resolution result, and the Company's handling of Remuneration Committee's opinions should be stated (for example, if the remuneration approved by the Board is better than that suggested by Compensation Committee, the difference and its reason(s) should be stated): None.
3. If any of the members has a dissenting or qualified opinion on Compensation Committee's resolutions, and such opinion has been recorded or declared in writing, the Compensation Committee meeting date, term/session, content of proposal(s), opinions of all members, and the handling of the members' opinions should be stated: None.
4. Compensation Committee's discussion and resolution result, and the Company's handling of members' opinions:

Compensation Committee Meeting Date	Content of Proposal and Subsequent Handling
2022/2/9	Approved the company's employee remuneration (including managers) distribution standards.
	Approved the 2021 remuneration to directors (including independent directors) and employees.
	Unanimously approved by all committee members.
	The Company's handling of Compensation Committee's resolutions: CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-

Compensation Committee Meeting Date	Content of Proposal and Subsequent Handling
	SHEN) voluntarily avoided the discussion and the proposals involved personal interest, all proposals suggested by the Compensation Committee were unanimously approved by other directors who were present.
2022/5/26	Approval of amendment to the Procedures for the Acquisition and Disposal of Assets
	Unanimously approved by all committee members.
	The Company's handling of Compensation Committee's resolutions: All proposals suggested by the Compensation Committee were unanimously approved by other directors who were present.
2022/8/3	Approved the distribution of remunerations to directors (including independent directors) for 2021.
	Approved the distribution of remunerations to key management and employees for 2021.
	Approved the routine adjustment in the salary of key management for 2022.
	Unanimously approved by all committee members.
	The Company's handling of Compensation Committee's resolutions: CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) voluntarily avoided the discussion and the proposals involved personal interest, all proposals suggested by the Compensation Committee were unanimously approved by other directors who were present.
2022/12/23	Adopted 2022 proposition for distribution amount of year-end bonus for managerial officers.
	Unanimously approved by all committee members.
	The Company's handling of Compensation Committee's resolutions: CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) voluntarily avoided the discussion and the proposals involved personal interest, all proposals suggested by the Compensation Committee were unanimously approved by other directors who were present.

3.4.5 Implementation of Sustainable Development Promotion

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Has the company established a governance structure to promote sustainable development, and set up a dedicated (or non-dedicated) unit to promote sustainable development, relevant affairs of which are handled by senior managerial officer under the Board’s authorization and supervision?	√		In order to effectively promote the implementation of sustainable development, the Company has designated the administrative center of the general management office as the responsible unit for promoting sustainable development. They are expected to convene a meeting with relevant departments every quarter to discuss and promote the sustainable development plan of the Company, which includes but is not limited to the management of greenhouse gas and water resource, social welfare, and employee care. The administrative center shall supervise the implementation status and report the processing and implementation status to the Board of Directors regularly. The Company also plans to set up a Sustainable Development Committee in Q1 2023 to promote the various proposals of the Company that target the goal of sustainable development. The Committee is composed of managers and staff from different departments and fields and is directly under the Board of Directors. Eight groups were established under the Committee to be in charge of the reviewing and planning of strategies and implementation in relation to environmental sustainability, corporate commitment, and corporate governance of the Company. The Committee will draw up a future sustainable business plan for the Company, and will have the convener and deputy convener, served separately by the general manager and chief operating officer, report to the Board of Directors regularly on strategies, objectives, and status of implementation and review. The annual report on the implementation status of sustainable development has been presented to the Board of Directors on May 26, 2022, and the plan for the greenhouse gas inventory and verification schedule has	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			also been adopted on the same day.	
2. Did the company conduct risk assessment of environmental, social and corporate governance issues for its operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	√		<p>The Company integrates and manages the potential risks of all strategies, operations, financial activities, and hazards that may affect its operations and profits. The Company implements enterprise risk management to provide suitable risk management for all stakeholders, and uses a risk map to assess the frequency of risk events and severity of impact on the Company's operations. The priority and level of risks are defined on the basis, and risk management strategies are adopted for each risk level.</p> <p>The Company's risk management involves the management of strategy risks, operational risks, financial risks, hazard risks, as well as risks associated with climate change and non-compliance with environmental protection and climate-related regulations and other international conventions.</p>	None
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of the industries?	√		The company develops and assembles machines. The production process does not produce harmful substances and waste water. The administrative center establishes and promotes an environmental management system, focusing on greenhouse gas management	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(2) Does the Company made effort to enhance the resources efficient use and used regenerated materials to mitigate the impact on the environment?	V		The company regularly reviews the materials and sluggish inventory to increase the utilization rate and reduce the burden on the environment.	None
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		The company pays attention to the impact of climate change on the company's operating activities. And actively improves the utilization rate, reduces waste, and reduces the impact on the environment	None
(4) (4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction,	V		The company development and assembly equipment. It does not require large amounts of water and special gases during production. The company focus on CO2 management. The goal is to decrease by 50% in 2025 from 2014.	None

Evaluation Item	Implementation Status						Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation				
greenhouse gas reduction, water reduction, or waste management?				Item/Unit	2021	2022	
				Greenhouse gas emissions /CO2e	768.4	726.8	
				Water consumption / kWh	8,471	10,240	
				Total weight of waste /Ton	10	10	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		<u>Comply with Relevant Regulations</u> Machvision not only complies with local regulations but also upholds the internationally-recognized human rights of workers and respects the United Nations Universal Declaration on Human Rights, and the International Labor Organization’s fundamental conventions on core labor standards. Machvision hires all employees equally based on his or her job qualifications regardless of gender, religion, race, nationality or political affiliation. <u>Human Resource Policies and Measures</u> The following is an overview of relevant human resource policies and measures: (a)Labor Insurance, National Health Insurance, and group insurance coverage from the first day of work. (b) The Company has specific Employee Retirement Guidelines. In February 1998, we established a Labor Pension Supervision Committee approved by the Taipei City Government. Since May 1998, we have been allocating a retirement pension equivalent to 2% of employees’ monthly salaries on a monthly basis. In				None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			2005, the new Labor Pension Act came into force. Consequently, Machvision now deposits 6% of each employee's monthly salary into a dedicated account at the Labor Insurance Bureau. When employees reach the age of 60, they may collect their pension from their personal retirement fund account.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>Employee welfare: The Company provides an employee cafeteria, café, fitness room, lounge, and parking lot.</p> <p>Business performance reflects on employee bonuses: The Company is required to allocate no less than 5% of profits as employee bonuses each year.</p>	None
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		Machvision regularly conducts work safety promotion. Regularly inspect the equipment of the building to maintain a safe working environment. Apply for labor insurance, health insurance and group insurance in accordance with the law. Not only provide Health checkups, health education courses and flu vaccines annually but also on-site nurses and physicians.	None
(4) Does the company provide its employees with career development and training sessions?	V		Machvision has plan of jobs inherited. Machvision not only assesses and provides feedback on employees’ skills and interests, but also offers training and development activities that match their career development objectives and job needs.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(5) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		The company has set up a "Quality Service Center" to provide after-sales services, provide instant contact windows for customers, protect consumer rights, and actively ask customers for their opinion.	None
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the	V		In order to implement Sustainable Development Promotion the company has established supplier management operating procedures to communicate with suppliers on issues such as environmental protection, safety and hygiene.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
results.				
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		V	Please refer to Taiwan Stock Exchange Market Observation Post System (http://mops.tse.com.tw/) and Company Website (http://www.machvision.com.tw)	None
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: None				
7. Other useful information for explaining the status of corporate social responsibility practices: Please refer to the Sustainable Development Promotion section of the company's website for other company's corporate social responsibility operations.				

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

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

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

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

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

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

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

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

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

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

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

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

3.4.7 Corporate Governance Guidelines and Regulations

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

3.4.8 Other Important Information Regarding Corporate Governance

None.

3.4.9 Internal Control Systems

Disclosures Required for the Implementation of the Internal Control System

Please refer to page 49-50 of the Chinese annual report.

3.4.10 Penal Provisions

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

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

Shareholders' meeting

Date 2022/05/26

Major resolutions	Results
2021 annual financial report and annual business report.	Comply with the resolution result. Please refer to the Company's website.
2021 earnings distribution.	Allocation has been completed according to the decision content.
Amendment to the Articles of Incorporation.	Approved. Please refer to the Company's website.

Board meeting

Date	Major resolutions
2022/2/9 The 9 th Session of 6 th Board	1. Approved the company's employee remuneration (including managers) distribution standards. 2. Approved the 2021 remuneration to directors (including independent directors) and employees.

Date	Major resolutions
Meeting	<p>3. The Proposal for amendment of Partial Articles of the Company’ s “Articles of Incorporation” was adopted.</p> <p>4. Approved the explanations on the company’ s outstanding account receivable over the granted 3-month term for a significant amount.</p> <p>5. Approved the company’ s 2021 “Internal Control System Effectiveness Assessment" and "Internal Control System Statement” .</p> <p>6. Approved the company’ s 2021 financial reports.</p> <p>7. Approved the company’ s 2021 business report.</p> <p>8. Approved the company’ s 2021 earnings distribution proposal.</p> <p>9. Approved the company’ s cash dividend distribution proposal.</p> <p>10. Approved the company’ s cash dividend distribution from the additional paid-in capital proposal.</p> <p>11. Approved the company’ s 2022 regular shareholders meeting related matters.</p>
2022/5/4 The 9 th Session of 7th Board Meeting	<p>1. Approved the the company's visa accountant remuneration case.</p> <p>2. Report on the financial report for the first quarter of 2022.</p> <p>3. Approval of the Amendment to the Rules of Procedures for Shareholder meetings.</p> <p>4. Approval of amendment to the Procedures for the Acquisition and Disposal of Assets</p> <p>5. Approved the explanations on the company’ s outstanding account receivable over the granted 3-month term for a significant amount.</p>
2022/5/26 The 9 th Session of 8th Board Meeting	<p>1. Approved the plan of GHG inventory and verification.</p> <p>2. Approved the appointment of the finance officer, accounting officer and corporate governance officer</p> <p>3. Approved the appointment of chief of operation</p> <p>4. Approved the salary of the new finance officer, accounting officer and corporate governance officer and the salary of the new chief of operation.</p> <p>5. Approved the construct of factory and building</p>
2022/8/3 The 9 th Session of 9th Board	<p>1. Approved the explanations on the company’ s outstanding account receivable over the granted 3-month term for a significant amount.</p> <p>2. Approved the financial statements for the second quarter of</p>

Date	Major resolutions
Meeting	<p>2022.</p> <p>3. Approved the distribution of remunerations to directors (including independent directors) for 2021.</p> <p>4. Approved the distribution of remunerations to key management and employees for 2021.</p> <p>5. Approved the routine adjustment in the salary of key management for 2022.</p>
2022/11/3 The 9 th Session of 10th Board Meeting	<p>1. Approved the explanations on the company’ s outstanding account receivable over the granted 3-month term for a significant amount.</p> <p>2. Approved the financial statements for Q3 of 2022.</p> <p>3. Approved the proposed renewal of the “Liability Insurance of Directors, Supervisors, and Managerial Officers” from Tokio Marine Nawa Insurance Co., Ltd.</p> <p>4. Approved the business report for the first half of 2022.</p> <p>5. Approved the distribution of earnings for the first half of 2022.</p> <p>6. Adopted the new formulation and renewal of short-term financing credit line contract with banks, with regards to the flexible use of corporate funds and establishment of excellent relationships with banks.</p>
2022/12/23 The 9 th Session of 11th Board Meeting	<p>1. Adopted 2022 proposition for distribution amount of year-end bonus for managerial officers.</p> <p>2. Adopted the revision of some clauses from “Corporate Governance Best Practice Principles.”</p> <p>3. Adopted the revision of some clauses from “Procedures for Handling Material inside Information of the Company.”</p> <p>4. Adopted MACHVISION 2023 audit plan.</p> <p>5. Approved of increasing investment in China.</p> <p>6. Adopted proposition for 2023 MACHVISION Business Plan.</p>

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

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

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Financial and accounting officer corporate governance officer	WEN/PEI-CHUN	04/15/2020	06/01/2022	position adjustment

3.5 Information Regarding the Company's Audit Fee and Independence

3.5.1 Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Note
KPMG	HUANG/BO-SHU	2022.1.1~2022.12.31	2,310	250(Note)	2,560	-
	WU/ CHUNG-SHUN					

Note: KPMG is the CPA firm entrusted by the Company for the service of " Profit-seeking Enterprise Annual Income Tax Return "

(1) If there is a change in the accounting firm, and the audit fees paid for the fiscal year in which the change took place are lower than those paid for the fiscal year immediately preceding the change, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: N/A.

(2) When the audit fees paid for the current fiscal year are lower than those paid for the immediately preceding fiscal year by 10% or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: N/A.

3.6 Replacement of CPA

A. Regarding the former CPA

Replacement Date	FEB. 16, 2023		
Replacement reasons and explanations	Internal rotation within the accounting firm.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	-	-
	No longer accepted (continued) appointment	-	-
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	✓	
	Remarks/specify details:		
Other Revealed Matters	None		

B. Regarding the successor CPA

Name of accounting firm	KPMG
Name of CPA	WU/ CHUNG-SHUN and CHANG/ PHYLLIS
Date of appointment	FED 16, 2023
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.7 Audit Independence

The chairman, president, chief financial or accounting manager of the Company who holds position in the business under the commissioned CPA firm or its affiliates in 1 year:None

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

Title	Name	2022		Unit: Shares As of Mar. 27, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	WANG/GUANG-SHIAH	-	-	-	-
Director	YU/MING-CHANG	-	-	-	-
Director	CHANG/YUNG-YANG	-	-	-	-
Director	CHUANG/YUNG-SHUN	-	-	-	-
Director	YAN/WEI-CHYUN	2	-	-	-
Director General Manager	CHEN/FU-SHEN	-	-	-	-
Independent Director	LEE/TSU-DER	-	-	-	-
Independent Director	YEN/TZONG-MING	-	-	-	-
Independent Director	DU/MING-HAN	-	-	-	-
Business Deputy General Manager	TSENG/WEI-LUN	-	-	-	-
R&D Deputy General Manager	WANG/YUAN-NAN	-	-	-	-
Finance and Accounting Officer Corporate governance officer	SU/YI-FAN	-	-	-	-

3.8.1 Shares Trading with Related Parties: None

3.8.2 Shares Pledge with Related Parties: None

3.9 Relationship among the Top Ten Shareholders

As of 03/27/2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
WANG/GUANG-SHIAH	1,426,740	3.19%	72,426	0.16%	-	-	EN-LIN Investment	Spouses	-
CHANG/YUNG-YANG	1,336,904	2.99%	-	-	-	-	-	-	-
AAEON Technology Inc.	1,180,198	2.64%	-	-	-	-	-	-	-
Representative: CHUANG/YUNG-SHUN	417,711	0.93%	-	-	-	-	FU-LI Investment	Shareholder	-
HU/CHUN-MEI	1,175,000	2.63%	-	-	-	-	-	-	-
YU/MING-CHANG	1,073,940	2.40%	16,636	0.04%	-	-	-	-	-
Qunyi Jinding Securities Co., Ltd. is entrusted with the custody of the investment account of Ruili International Co., Ltd	840,000	1.88%							
Representative: NA									
EN-LIN Investment	745,455	1.67%	-	-	-	-	-	-	-
Representative: :WU/HSIU-MEI	72,426	0.16%	1,426,740	3.19%	-	-	WANG/GUANG-SHIAH	Spouses	-
FU-LI Investment and Trading Limited	511,000	1.14%	-	-	-	-	-	-	-
Representative: CHUANG/YUNG-SHUN	417,711	0.93%	-	-	-	-	AAEON Technology Inc.	Shareholder	-
Nan Shan Life Insurance Company, Ltd	490,000	1.10%	-	-	-	-	-	-	-
Representative : Chung-Yao Yin	-	-	-	-	-	-	-	-	-
CAPITALSECURITIES CORP. Customer Investment Account	480,000	1.07%							
Representative: NA									

3.10 Ownership of Shares in Affiliated Enterprises

12/31/2022

Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
MACHVISION INC. (Samoa)	3,463,650	100.00%	-	-	3,463,650	100.00%
Machvision Korea Co., Ltd.	10,000	100.00%	-	-	10,000	100.00%
SISSCA Co.,Ltd	11,477,463	52.86%	2,059,710	9.49%	13,537,173	62.35%
Dongguan muxin intelligent equipment Co., Ltd	-	-	510,000	51.00%	510,000	51.00%

Note 1: Investment using the equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Unit: NTD\$/share

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Type of Stock

March 27, 2023

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

C. Information for Shelf Registration: not applicable.

4.1.2 Status of Shareholders

March 27, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	2	211	19,544	96	19,853
Shareholding (shares)	-	491,039	4,232,153	35,239,941	4,765,101	44,728,234
Percentage	-	1.10%	9.46%	78.79%	10.65%	100%

4.1.3 Shareholding Distribution Status

A. Common Shares

March 27, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1-999	12,188	446,962	1.00%
1,000-5,000	6,437	11,524,075	25.76%
5,001-10,000	681	5,048,557	11.29%
10,001-15,000	199	2,489,508	5.57%
15,001-20,000	113	2,035,592	4.55%
20,001-30,000	87	2,165,992	4.84%
30,001-40,000	42	1,488,739	3.33%
40,001-50,000	22	1,006,711	2.25%
50,001-100,000	46	3,266,487	7.30%
100,001-200,000	17	2,403,836	5.37%
200,001-400,000	8	2,291,746	5.12%
400,001-600,000	6	2,781,792	6.22%
600,001-800,000	1	745,455	1.67%
800,001-1,000,000	1	840,000	1.88%
1,000,001 股以上	5	6,192,782	13.85%
合計	19,853	44,728,234	100.00%

B. Preferred Shares: not applicable.

4.1.4 List of Major Shareholders

March 27, 2023

Shareholder's Name	Shares	Percentage
WANG/GUANG-SHIAH	1,426,740	3.19%
CHANG/YUNG-YANG	1,336,904	2.99%
AAEON Technology Inc.	1,180,198	2.64%
HU/CHUN-MEI	1,175,000	2.63%
YU/MING-CHANG	1,073,940	2.40%
Qunyi Jinding Securities Co., Ltd. is entrusted with the custody of the investment account of Ruili International Co., Ltd	840,000	1.88%
EN-LIN Investment	745,455	1.67%
FU-LI Investment and Trading Limited	511,000	1.14%
Nan Shan Life Insurance Company, Ltd	490,000	1.10%
CAPITALSECURITIES CORP. Customer Investment Account	480,000	1.07%

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

Unit: NT\$

Items	2021	2022	01/01/2023-03/27/2023
Market Price per Share			
Highest Market Price	302	286	199
Lowest Market Price	206	112.5	128.5
Average Market Price	256.32	168.97	172.03
Net Worth per Share			
Before Distribution	63.76	67.46	(Note 2)
After Distribution	53.76	59.46	(Note 2)
Earnings per Share			
Weighted Average Shares (thousand shares)	44,728	44,728	(Note 2)
Diluted Earnings Per Share	18.51	13.35	(Note 2)
Adjusted Diluted Earnings Per Share	18.51	13.35	(Note 2)
Dividends per Share			
Cash Dividends	11	8(Note 1)	(Note 2)
Stock Dividends			
• Dividends from Retained Earnings	-	-	(Note 2)
• Dividends from Capital Surplus	1	2	(Note 2)
Accumulated Undistributed Dividends	89,457	-	(Note 2)
Return on Investment			
Price / Earnings Ratio	13.85	12.66	(Note 2)
Price / Dividend Ratio	21.36	16.9	(Note 2)
Cash Dividend Yield Rate	0.05	0.06	(Note 2)

Note 1: Dividend of first half of a year NT\$2 / Dividend of second half of a year NT\$6.

Note 2: As of March 31, 2023, there are no related data because the period is not over yet.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

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

B. Proposed Distribution of Dividend

The Board of Directors approved the proposal for the distribution of first half 2022 profits on Nov. 3rd 2022. Cash dividend of NT\$89,456,468, allotted for each share of NT\$2.

The Board of Directors approved the proposal for the distribution of 2022 profits on Feb. 16th 2023. Cash dividend of NT\$268,369,404, allotted for each share of NT\$6 and Cash Dividend of APIC NT\$89,456,468, allotted for each share of NT\$2.

4.1.7 The effect of bonus share distribution proposed at this shareholders' meeting on the Company's 2022 operating performance and earnings per share:
Not applicable as no bonus shares were distributed this year.

4.1.8 Compensation of Employees and Directors

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

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

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

C. Remuneration distribution approved by the board of directors:

The allocated cash compensation for employees was NT\$53,834,924 and NT\$8,298,540 for directors, which was not different from the amount estimated when the expenses were recognized.

D. Distribution of Compensation of Employees, Directors for 2022 Approved in the

Board of Directors Meeting: EPS is NT\$13.35 after the compensation of employees, directors and supervisors.

- E. Information of 2022 Distribution of Compensation of Employees, Directors and Supervisors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Employee Compensation – in Cash	92,107
Directors' and Supervisors' Compensation	12,831

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

4.1.9 Buy-back of Treasury Stock: Not applicable.

4.2 Status of Corporate Bond: Not applicable.

4.3 Status of Preferred Stocks: Not applicable.

4.4 Status of GDR/ADR: Not applicable.

4.5 Status of Employee Stock Option Plan: Not applicable.

4.6 Status of New Employee Restricted Stock Issuance: Not applicable.

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

4.8 Financial Plans and Implementation: Not applicable.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main contents of business

CB01010 Mechanical equipment manufacturing

CE01010 General Instrument manufacturing

CE01030 Optical instrument manufacturing

I301010 Information software service

F401010 International trade

Research, develop, manufacture and market following products:

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

a. BGA, CSP substrate inspection system equipment

b. LCD PANEL detection system equipment.

c. PCB high-speed hole measurement equipment

(b) Smart vision module

(c) Wire width detector

(d) Drill needle detector

(e) Arrow target analysis software

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

(2) Business share of major products

Item \ Product value	2022	
	Revenue (NTD\$ thousand)	Operating proportion (%)
Appearance inspection series	751,270	35.74%
Circuit inspection series	630,095	29.97%
Laservia series	287,305	13.67%
2D/3D series	54,980	2.62%
Other testing series	199,255	9.47%
Service	179,397	8.53%
合 計	2,102,302	100.00%

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

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

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

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

- (E) Taster series
 - (a) High precision Taster
 - (b) Substrate Taster
 - (c) Needle point and contour machine

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

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

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

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

5.1.2 Industry Overview

(1) Current status and development of industry

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

board inspection equipment, etc. In recent years, we have also developed semiconductor packaging and testing industry detection of products. current status and development of related industries are as follows:

(A) Analysis of industrial development

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

(a) Overview of the global PCB and semiconductor industry

TPCA estimated that the global production value of PCB for 2022 was 88.2 billion US dollars, which was increased by 3.2% annually. As for 2023, TPCA believes that, from an optimistic perspective, if the inflation slows down, the demand for economy and consumption will resume growth in the second half of the year, so there is still a chance for the global production value of PCB to maintain a slight growth of 3%, which reaches the level of 90.8 billion US dollars for total production value, including the production value of back-end component assembly from circuit board manufacturers.

However, the shadow of global economic recession in 2023 still lingers. In January, IMF even warned that one-third of the world's economies will fall into recession in 2023. TPCA and Industry, Since and Technology International Strategy Center, ITRI believe that since currently no economic data or analysis is able to completely rule out the possibility of the occurrence of such a situation, it is possible that the global production value of PCB will be facing contraction. In other words, the performance of 2023 depends on the kinetic energy in the second half of the year.

In addition, there are two key issues that will influence the circuit board industry in the world in 2023:

1. To accelerate global deployment, Southeast Asia is the most popular region.
2. Supply chains will be given a serious attention and will be responded with actual carbon reduction.

The industry of PCB is setting its footprints in Southeast Asia. New plants will be helpful to the Company's overseas sales momentum. The demand for energy saving and carbon reduction will promote the sales of equipment for the Company as well.

With respect to the semiconductor industry, the forecast of a technology marketing institution (Gartner/2022-11) indicates in the following table, that after the sales record of 618 billion US dollars has been made by global semiconductor market in 2022, its overall production value in 2023 will decrease by 3.6% due to factors such as weak demand and high inventory. Gartner predicts that the CAGR from 2021 to 2026 will increase by 5.6%.

Table 1. Semiconductor Revenue Forecast, Worldwide, 2021-2023
(Billions of U.S. Dollars)

	2021	2022	2023
Revenue	595	618	596
Growth (%)	26.3	4.0	-3.6

Source: Gartner (November 2022)

(B) Taiwan PCB Industry Overview

台灣上市櫃PCB設備營收總和		
年度	營收(億)	年增率
2017	1,196	15.49%
2018	1,427	19.31%
2019	1,345	-5.75%
2020	1,370	1.86%
2021	1,644	20.00%
2022	1,725	4.93%

Source: TPCA

The statistics show that the total production value for the entire year of 2022 was 903.3 billion New Taiwan Dollars (approximately 30.3 billion US dollars). Compared to the production value of 817.8 billion New Taiwan Dollars in 2021, it has increased by 10.5%, hitting a new record in history, and for the first time, surpassing the threshold of 900 billion New Taiwan Dollars.

Outlook for Q1 and the entire year of 2023:

According to the observation by TPCA on several main terminal markets in Taiwan, on the part of smartphones, although the supply of iPhone gradually returns to normal in the first quarter, the sales impacted by the previous quarter will be released in this quarter, and the launch of new flagship phone of Samsung is expected to be helpful in reviving the market, however, since the uncertainty still exists in the overall global economic environment, it is predicted that the overall mobile phone market in the first quarter will continue to shrink. On the part of laptops, the market demand will remain weak, and it is estimated that the inventory destocking pressure of parts and components may not be eased until the second quarter. The brand customers will be conservative as usual when placing orders.

On the part of automobiles, as the problem of supply shortage on car chips and raw materials and that of shipping traffic has been lifted gradually, the production capacity of automobile manufacturers will be recovered, and electric vehicles are speeding up its popularity due to global subsidy policy and preferential prices offered by car dealers. The global automotive market is expected to continue the growth trend of last quarter for the first quarter of this year. On the part of semiconductors, according to TSMC, it can be seen that the terminal market remains weak continuously, and the demand for data centers has also begun to be sluggish. Among which, the memory products are suffering from a decline in both demand and unit prices, and thus are experiencing a more severe decline in production value. Such a situation is

estimated to last until the end of the first half of the year.

By applying the above forecasts from the perspective of terminal markets to the estimation of the growth momentum of PCB products in the first quarter of 2023, it can be seen that although FPCB was affected by the unfavorable environmental factor of a tight market, with the supply recovery of iPhone and the shipment deferred to this quarter for production capacity affected in the fourth quarter of last year, FPCB is expected to remain steady or grow slightly in the first quarter due to the momentum boost. As to multi-layer boards, since the markets of computer and consumers are still depressed, only a few products, such as automotive boards and servers, are still growing, and the first quarter is expected to have negative growth of more than 10%. Due to the influence of the decline in the markets of mobile phones and computer, the weakened demand for advanced applications, and gradually increased base period, the prosperity of high growth in the past for substrates is no longer seen. It is estimated that it will remain the same or grow slightly for substrates in the first quarter. Although the overall market is depressed, with the support of high-level products such as ADAS, satellite communication, Mini LED and others, it is estimated that HDI shall grow slightly in the first quarter.

Based on the above analysis of advantages and disadvantages, the PCB industry in Taiwan will be facing a situation where the market is even slower than that of the slack season in the first quarter of 2023. It is estimated that the production value in the first quarter of 2023 will be 204.8 billion New Taiwan Dollars, with an annual growth rate of -2.0%.

The forecast for the growth of PCB in Taiwan in the entire year of 2023 will be reviewed from the aspect of positive and negative factors. The positive factors include 1). Although the capital expenditures have been adjusted downward, the manufacturers of substrate remain the strategy of expanding and continuously create new production capacities; 2). Due to the worldwide environmental protection trend on carbon neutrality and the support of incentive policies in the United States, China and Europe, the shipment of electric vehicles will continue to increase; 3). The demand for 5G, AIoT and HPC will continue its support on server markets and further boost the growth of PCB's production value through product specification improvement; 4). The penetration rate of 5G phones is expected to continue expanding; 5). The development of other emerging applications (satellite communication, MiniLED products, and wearable devices).

As for negative factors, the concerns are 1). Global inflation, rising interest rates, and depressed economy are weakening consumer's confidence; 2). The

weak demand in the markets of mobile phones and personal computers, coupled with inventory pressure, will slow down the recovery of orders; 3). The international situation is unstable due to geopolitics and the conflict between the United States and China in technology.

In summary, the industry of PCB in Taiwan should be able to continue growing, but the growth rate is lower than that in 2022. The estimated growth rate for 2023 is 1.6%.

台灣 PCB 製造產值趨勢

	2021	2021	2022	2022	2022	2022	2022	2023
	Q4		Q1	Q2	Q3	Q4		Q1 (est.)
產值 (億 NTD)	2,407	8,178	2,090	2,107	2,492	2,344	9,033	2,048
Q/Q	8.7%		-13.2%	0.8%	18.3%	-5.9%		-12.6%
Y/Y	13.4%	17.5%	20.6%	15.6%	12.6%	-2.6%	10.5%	-2.0%

	2021	2021	2022	2022	2022	2022	2022	2023
	Q4		Q1	Q2	Q3	Q4		Q1 (est.)
產值 (M USD)	8,743	29,308	7,464	7,152	8,198	7,472	30,286	6,715
Q/Q	10.1%		-14.6%	-4.2%	14.6%	-8.9%		-10.1%
Y/Y	18.5%	24.1%	22.2%	9.8%	3.2%	-14.5%	3.3%	-10.0%
匯率	27.53	27.90	28.00	29.46	30.40	31.37	29.83	30.50

註：數據統計範疇為台商在台灣與海外生產，以及外商在台生產之 PCB 產值

資料來源：TPCA、工研院產科國際所 (2023/02)

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

In terms of the production site, mainland China is still the main production place for Taiwan's PCB industry. In the fourth quarter of 2022, it accounts for approximately 62.7% of the production value. Taiwan is the second largest production base, which accounts for approximately 37.3% of the production value. If we look at the trend of proportion of production value on both sides of the Taiwan Strait by year, the production value contributed by Taiwan has risen for four consecutive years for Taiwanese manufacturers. The main reason is that Taiwan is the primary production base of substrates for Taiwanese manufacturers. However, due to the high growth of substrates in recent years, which has continued to drive up the production value in Taiwan, and the past blocking policy adopted in mainland China, which had once affected the production in China for Taiwanese manufacturers, the production value created

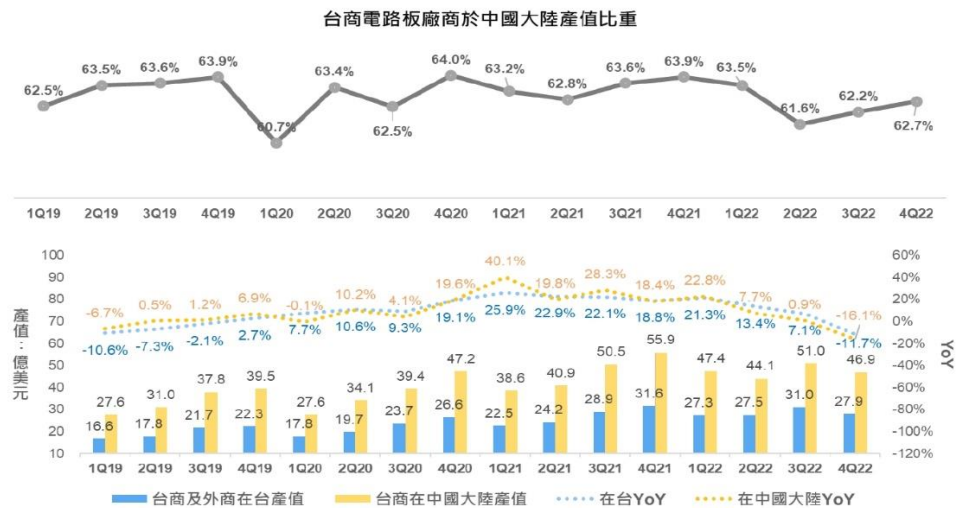
in Taiwan is gradually getting closer to that in China.

In addition, there are a small number of overseas production bases, located mainly in Southeast Asia (Thailand, Malaysia, and Vietnam), to produce multi-layer boards and HDI, which are used mainly in computers and products of consumers and automobiles. In the past year, the geopolitical conflicts and strategic plans made by international customers for supply chains have once again made the Taiwanese consider moving their factories southward. However, without the influence of unexpected incidents, mainland China and Taiwan will still be the main production bases for Taiwanese manufacturers in the next few years.

After further comparing the product structures in both sides of the Taiwan Strait in 2022, it can be seen that substrate was the top product that Taiwanese manufacturers produced in Taiwan. It accounted for approximately 14.5% of the total production value in Taiwan, and was the only product, among the four major products of PCB, where Taiwanese manufacturers had a higher proportion in Taiwan than that in China. It indicates that substrate was a core product for Taiwanese manufacturers to develop in Taiwan. On the other hand, the top product that Taiwanese manufacturers produced in mainland China was multi-layer board, which accounted for approximately 20.4% of the total production value, followed by FPCB (18.5%) and HDI (12.7%).

After comparing the production structures of Taiwanese manufacturers in both sides of the Taiwan Strait based on the annual statistics of 2021, it can be seen that substrate was the top product that Taiwanese manufacturers produced in Taiwan. It accounted for approximately 12.0% of the total production value, and was the only product, among the four major products of PCB, where Taiwanese manufacturers had a higher proportion in Taiwan than that in China. It indicates that substrate was the core product for Taiwanese manufacturers to develop in Taiwan. On the other hand, the top product that Taiwanese manufacturers produced in mainland China was a multi-layer board, which accounted for approximately 22.1% of the total production value, followed by FPCB (19.4%) and HDI (12.1%).

As for application markets, to Taiwanese manufacturers, the main application for PCB in Taiwan is semi-conductor related application, which has a similar proportion on production value to that of the substrate in Taiwan, and to Taiwanese manufacturers, the main application for PCB in mainland China is a communication-related application, which accounted for 22.3% of production value, followed by computer applications (18.6%).



資料來源：TPCA；工研院產科國際所 (2023/02)

Source: TPCA, Industrial Economics and Knowledge Center (IEK)(2023/02)

(D) Development of application markets

For 2023, there will be a slight worldwide decline in overall terminal products. The estimation by Gartner for global shipments of electronic terminals in 2022 and 2023 is shown in the following table.

While looking ahead to 2023, due to the poor outlook for the overall economy, the manufacturers generally tend to be conservative toward sales forecasts. The overall sales in the first half of the year will continue to be relatively low as the second half year of 2022, and it will further affect the sales performance of supply chains. With the clearance of inventory and a relatively low base period in the second half year of 2022, if the global economy and the situation on politics and economy do not deteriorate further, there is a chance it will get out of the bottom gradually in the second half year of 2023, and the terminal products will also resume an upward growth. However, it all depends on how things develop in the general environment. The uncertainties still exist. From the estimation made for various terminal products in the entire year of 2023 based on current situations, consumer products, such as desktop/laptop computers, tablets, smart phones, and TVs are still in decline, but compared with 2022, the decline has slowed down. As for servers and automobiles, they will continue their momentum from 2022 and keep growing. Overall, the volatility of global terminal products will slow down in 2023, generally showing a slight decline.

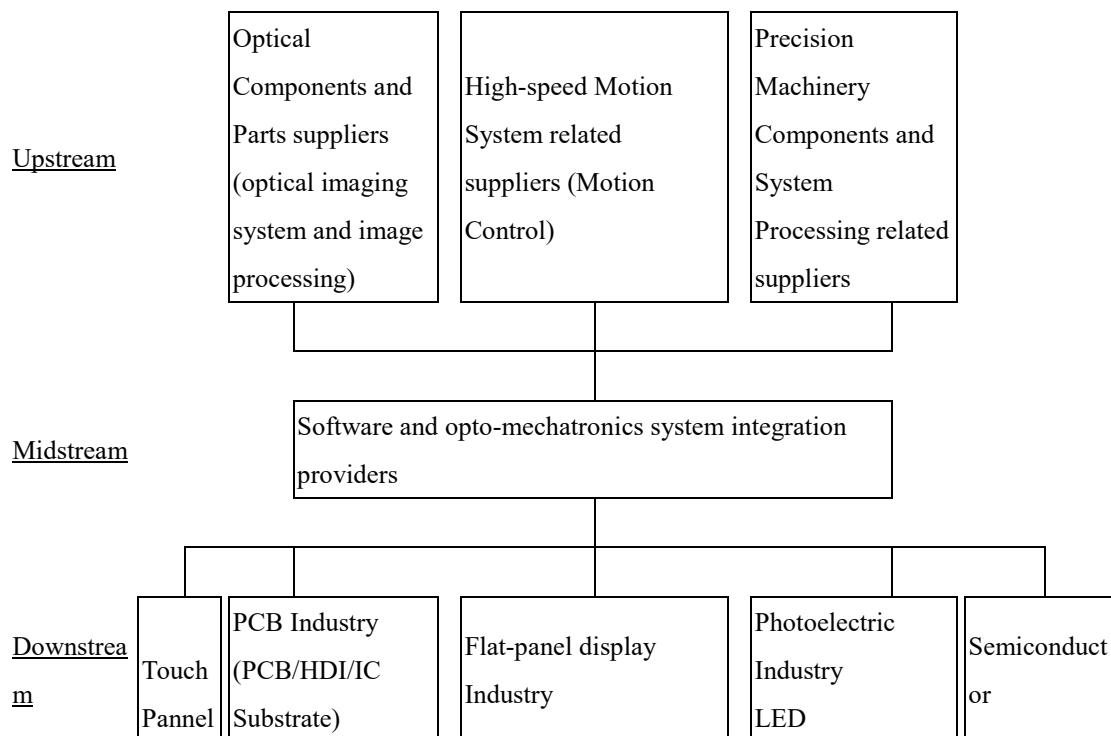
產品名稱	2022 出貨量 (百 萬 台), (E)	2022 成長率	2023 出貨量 (百 萬 台), (F)	2023 成長率
智慧型手機	1,284	-8.5%	1,271	-1.0%
PC	75	-12.7	73	-2.9%
NB	206	-17.4	204	-0.9%
平板電腦	145	-9.1%	141	-2.7%
伺服器	14	1.9%	15	6.8%
LCD TV	214	-2.9%	211	-1.5%
汽車	86	5.9%	91	6.0%

Source : Gartner; TPCA 2022 &2023 全球電子終端出貨量預估

After experiencing the COVID-19 epidemic, the overall demand for the

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

Machine vision related inspection (including AOI):



ITO sensor TP Module Factor y OGS	IC Substrate Manufacturer BGA, CSP, Flip Chip, RF, HDI, FPC,...	TFT LCD, Mura, Tokki, De-Flicker	LED upstream foundry and midstreamfoundry LED Die AOI LED Die AVI	Probing and Packaging Wafer bumping COF Factory IC Foundry
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(3) The various developing trends and competition of the products

A. AOI system being developed for a higher precision and speed

In advanced countries including Taiwan, the tendency for electronic products to be compact and required of quality will facilitate the upgrade of traditional AOI system, for example: measurement technology will be enhanced from 2D plane inspection and measurement to 3D (three-dimensional) inspection and measurement. Therefore, it is foreseen that the demand in AOI system with a higher precision and speed will be rising.

B. The development trend of AOI in mainland China's market

AOI has originally been the necessary investment for ensuring production quality in the industry of advanced countries. Traditional labor-based industries generally had low throughput without the necessity of using AOI for quality inspection while the primary goal was set towards automated production and enhancing production capacity. Nonetheless, due to the mature development of automated production, the number of quality inspection personnel will be greatly increased in order to cope with the surging production capacity, which is feasible when the salary level of the workforce is low. However, while the product spec is getting more and more precise, the salary in China is getting higher, and the young generation is not willing to take the job in a manufacturing plant, the turnover rate is getting higher. Therefore, AOI has become the necessary investment in the next stage for electronic and semiconductor industry in China, and surely the demand in it shall grow.

C. Increasing adaption of AOI system in traditional industry

For traditional Manual Visual Inspection (MVI) is no longer able to effectively control the quality, the traditional industry sector in Taiwan also has to develop towards high quality in order not to be phased out. Therefore, AOI system will

be adopted to replace traditional MVI and the demand in it shall continue to increase.

D. Quipment Localization

In recent years, the emerging high-tech industry has been growing and hence the surging need for precision measurement systems. Among them, AOI is particularly the trend that cannot be halted. The technical field of AOI is extremely wide and the adoption includes the industries of semiconductor, flat-panel display, LED, PCB, Optial Lens, and etc. Most markets having a demand in AOI system are located in Asia. Currently, a large majority of the AOI system used by the main industries in Taiwan are imported ones that may have the disadvantages such as high price, difficult maintenance and high cost of selling. However, since the government have started to support equipment localization, in 2004 the Center for Measurement Standards / Industrial Technology Research Institute (CMS / ITRI) led to form AOI Equipment Association (AOIEA) that connects the related organizations of industry, government, university, and institute to promote the overall development strategy for domestic AOI industry. In recent years, the domestic equipment providers have greatly enhanced their capabilities, and the selling price is lower than that of the equipment made by foreign manufacturers; in addition, the requirements of customization can be effectively communicated. Therefore, in order to reduce procurement cost and improve service maintenance quality, domestic and foreign companies have gradually increased the proportion of buying domestic AOI equipment.

E. Market Competition

The focus of our R&D is mostly on developing the latest types of product with Blue Ocean Strategy; therefore, there is no existing powerful competitor in the market while we may primarily compete with our R&D and improvement pace to be in line with the progressing industry. Some of the equipment that has been facing competitors in the market may have a relatively large market. For example, the existing competitors of wiring AOI inspection system include the foreign companies of Orbotech, CIMS (original Camtek PCB division), and Screen, all of them are the primary competitors of the Company. However, in 2017, we have launched the solution with higher productivity that can facilitate manpower saving, there were many large-scale manufacturers have replaced the old system to enhance their competitiveness and instead become the leaders of the market. In addition, for AVI system, Japanese company, Shirai, is the

main foreign competitor while in Taiwan UTECHZONE Co. is also having the same development. The competitiveness of both products is the excellent inspection rate and throughput which shall help on reducing manning for re-inspection, together with the newly developed AI deep learning. In this way, we are not only able to catch up with the original leading company, but also able to leave other competitors behind and enhance customers' satisfaction through quality service system.

For the existing products other than these two, most of the competitors are followers. Take Hole-AOI as an example, the products by competitors from the States and Japan are with high quality and they normally focus on the various functions provided while there are other competitors who do not reinforce the quality of their products but instead have the focus on competing by low price. To cope with these, the Company's strategy is to expand our R&D, keep improving, and segment the market. We offer diversified models to meet the needs of different layers of customers while ensure profit and competitive advantage. In addition, we rely on our patents to expand the gap between the functions of our products and that of competitors'. Apart from that, the Company is committed to enhance the service quality, to maintain existing customers, and furthermore to gain the new customers.

5.1.3 Research and Development

(1) Technology / R&D update

Short-term: continuously develop the combination of 4-wire inspection system technology and AOI optics technology, use AOI as an assistance to help the process that can quickly and accurately complete the adjustment in the process of electrical testing replace the manual adjusting mode, develop higher accuracy 4-wire substrate inspection system, study to strengthen the use of inspection system on various testing functions and improve the efficiency of the inspection, and develop separately fixture inspection system to detect the irregular condition on the probe of the fixture so that the user may take early actions to handle the irregularity on the probe and prevent the abnormal situation from happening when mass production is in the process.

Mid-term: continue to move towards Industry 4.0 for key products of circuit inspection and fraction inspection of PCB, strive to simplify the operation of the equipment, and start to focus on the high efficiency and

intellectualization of substrate circuit inspection system, which can greatly resolve the issue on the efficiency of traditional stand-alone detection, as well as the issue of labor costs in the past.

Long-term: Set foot on the major optical and electrical testing products for PCB, IC substrate, and semi-conductor and fulfill the objectives of automation, online availability, and intellectualization, provide a comprehensive smart inspection program for Industry 4.0 to significantly reduce labor costs, process time, and acquisition cost, and optimize management mode to enhance its competitiveness in the industry.

(2) Research and development personnel and their academic experience

Year		2021	2022
Item			
Education	Ph.D.	4	4
	Masters	80	75
	Bachelor's Degree	47	46
	Senior High School	0	3
Total		131	128
Average Years of Service		4.71	4.55

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

NTD Thousand					
Year \ Item	2018	2019	2020	2021	2022
A. R&D expenses	169,439	217,292	243,672	282,238	242,072
B. Revenue	3,111,876	2,543,441	2,397,855	2,750,264	2,102,302
A/B	5.44%	8.54%	10.16%	10.26%	11.51%

(4) R&D list for last 5 years

Year	Product/Proprietary technology	Main purposes
2018	Wafer AVI	Applied to the inspection after wafer cutting in wafer probe and packaging industry.
2019	RTR AOI	Solution for Flexible PCB inspection, inspection speed is 10x~14x faster, can reduce labor demand and increase production efficiency
2020	Flip Chip market develop AVI, Bump and Tray In (Out) measurement equipment	It is applied to Flip Chip inspection, and the inspection items are integrated into two in one, which shortens the inspection time and personnel operation time, and improves the inspection efficiency.
	Inline Panel LaserVia AOIM	Replace stand-alone mode operation. The inspection speed is 6 times in the past, which can greatly reduce the operation manpower and improve the production efficiency, and greatly reduce the manpower cost.
2021	Multifield Laservia Inspector t	For blind hole detection, optically provide multiple wavelength detection capabilities to solve the problem of easy leakage of translucent residual glue in the blind hole process in the past, and can filter false points by comparing image items of different wavelengths to reduce equipment false alarms.
	FPCB Assembly AVI	The track type can be connected in series in the production line, replacing the previous single-machine inspection mode using the loading and unloading machine. Reduce related handling operations and improve production efficiency.
2022	Test fixture inspection system	Perform a test on the test fixture to detect the irregularity on the probe of the fixture so that the user may take early actions to handle the irregularity on the probe, and measure the related relations of position between the probe and pinning metal and calculate for the best compensation position suggested.
	High-speed colorful CSP AFI	The improvement of the resolution of CSP fraction inspection is helpful in detecting the finer details and maintaining the characteristics of high speed. In addition, use the property of multiple information of color to strengthen the ability of inspection and that of learning and reinspection of AI.

5.1.4 Long-term and Short-term Development

(1) Short-term Business Development Plan

A. Marketing Strategy

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

Strengthen and enhance the sales system in China, Korea, Japan, Southeast Asia, and the US. Continue to improve the quality and customer service, and maintain the user groups.

B. R&D Strategy

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

Let R&D personnel engaged with the market more in order to develop

the system that meets the market's needs.

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

C. Production Strategy

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

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

D. Finance Strategy

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

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

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

E. The Management

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

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

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

(2) Long-term Business Development Plan

A. Marketing Strategy

Increase the integration of products and services, expand the scale of operations, and provide customers with various solutions of mechanical vision system for their equipment. This year's new operational goal is to promote and develop the needs of wafer probe and packaging in semiconductor industry, as well as the " Index 4W

Teater " for edge computing.

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

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

B. R&D Strategy

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

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

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

C. Production Strategy

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

D. Finance Strategy

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

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

E. The Management

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

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

5.2 Market and Sales Overview

5.2.1 Market Analysis

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

Region/Year		2021		2022	
		Amount	%	Amount	%
Export	China	1,860,965	68%	1,577,779	75%
	Others	116,264	4%	116,343	6%
	Sub-total	1,977,229	72%	1,694,122	81%
Domestic Sales		773,035	28%	408,180	19%
合 計		2,750,264	100%	2,102,302	100%

- (2) Market share

The main business of the company is the manufacturing, research and development and sales of PCB mechanical vision inspection and measurement system equipment. The 2022 global top 100 PCB rankings, ninety percent are all Mude customers.

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

Some products, such as ultra-high-speed 2mil (to be promoted to 10mil this year) AOI and Laser Via AOIM, rigid and flexible board appearance inspection machines have the leading market share in Taiwan and the mainland. In addition, the company's other products such as film inspection machines and Two-dimensional measuring machines also account for a certain proportion of the market share, but due to the lack of complete statistical data of PCB measuring and testing equipment, it is impossible to compare their market share.

- (3) Future market supply/demand and growth

Printed PCB (PCB), the basic and key component for all products in electronic industry, is the base plate used to connect electrical components that allows the various electrical components to function by the tracks formed on the PCB. While PCB products are moving towards being high-end and compact that cannot be inspected by naked eyes, and

some contact electronics test cannot be done due to thin wires, therefore, the demand in precision measuring or inspection system will be rising. In addition, since there is the problem of manpower shortage due to the getting higher labor cost, it is expected that machine will soon replace labor for PCB products inspection. In Taiwan, it is another situation. Since the PCB market is gradually recovering quarter by quarter, Taiwanese PCB manufacturers have kept expanding the scale and developing the supply chain for the primary system manufacturers which should drive the demand in PCB inspection system.

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

(4) Strength for competition

A. The Strong R&D Team

MACHVISION Inc. is a company specializing in Machine Vision inspection and measuring system and having the technology of integrating optical imaging system, image processing, AI, precision machinery, and motion control. With the accumulated integrated technologies in optics, mechanic, electricity and software, our R&D team had planned for various professional training courses as well as the setup of knowledge management system to enhance the professionalism of our R&D staffs for providing new products with more precise and fast visual inspection system in the market to cope with the changing environment. This has combined theory with practical application which allowed our technology development so far to be ahead of other domestic competitors. It's been proven that some products have met the international advanced standard, and customers have established trust and inter-dependence on our company's products and services.

B. Providing a Comprehensive Range of Products

The comprehensive range of products developed by the Company for PCB/IC Packaging/COF industry does not only meet customers' needs, also the quality of our products are better than the exported ones. Our diversified measuring and inspection equipment, which have a good reputation in the marketplace, can provide a total solution in measuring

and inspection for the whole customer's factory and can have bundling to enhance competitiveness. In addition, we offer optional mid and high level models for many product series that can cover the individual needs of different customers and furthermore enhance the Company's market share.

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

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

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

D. Having the leading clients in terms of channel

The Company provides various measuring and inspection systems for different PCB processes. The number of our clients is more than a hundred and their expertise areas range from PCB whole manufacturing process and single manufacturing process, equipment manufacturers, to raw materials suppliers. Presently, all of the top 10 global PCB manufacturers are included in the Company's clients list. On the list, it also includes the top PCB manufacturers such as UNIMICRON, Nanya, TSMC, Chin Poon, Tripod Technology, ASE Group, and Gold Circuit Electronics from Taiwan, Foxconn Group, Pulin Group, Shantou Chaosheng, Founder Group, Shennan and Kinwong from China, Kingboard Holdings Limited from Hong Kong, Samsung and LG from Korea, as well as the top two manufacturers from Japan, Samina from

the US. Among the top 100 PCB manufacturers, around 80% are using our products, which is helpful for the Company's new launches for getting the point of market entry. For a long time, the Company has been building the word of mouth and expanding our business to the global market that made us much more competitive in the industry.

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

A. Positive Factors

(A) The rising demand in inspection

With the wave of 5G, and electric vehicles, the global electronic information and communications industry is propelling the trend toward lighter, thinner and smaller products to develop vigorously. Moreover, the completeness of my country's information industry system has driven the increase in demand for upstream production equipment; and the continuous expansion of global personal computers and consumer electronic products has greatly increased the application opportunities in the electronics industry. The company is committed to the development of PCB/semiconductor visual inspection and measurement equipment, develops test equipment with excellent function and quality, and actively sells it to grasp the market trend.

(B) An industry with high entry barriers

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

(C) Self-owned developing team

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

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

in mainland China

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

(E) Good operation and Fine financial status

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

B. Negative Factors

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

Preventive measures:

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

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

Preventive measures:

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

(C) Limited application of existing product lines

Preventive measures:

With existing successful MV technology, modularized design and management, we can get into new application or industry quickly to

increase the adaption in different industries such as probing and packaging industry, and furthermore expand the market of product selling.

5.2.2 Production Procedures of Main Products

(1) Functions of the major products

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

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

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

B. PCB Wiring Inspection Series:

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

b. Line gauge: measuring line width can get the quality level on how does etching result control the conducting lines. The traditional way of measuring by naked eyes with microscopic magnifier does not only have the problem of bad reproducibility, but due to the trend of fine lines, measuring by naked eyes can no longer meet the requirement. LineGage has the imaging mechanism with patent that can show the image of fine

lines clearly; when working together with the image processing technology of sub-pixel and linear regression, the precision accuracy of measuring can reach 1 μm .

c. Wiring inspection for inner and outer layers:

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

C. HDI and IC Substrate Inspection Series:

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

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

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

D. AFI Series:

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

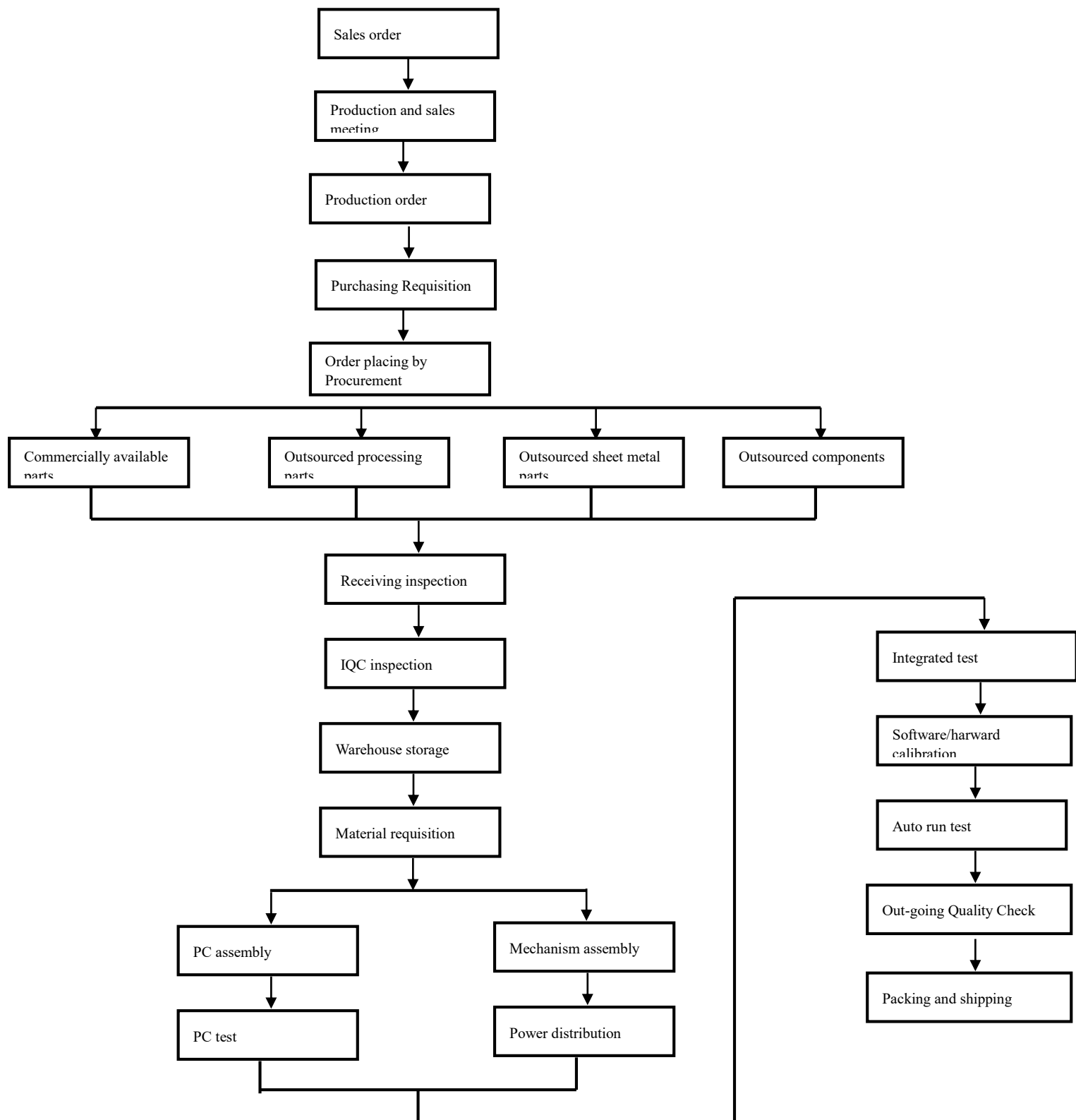
(2) The manufacturing process

A. The Company's products are mainly modular assembly that can be

categorized to the modules of mechanism, electric control, optics, and software system.

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

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



5.2.3 Supply Status of Main Materials

Item	Main materials	Supply condition
1	Optics and photoelectric component	More than three suppliers with good supplying condition. The inventory level will be adjusted in accordance with the condition of markets. There is no risk of outage.
2	Transmission component	More than three suppliers with good supplying condition. The inventory level will be adjusted in accordance with the condition of markets. There is no risk of outage
3	Electrical machine component	More than three suppliers with good supplying condition. The inventory level will be adjusted in accordance with the condition of markets. There is no risk of outage

5.2.4 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years

Item	2021				2022			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Supplier A	105,585	12.10	-	Supplier B	89,991	15.38	-
2	Supplier B	95,989	11.00	-	Supplier A	72,488	12.39	-
3	Supplier C	58,352	6.69	-	Supplier C	22,094	3.78	-
4	Others	612,521	70.21		Others	400,559	68.45	
	Net Total Supplies	872,447	100.00		Net Total Supplies	585,132	100.00	

Unit: NT\$ thousands

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

B. Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	A Client	445,914	16.21	-	S Client	158,009	7.52	-
2	F Client	310,822	11.30		A Client	123,910	5.89	-
	Others	1,993,529	72.49		Others	1,820,383	86.59	
	Net Sales	2,750,264	100.00		Net Sales	2,102,302	100.00	

Note: They are long-term clients, which had higher demands on machines in the last year.

5.2.5 Production in the Last Two Years

Unit: NT\$ thousands

Output Major Products (or by department)	Year	2021			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Appearance inspection series		285	278	1,144,106	169	165	826,397
Circuit inspection series		127	121	937,379	137	133	690,139
Laservia series		64	59	333,212	47	46	315,895
2D/3D series		23	22	229,594	13	12	58,779
Other testing series		69	65	154,527	53	52	220,740
Total		568	545	2,798,818	419	408	2,111,950

5.2.6 Shipments and Sales in the Last Two Years

Unit: NT\$ thousands

Shipments & Sales Major Products (or by departments)	Year		2021				2022			
			Local		Export		Local		Export	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Appearance inspection series			38	315,735	210	725,736	15	121,242	132	630,028
Circuit inspection series			6	52,230	104	844,783	13	79,800	106	550,295
Laservia series			16	97,259	37	214,539	11	64,441	30	222,864
2D/3D series			12	155,558	8	53,164	3	14,640	8	40,340
Other testing series			18	96,001	44	50,707	10	69,279	36	129,976
Service			-	56,252	-	88,300	-	58,778	-	120,619
Total			90	773,035	403	1,977,229	52	408,180	312	1,694,122

5.3 Human Resources

Year		2021	2022	Data as of ending data in the current year
Number of Employee s	Direct	51	53	46
	Indirect	248	246	260
	R&D	131	128	121
	Total	430	427	427
Average Age		35.35	36.20	36.78
Average Years of Service		4.44	4.51	3.57
Education	Ph.D.	1.16%	1.17%	1.17%
	Masters	26.28%	26.23%	25.76%
	Bachelor's Degree	64.19%	63.93%	58.78%
	Senior High School	8.37%	8.67%	7.03%
	Below Senior High School	-	-	-

5.4 Environmental Protection Expenditure

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

None

5.5 Labor Relations

5.5.1 Employee Welfare

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

1. The Company values the family well-being and health of our employees and we do not encourage working overtime. In case of the overtime work, we would encourage the employee to get in earlier while if staying later is necessary, we also reminder them not to exceed the overtime limit and impact the next day's work, in hopes of helping them keep a regular daily routine to stay healthy and furthermore get the balance between work and family.
2. Employee benefits program
 - (1) All of the Company's employees enjoy labor insurance, national health insurance, group insurance, and major casualty insurance by the employer.
 - (2) Employees will receive year-end bonus at the end of the Company's business year.
 - (3) Pursuant to the law, the Company has reserved welfare funds to establish Employee Welfare Committee for conducting various employee welfare activities such as holiday bonus, birthday celebration, birthday gift, wedding and funeral subsidy, and social activities.
 - (4) Provide subsidy for annually domestic or foreign travel, allowance for regular health check-ups and flu vaccine.
 - (5) Educational subsidy program for children from 0 to 6 years old, including parenting allowance for 0-3 years old and free kindergarten for 3-6 years old.

- (6) Family and child parent education course.
- (7) Set up free cafe to reduce work stress.
- (8) Provide sports halls and organize various sports courses.

3. Advanced study, training and development

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

(2) Training and people development system

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

- a. New hire training: the training for new employees and the training for new managers.
- b. Professional training: sales, production, R&D, finance, procurement, administration, etc.
- c. General education training: the Company's mission, corporate culture, the company's value, customer satisfaction and quality.
- d. Direct labor training: the skill training of assembly station.
- e. Project-oriented training: workshop for R&D project.
- f. Self-development training: speech, seminar, reading circle, in-service training.
- g. Pass the baton training: "Pass the baton" upward and downward training includes job responsibilities, key performance indicators, work attitude and mindset management.

4. The Company follows and stays compliant with the relevant laws and regulations to contribute 6% of employee's monthly salary for pension per month to the labor account for new employees and the original employees who choose to adopt the new pension regulations. On the other hand, for the original employees regardless of choosing to adopt the old or new pension regulations, the Company continues to reserve their seniority before transiting to the new regulations and contribute the appropriate amount of Retirement Preparation Funds calculated based on the pension payment standard in the original regulations of employee retirement. For the employees who are assigned by the organization to transfer to the affiliated enterprises, the

seniority will be continually counted to provide employees with more job security and achieve the goal of talent circulation. While the pension in the subsidiary company abroad is Defined Contribution Plan, the various social security fund such as pension, medical, etc. shall be paid monthly per the regulations of local government.

5. Protection Measures for Working Environment and Employee Personal Safety

Item	Content
Access security	<ol style="list-style-type: none"> 1. A strict monitoring system is setup for 24 hours. 2. There is the access control card reader setup at each entrance and exit of the Company. 3. Have the contracted security to maintain the safety of the plant during nighttime and holidays.
Maintenance and inspection of various equipment	<ol style="list-style-type: none"> 1. There is the schedule setup for routine maintenance of various electromechanical or fire-fighting equipment per month, quarter, and year to ensure that the equipment keeps in the best condition all the time. 2. Pursuant to the regulations of Fire Act, the Company conduct the fire-fighting security inspection every year by a qualified outsourced fire inspection company. 3. The Company checks and maintains various equipment such as power system, air conditioners, fire-fighting facilities and hazard mechanical equipment on a periodic basis. 4. Pursuant to the regulations of Labor Safety and Health Law, the Company outsources to a qualified testing company to conduct a biannual environment monitoring for us, which includes noise, lighting, CO₂ concentration, chemical substances concentration, etc.
Prevention measures and contingency plan for disasters	<ol style="list-style-type: none"> 1. For disaster prevention, incident handling and notification of accident, the Company has developed the prevention measures and contingency plan, specifically defining the roles and tasks of the personnel at each level during the

	<p>emergencies of incident, major incident, and general accident.</p> <p>2. Establish a self-defense fire brigade that includes firefighting crew, notification crew, evacuation guidance crew, safety protection crew and rescue crew.</p> <p>3. In order to maintain employee safety and health while implement safety and health management, the Company has carried out the operation of environmental protection and occupational safety and health.</p>
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6. Employee Code of Conduct

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

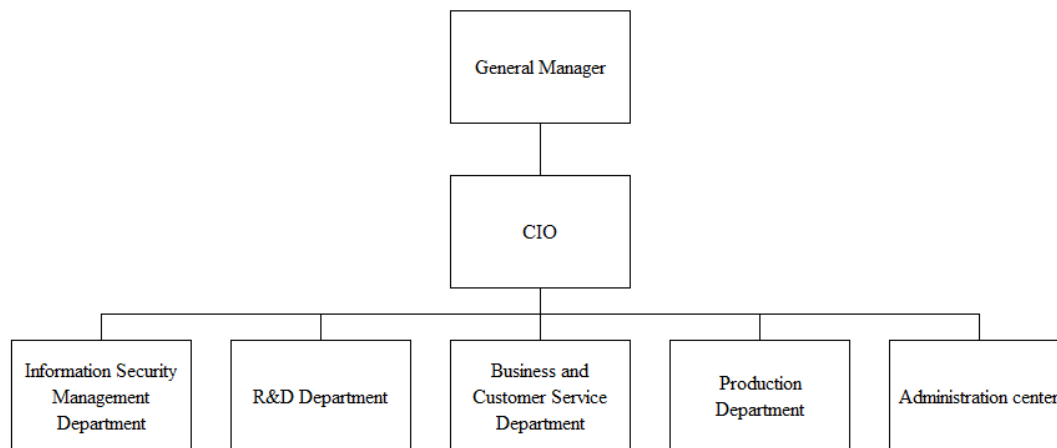
5.5.2. Total Losses

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

5.6 Information-Communication Security Management

(A) Information/Communication Security Risk Management Infrastructure, Information/Communication Security Policies, Specific Management Approaches and the Resources Required to Invest in the Management of Information/Communication Security Management

1. Information/Communication Security Risk Management Infrastructure



Our company has established a committee for Information Security Management and the highest ranking manager of our IT department will be acting as the convenor for the committee, assisted by members of the network service team to physically execute the information security plan. The team will be responsible for the evaluation of external information risks and facilitating the introduction of resources, establishing the information security systems, supervising/audit the information security, and continuing to strengthen the concepts of information security.

2. Information/Communication Security Policies

(1) Enterprise Information Security Management Strategies and Infrastructure

The objective is to maintain the confidentiality, integrity, and usability of company assets, and to secure the privacy of user data. By leveraging the team efforts of our entire staff we can achieve the following targets:

- To ensure that the information can only be accessed by authorized personnel in order to maintain confidentiality.
- To avoid unauthorized modifications in order to ensure the accuracy and integrity of data.

- To ensure that sales and service practices are in conformance with the requirements of the regulations.

(2) Continuous Improvement Infrastructure

Our company will be maintaining the PDCA (Plan-Do-Check-Act) Cyclic Management to ensure that targets are met and continuous improvement is in place.

We will be following the “Information/Communication Security Control Guide for Publicly Listed and OTC Companies” published by the Taiwan Stock Exchange at the end of 2021, as the foundation for our cyclic improvements. The guide was meant to assist public listed companies in strengthening their information security protection and management.

3. Specific Management Approaches and the Resources Required to Invest in the Management of Information/Communication Security Management

MACHVISION is a team based on IT research and development, so it especially emphasizes and maintains the key competitiveness of research and development, in addition to the anti-virus and anti-hacking protective measures for software and hardware that many other companies have implemented.

As of 2021, the implementation of three-level information security has been completed, as described below:

(1)Data encryption management : All company data files, graphics files, and software programs are encrypted and managed. If any report and data related to customer and supplier is needed, it requires the application for approval and decryption. Only in this way, external customers and suppliers can read the report, to enable the attainment of business activities and provision of related services from the suppliers.

(2)Strengthen information security in user environment: Currently, the R&D Department of high-level information security area is restricted to personal processing information equipment. All external computers and hardware equipment can be carried inside with restriction from connecting to the internal environment of MACHVISION. Moreover, personal processing computers will be blocked from us due to improper operations. With the control of USB use in the company, since the sales and customer service will inevitably need assistance from data analysis, the

Information Department installs public virus scanning computers at all floors for users to scan data for viruses before loading.

(3) Establishment of internal antivirus software and external firewall antivirus/anti-hacking: Recently, many large companies have suffered from malicious software and computer virus attacks, which are in a complicated situation. The awareness of information security protection continues to increase. With the training and real-time assistance from the frontline information security companies, it reduces the risk of MACHVISION's commitment to customers and shareholders and the adverse effects on operational results, finance, and prospects.

(4) Backup mechanism: Upgrade key host system with high reliability and virtual server architecture, upgrade backup server to improve execution, and implement R&D and overall backup of computers of senior supervisors, so as to mitigate malware and computer virus attacks risk which results in data loss.

(5) Introduction of mail filtering service: Introduce cloud mail filtering service to mitigate the risk of related mail attacks.

(B) Major Information/Communication Security Incidents, the Incurred Damages, Possible Impacts, and the Action Plans for the Recent Fiscal Years and as of the date the Annual Report is Issued.

1. For the recent fiscal years and as of the date our annual report is issued, no incurred damages were identified to be resulting from major information/communication security incidents.

2. Information/communication security risks and the action plans

(1) Information technology security risks and the management measures

Machvision has been continuously reviewing and evaluating the information security protocols and procedures to ensure their adaptability and effectiveness. However, in view of the ever-changing information security threats, we can not guarantee to be immune to possible impacts resulting from innovative risks and deliberate attacks.

As such, Machvision has implemented an encryption mechanism for our documents

and data archives, drawings, as well as software programs. In case of the need to share the said information with customers and/or suppliers, an advance application is required to activate the decryption program to render the information accessible to external customers and/or suppliers for sales activities or services associated with the suppliers. In addition to that, and specifically for the maximum information security area such as the R&D, personally operated information equipment is under stringent scrutiny. External computers or any other hardware devices are prohibited from connecting to the Machvision intranet and personally operated computer equipment, if not properly used, will be blocked from access.

In view of the recent complex events regarding a few big names being attacked by some malware and/or computer viruses, we have continuously strengthened our information security protection awareness. By leveraging the resources from the top-line information security companies for training and real-time assistance, we pledge to minimize the risks that may compromise our commitments to our customers and stockholders, also to prevent any negative impacts that may jeopardize our operation results, financial, and future outlook.

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Agency contract	A Company	2022/01/01 till now	Dealership in Taiwan, China, Japan, and Thailand	-
Agency contract	B Company	2022/07/01 till now	Dealership in Taiwan and China	-
Agency contract	C Company	2021/03/01 till now	Dealership in China	-
Agency contract	D Company	2018/08/31 till now	Dealership in Korea	-
Agency contract	E Company	2018/10/15 till now	Dealership in Taiwan and China	-
Agency contract	F Company	2017/09/10 till now	Dealership in Taiwan and China	-
Lease contract	Hsinchu science park bureau	2019/06/01~2038/12/31	No. 3, Gongye E. 2nd Rd., East Dist., Hsinchu City	-
Lease contract	Hsinchu science park bureau	2020/01/01~2024/12/31	1F., No.3 and 1F-2F., No. 1, Zhanye 1st Rd., East Dist., Hsinchu City	-
Lease contract	Hsinchu science park bureau	2021/06/01~2040/12/31	Keyuan Section, Keyuan Subsection Land serial no.59-4	-

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

A. Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item \ Year		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Current assets		3,109,382	2,355,216	3,123,403	3,759,360	3,230,867
Property, Plant and Equipment		238,607	267,915	271,280	267,020	244,982
Intangible assets		303	8,898	83	-	-
Other assets		123,755	411,962	314,521	482,702	485,537
Total assets		3,472,047	3,043,991	3,709,287	4,509,082	3,961,386
Current liabilities	Before distribution	1,190,439	895,309	821,898	1,114,231	691,060
	After distribution	2,340,861	1,342,591	1,224,452	1,561,513	1,048,886
Non-current liabilities		10,277	105,864	279,659	436,627	253,157
Total liabilities	Before distribution	1,200,716	1,001,173	1,101,557	1,550,858	944,217
	After distribution	2,351,138	1,448,455	1,504,111	1,998,140	1,302,043
Equity attributable to shareholders of the parent		2,210,152	1,909,900	2,518,707	2,852,045	2,914,411
Capital stock		426,082	426,082	447,282	447,282	447,282
Capital surplus		59,492	59,512	568,312	165,759	121,034
Retained earnings	Before distribution	1,727,535	1,428,849	1,506,627	2,243,202	2,350,141
	After distribution	577,113	981,567	1,506,627	1,706,463	2,081,772
Other equity interest		(2,957)	(4,543)	(3,514)	(4,198)	(4,046)
Treasury stock		-	-	-	-	-
Non-controlling interest		61,179	132,918	89,023	106,179	102,758
Total equity	Before distribution	2,271,331	2,042,818	2,607,730	2,958,224	3,017,169
	After distribution	1,120,909	1,595,536	2,205,176	2,421,485	2,659,343

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

B. Unconsolidated Condensed balance sheet

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Current assets		2,926,107	1,940,701	2,756,582	3,479,354	2,883,227
Property, Plant and Equipment		215,585	244,241	240,404	237,639	217,561
Intangible assets		303	193	83	-	-
Other assets		266,696	713,956	665,818	717,836	786,420
Total assets		3,408,691	2,899,091	3,662,887	4,434,829	3,887,208
Current liabilities	Before distribution	1,188,262	872,500	855,576	1,144,785	720,944
	After distribution	2,338,684	1,319,782	1,258,130	1,592,067	1,078,770
Non-current liabilities		10,277	116,691	288,604	437,999	251,853
Total liabilities	Before distribution	1,198,539	989,191	1,144,180	1,582,784	972,797
	After distribution	2,348,961	1,436,473	1,546,734	2,030,066	1,330,623
Equity attributable to shareholders of the parent		2,210,152	1,909,900	2,518,707	2,852,045	2,914,411
Capital stock		426,082	426,082	447,282	447,282	447,282
Capital surplus		59,492	59,512	568,312	165,759	121,034
Retained earnings	Before distribution	1,727,535	1,428,849	1,506,627	2,243,202	2,350,141
	After distribution	577,113	981,567	1,506,627	1,840,648	2,081,772
Other equity interest		(2,957)	(4,543)	(3,514)	(4,198)	(4,046)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	2,210,152	1,909,900	2,518,707	2,852,045	2,914,411
	After distribution	1,059,730	1,462,618	2,116,153	2,404,763	2,556,585

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

6.1.2 Condensed Statement of Comprehensive Income

A. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	3,111,876	2,543,441	2,397,855	2,750,264	2,102,302
Gross profit	2,166,682	1,638,922	1,519,665	1,694,571	1,214,188
Income from operations	1,584,152	1,070,497	869,096	1,068,766	633,562
Non-operating income and expenses	38,072	(17,884)	(64,689)	(23,799)	100,328
Profit before income tax	1,622,224	1,052,613	804,407	1,044,967	733,890
Profit for the year from Continuing Operation	1,307,717	866,869	654,515	826,469	591,776
Loss on discontinued operations	0	0	0	0	0
Net profit (loss) for the period	1,307,717	866,869	654,515	826,469	591,776
Other Consolidated Income (Net Income)	(1,148)	(3,802)	280	(1,074)	1,811
Total Consolidated Net Income	1,306,569	863,067	654,795	825,395	593,587
Net Income Attributed to Stockholders of the Company	1,296,402	852,599	660,048	827,745	597,324
Net Income Attributed to Non-controlling Interest	11,315	14,270	(5,533)	(1,276)	(5,548)
Consolidated Net Income Attributed to Stockholders of the Company	1,295,254	850,150	660,274	826,664	599,102
Consolidated Net Income Attributed to Non-controlling Interest	11,315	12,917	(5,479)	(1,269)	(5,515)
Earnings per share	30.43	20.01	15.02	18.51	13.35

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

B. Unconsolidated Condensed Statement of Income

Unit: NT\$ thousands

Item	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	2,995,779	2,358,299	2,263,325	2,573,526	1,924,661
Gross profit	2,074,285	1,537,430	1,410,031	1,543,211	1,015,194
Income from operations	1,567,935	1,086,364	899,908	1,031,330	562,759
Non-operating income and expenses	38,180	(54,062)	(92,625)	8,475	173,033
Profit before income tax	1,606,115	1,032,302	807,283	1,039,805	735,792
Profit for the year from Continuing Operation	1,296,402	852,599	660,048	827,745	597,324
Loss on discontinued operations	0	0	0	0	0
Net Income (Loss)	1,296,402	852,599	660,048	827,745	597,324
Other Consolidated Income (Net Income)	(1,148)	(2,449)	226	(1,081)	1,778
Total Consolidated Net Income	1,295,254	850,150	660,274	826,664	599,102
Earnings per share	30.43	20.01	15.02	18.51	13.35

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

6.1.3 Auditors' Opinions from 2018 to 2022

Year	Accounting Firm	CPA	Audit Opinion
2018	KPMG	HUANG/BO、YU/AN-TIEN	An Unqualified Opinion
2019	KPMG	HUANG/BO、YU/AN-TIEN	An Unqualified Opinion
2020	KPMG	HUANG/BO、WU/ CHUNG-SHUN	An Unqualified Opinion
2021	KPMG	HUANG/BO、WU/ CHUNG-SHUN	An Unqualified Opinion
2022	KPMG	HUANG/BO、WU/ CHUNG-SHUN	An Unqualified Opinion

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis

Item		Year	Financial Analysis for the Last Five Years				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio		34.58	32.89	29.70	34.39	23.84
	Ratio of long-term capital to property, plant and equipment		956.22	802.00	1064.36	1271.38	1,334.93
Solvency (%)	Current ratio		261.20	263.06	380.02	337.40	467.52
	Quick ratio		240.80	217.86	334.92	300.69	418.45
	Interest earned ratio (times)		-	525.73	273.31	170.42	129.71
Operating performance	Accounts receivable turnover (times)		3.27	1.96	1.78	1.99	1.57
	Average collection period		112	186	204	184	233
	Inventory turnover (times)		4.50	2.94	2.36	2.77	2.43
	Accounts payable turnover (times)		3.73	2.58	2.79	3.85	3.69
	Average days in sales		81	124	154	132	150
	Property, plant and equipment turnover (times)		13.76	10.04	8.89	10.22	8.21
	Total assets turnover (times)		1.15	0.78	0.71	0.67	0.5
Profitability	Return on total assets (%)		48.50	26.66	19.45	20.23	14.08
	Return on stockholders' equity (%)		71.42	40.19	28.15	29.70	19.81
	Pre-tax income to paid-in capital (%)		380.73	247.04	179.84	233.63	164.08
	Profit ratio (%)		42.02	34.08	27.30	30.05	28.15
	Earnings per share (NT\$)		30.43	20.01	15.02	18.51	13.35
Cash flow	Cash flow ratio (%)		123.81	17.10	90.49	71.79	107.67
	Cash flow adequacy ratio (%)		181.22	94.78	104.28	109.65	112.57
	Cash reinvestment ratio (%)		46.75	(53.91)	10.83	8.52	6.95
Leverage	Operating leverage		1.81	2.15	2.47	2.29	2.86
	Financial leverage		1.00	1.00	1.00	1.01	1.01
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)							
<ol style="list-style-type: none"> Debt ratio decreased due to repayment of loans. due to the distribution of dividends and the decrease in accounts payable. Current ratio/quick ratio increased due to the distribution of dividends and the decrease in accounts payable. Interest earned ratio (times) decreased because of decrease in net income before tax of 2022. Accounts receivable turnover (times) decreased and average collection period increased due to the decrease in sales revenue in 2022. Total assets turnover (times) decreased due to the decrease in sales revenue ,and the increase in fixed deposits in 2022. Return on total assets/Return on stockholders' equity decreased because of decrease in net income of 2022. Pre-tax income to paid-in capital decreased because of decrease in net income before tax of 2022. Compared with the prior year, there were decreases in net income of 2022. 							

- | |
|---|
| <ol style="list-style-type: none">9. Due to the distribution of dividends and the repayment of loans, the current liabilities decreased.10. Operating leverage increased because of decrease in net operating income 2022. |
|---|

B. Unconsolidated Financial Analysis

Item \ Year		Financial Analysis for the Past Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	35.16	34.12	31.24	35.69	25.03
	Ratio of long-term capital to property, plant and equipment	1029.96	829.75	1167.75	1384	1,455
Solvency (%)	Current ratio	246.25	222.43	322.19	303.93	399.92
	Quick ratio	226.90	179.27	282.25	270.03	354.95
	Interest earned ratio (times)	-	558.1	279.95	170.10	130.25
Operating performance	Accounts receivable turnover (times)	3.08	1.79	1.59	1.70	1.33
	Average collection period	118	203	229	214	275
	Inventory turnover (times)	4.60	2.80	2.42	2.84	2.58
	Accounts payable turnover (times)	3.79	2.54	2.96	3.62	3.35
	Average days in sales	79	130	150	129	100
	Property, plant and equipment turnover (times)	14.72	10.26	9.34	10.77	8.46
	Total assets turnover (times)	1.13	0.75	0.69	0.64	0.46
Profitability	Return on total assets (%)	48.98	27.08	20.19	20.57	14.46
	Return on stockholders' equity (%)	73.01	41.39	29.81	30.82	20.72
	Pre-tax income to paid-in capital (%)	376.95	242.28	180.49	232.47	164.50
	Profit ratio (%)	43.27	36.15	29.16	32.16	31.04
	Earnings per share (NT\$)	30.43	20.01	15.02	18.51	13.35
Cash flow	Cash flow ratio (%)	122.73	18.40	89.18	73.05	92.12
	Cash flow adequacy ratio (%)	186.94	98.02	107.59	111.22	112.48
	Cash reinvestment ratio (%)	48.94	(62.74)	13.22	10.50	4.73
Leverage	Operating leverage	1.78	2.01	2.31	2.31	3.14
	Financial leverage	1.00	1.00	1.00	1.01	1.01

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

1. Debt ratio decreased due to repayment of loans.
2. Current ratio/quick ratio increased due to the distribution of dividends, the decrease in income tax assessment, and the decrease in accounts payable.
3. Interest earned ratio (times) decreased because of decrease in net income before tax of 2022.
4. Accounts receivable turnover (times) decreased and average collection period increased due to the decrease in sales revenue in 2022.
5. Property, plant and equipment turnover (times) decreased due to the decrease in sales revenue in 2022.
6. Total assets turnover (times) decreased due to the decrease in sales revenue in 2022.
7. Return on total assets/Return on stockholders' equity decreased because of decrease in net income of 2022.
8. Pre-tax income to paid-in capital decreased because of decrease in net income before tax of 2022.
9. Compared with the prior year, there were decreases in net income of 2022.
10. Due to the distribution of dividends and the repayment of loans, the current liabilities decreased.
11. Compared with the prior year, there were decreases in cash flow by operating activities of 2022.

12. Operating leverage increased because of decrease in net operating income 2022.

6.3 Audit Committee's Report in the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit Machvision's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Machvision Inc. Co., Limited. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Machvision Inc. Co., Ltd., 2023 Regular Meeting of Shareholders

Audit Committee

February 16, 2023

6.4 Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report

Please refer to page 118 to 166 of the Chinese annual report.

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

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

6.5 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report

Please refer to page 167 to 212 of the Chinese annual report.

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

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

Management

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2021	2022	Difference	
				Amount	%
Current assets		3,759,360	3,230,867	(528,493)	(14.06)
Financial assets at fair value through profit or loss-non-current		15,744	15,744	-	-
Property, plant and equipment		267,020	244,982	(22,038)	(8.25)
Intangible assets		-	-	-	-
Other non-current assets		466,958	469,793	2,835	0.61
Total assets		4,509,082	3,961,386	(547,696)	(12.15)
Current liabilities		1,114,231	691,060	(423,171)	(37.98)
Non-current liabilities		436,627	253,157	(183,470)	(42.02)
Total liabilities		1,550,858	944,217	(606,641)	(39.12)
Ordinary shares		447,282	447,282	-	-
Capital surplus		165,759	121,034	(44,725)	(26.98)
Retained earnings		2,243,202	2,350,141	106,939	4.77
Other equity interest		(4,198)	(4,046)	152	(3.62)
Total equity		2,958,224	3,017,169	58,945	1.99
Note 1: Analytical basis: the change rate is more than 20%, and the change amount is more than NTD\$10 million.					
Analysis descriptions:					
1. The decrease in non-current liabilities was due to the repayment of the bank loan.					
2. The decrease in current liabilities: In response to operating conditions and stock clearance, the accounts payable decreased.					
3. The decrease in capital surplus was due to the distribution of cash dividends.					

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

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2021	2022	Increase (decrease) amount	Change ratio (%)
Operating income	2,750,264	2,102,302	(647,962)	(23.56)
Operating cost	1,055,693	888,114	(167,579)	(15.87)
Operating gross profit	1,694,571	1,214,188	(480,383)	(28.35)
Operating expenses	625,805	580,626	(45,179)	(7.22)
Operating net profit	1,068,766	633,562	(435,204)	(40.72)
Non-operating income and expenses	(23,799)	100,328	124,127	(521.56)
Continuous operate dept. pre-tax net profit	1,044,967	733,890	(311,077)	(29.77)
Less: income tax expense	218,498	142,114	(76,384)	(34.96)
Current net profit	826,469	591,776	(234,693)	(28.40)
Other comprehensive profit and loss	(1,074)	1,811	2,885	(268.62)
Total consolidated profit and loss in this period	825,395	593,587	(231,808)	(28.08)
Note 1: Analytical benchmark: the change ratio before and after is more than 20% and the change amount is more than NTD\$10 million. Analysis descriptions: 1. The decreases in operating income was mainly due to the decrease of orders. 2. Non-operating income and expenses increased because of appreciation of USD.				

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

7.3 Analysis of Cash Flow

7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2021	2022	Variance (%)
Cash Flow Ratio (%)	71.79	107.67	50%
Cash Flow Adequacy Ratio (%)	109.65	112.57	3%
Cash Reinvestment Ratio (%)	8.52	6.95	(18%)
Analysis of financial ratio change: Cash Flow Ratio increased because of the repayment of the bank loan.			

7.3.2 Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,855,258	700,000	(630,000)	1,925,258	NA	NA
Analysis of change in cash flow in the coming year: (1) Operating activities: Net cash inflow from operating activities was mainly due to the increasing of the net assets in the coming year. Investing activities: Net cash outflow from investment activities was mainly due to related expenses such as long-term equity investment and capital expenditure in the coming year. Financing activities: Net cash outflow from financing activities was mainly due to the payment of dividends. (2) Remedial measures and liquidity analysis for cash shortfalls: NA.					

7.4 Major Capital Expenditure Items

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

7.4.2 Expected Benefits

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

B. Other Benefits: None.

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

Unit: NT\$ thousands

Item	Remarks	2022 Income (Loss) Amount	Policies	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
Samoa Machvision Inc.		51,941	Investment	Mainly due to the profitability of the investment in Machvision (Dongguan) Inc.	-	-
Autovision Technology Inc.		508	Manufacturing of computer peripheral products	Merged		-
Sigold Optics Inc.		958	Manufacturing of machinery equipment			-
Machvision Korea Co., Ltd.		(1,558)	Maintaining and trading of machinery equipment	Promotion/After-sales service	Actively expand market.	-
ChipAI Co., Ltd.		(92)	Manufacturing of computer peripheral products	To be liquidated.		-
Avountes Inc.		144	Electronic Information Supply Services			-
Machvision (Dongguan) Inc.		51,940	Maintaining and trading of machinery equipment	-	-	-
Dongguan Muxin Intelligent Equipment Co., Ltd.		(42)	Maintaining and trading of machinery equipment	To be liquidated.		-
SISSCA Co.,Ltd.		(10,281)	Manufacturing of computer peripheral products	Steady operation	Keep on research and development	-

7.6 Analysis of Risk Management

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

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

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

- (1) Board of Directors: the board of directors is the highest unit of company's risk management. It aims to promote and implement the company's overall risk management by following the laws and regulations, ensuring the effectiveness of risk management, and taking the ultimate responsibility of risk management.
- (2) Finance Department: to build a highly efficient and high-quality financial platform to provide transparent and credible financial information, operational analysis and improvement solutions, with strict control, and appropriate tax planning, credit risk control and finance crisis prediction model that reduces corporate risk.
- (3) Audit Department: based on risk-oriented annual audit plan, review the existence or potential risks of each operation, and be responsible for the revision and

promotion of the internal control system to ensure the effective operation risk management of the company.

- (4) Information Security Department: planning and improving the company's information management system, responsible for network information security control and protection measures, providing management with fast and effective operational management information to reduce information security risks.
- (5) Each business unit: the heads of each business unit are responsible for the first-line risk management, responsible for analyzing and monitoring the related risks within units, and ensuring that the risk control mechanisms and procedures can be effectively implemented.

7.6.3 Future Research & Development Projects and Corresponding Budget

Plan	purpose
FC AOI	Used for 5/5um FLIP CHIP circuit inspection.
FC circuit inspection system 4.0	Used for 10/10um CSP circuit inspection. The speed is 6 to 8 times higher than that of stand-alone inspection. The previous method has been replaced since it required a large amount of labor cost investment.

Estimated investment in research and development in 2022: it is estimated that 10% to 15% of net operating income will be spent on research and development.

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

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. During 2022 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

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

The company's main source of revenue is the sales and service revenue of mechanical vision inspection and measurement system products, the main products can be applied to a variety of PCB processes, as high-precision measurement or inspection applications,

so the sales and use of customer layer distribution is very wide, there is no risk of concentration of sales.

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

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

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

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

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

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

due to force majeure

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

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

7.6.12 Litigation or Non-litigation Matters

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

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

7.6.13 Other Major Risks: None

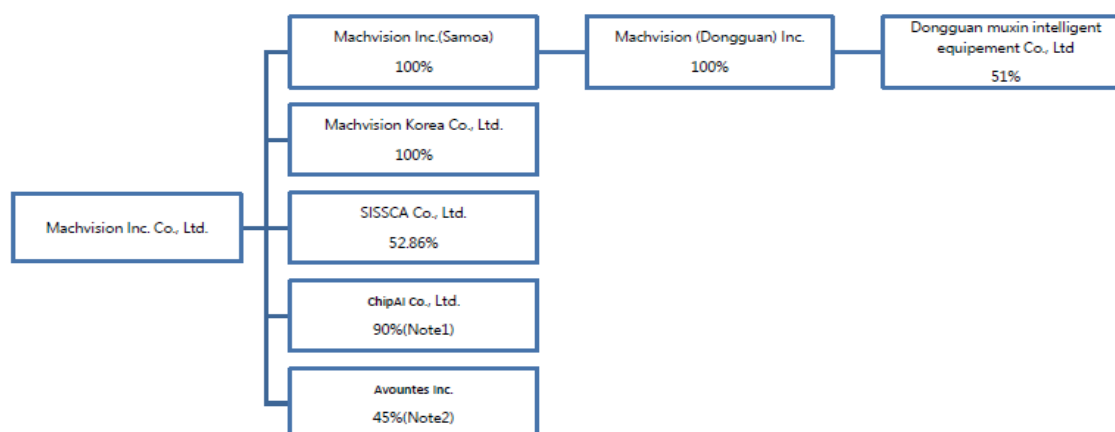
7.7. Other material matters: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Organizational chart of the company's affiliated companies

As of 12/31/2022



Note1: ChipAI Co., LTD. was dissolved on June 30, 2022, by the resolution of its shareholders' meeting, with June 30, 2022, as the date of dissolution.

Note2: Avountes Inc. was dissolved on December 1, 2022, by the resolution of its extraordinary shareholders' meeting, with December 1, 2022, as the date of dissolution.

8.1.2 Profiles of the Company's affiliated companies

Unit: NT\$ thousands

Name of enterprise	Date of establishment	Address	Paid-in Capital	Nature of business
Samoa Machvision Inc.	2004.12.09.	Samoa	105,433	Investment
Machvision (Dongguan) Inc.	2005.06.02.	China	105,361	Maintaining and trading of machinery equipment
MACHVISION KOREA Co., Ltd	2019.03.28.	KOREA	21,542	Maintaining and trading of machinery equipment
Dongguan Muxin Intelligent Equipment Co., Ltd.	2020.01.14	China	4,220	Maintaining and trading of machinery equipment
SISSCA Co.,Ltd.	2020.03.17	Taiwan	217,148	Manufacturing of computer peripheral products
ChipAI Co., Ltd	2019.10.14	Taiwan	20,000	Manufacturing of computer peripheral products
Avountes Inc.	2020.08.05	Taiwan	16,525	Electronic Information Supply Services

8.1.3. Information on overlap shareholders of companies deemed to have controlling and subordinate relationships: None

8.1.4 The industries covered by the business of the overall affiliated enterprises:

Please See the second item.

8.1.5 Profiles of Directors, Supervisors and Presidents of the Company's affiliates

Unit: NT\$ thousands

Name of enterprise	Title	Name or Representative	Number of shares	
			Number of shares	Shareholding ratio
Samoa Machvision	Director	MACHVISION Inc. Co., LTD(legal representative): HUANG, CHIA-HSING	3,463,650	100.00%
Machvision (Dongguan) Inc.	Director	MACHVISION Inc. Co., LTD(legal representative) : HUANG, CHIA-HSING	Note1	100.00%
		MACHVISION Inc. Co., LTD(legal representative) : WANG, GUANG-SHIAH		
		MACHVISION Inc. Co., LTD(legal representative) : CHUANG, YUNG-SHUN		
	President	HUANG, CHIA-HSING		
MACHVISION KOREA Co., Ltd	Chairman	MACHVISION Inc. Co., LTD(legal representative) : CHEN, FU-SHEN	10,000	100.00%
Dongguan Muxin Intelligent Equipment Co., Ltd.	Director	Yang, Guang-Hao	Note1	10.00%
		Ruan, Kitty		20.00%
		Xia, Ming		5.00%
	President	Ruan, Kitty		20.00%
SISSCA Co.,Ltd.	Director	MACHVISION Inc. Co., LTD(legal representative) : WANG, GUANG-SHIAH	11,477,463	52.86%
		MACHVISION Inc. Co., LTD(legal representative) : CHEN, FU-SHEN	11,477,463	52.86%
		YOUNGTEK ELECTRONICS CORP(legal representative) : Chen, Glen	3,370,752	15.52%
		Li, Wen-Cen	-	-
		DU, MING-HAN	-	-
	Supervisor	Chen, Pei-Shih	-	-
	President	Chen, Chia-Nan	-	-

Note1: limited company

8.1.6 Operation overview of the Company's affiliates

December 31, 2022 Unit: unless otherwise specified, NT\$1,000

Name of enterprise	Paid-up capital	Total assets	Total liabilities	Net worth	Operating revenue for current period	Operating profit for current period	Profit or loss for current period (After tax)	Earnings per share (NT\$) (After tax)
Samoa Machvision Inc.	105,433	62,118	-	62,118	-	-	51,941	Not applicable
Machvision (Dongguan) Inc.	105,361	654,643	592,735	61,908	683,494	55,831	51,940	Not applicable
MACHVISION KOREA Co., Ltd	21,542	5,343	796	4,547	(3,597)	(2,632)	(1,558)	Not applicable
Dongguan Muxin Intelligent Equipment Co., Ltd.	4,220	4,341	(26)	4,367	-	(1)	(42)	Not applicable
SISSCA Co.,Ltd.	217,148	267,646	60,588	207,058	20,735	(20,142)	(19,045)	(0.88)

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

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

8.4 Other Necessary Supplementary Notes: None.

IX. Occurrence of events that have a significant impact on shareholders' equity or the price of securities as specified in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the Most Recent Year up to the Publication Date of this Annual Report: None.

